

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**COLLEGE OF SOCIAL SCIENCES**

**DEPARTMENT OF ACCOUNTING AND FINANCE**

**THE IMPACT OF INTERNALLY GENERATED FUNDS ON THE  
PERFORMANCE OF MUNICIPAL ASSEMBLIES: A CASE STUDY OF NEW  
JUABEN SOUTH MUNICIPAL ASSEMBLY**

**ERNEST OWUSU ANSAH**

**Thesis Submitted to the School of Business, Kwame Nkrumah University of Science and  
Technology in Partial Fulfillment of the Requirement for the Award of Master of Science  
Degree in Accounting and Finance**

**NOVEMBER, 2023**



**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**COLLEGE OF SOCIAL SCIENCES**

**DEPARTMENT OF ACCOUNTING AND FINANCE**

**THE IMPACT OF INTERNALLY GENERATED FUNDS ON THE  
PERFORMANCE OF MUNICIPAL ASSEMBLIES: A CASE STUDY OF NEW  
JUABEN SOUTH MUNICIPAL ASSEMBLY**

**ERNEST OWUSU ANSAH**

**Thesis Submitted to the School of Business, Kwame Nkrumah University of Science and  
Technology in Partial Fulfillment of the Requirement for the Award of Master of Science**

**Degree in Accounting and Finance**

**NOVEMBER, 2023**

## DECLARATION

I Solemnly declare that this submission, The Impact Of Internally Generated Funds On The Performance Of Municipal Assemblies: A Case Study Of New Juaben South Municipal Assembly is my personal work towards the Masters of Science in Accounting and Finance Degree and that, As I know, it holds no material earlier published by another person and has not been presented to any institution or examining body for the award of any degree, without where due acknowledgement has been made in the work.

ERNEST OWUSU ANSAH (PG9407821) .....

Signature

Date

Certified by:

DR. CLEMENT OPPONG .....

Supervisor

Signature

Date

Certified by:

PROF. K.O. APPIAH .....

Head of Department

Signature

Date

## DEDICATION

This academic work is dedicated to the Almighty God for His Mercies, Guidance and Protection throughout the undertaken of this project work.

It is also dedicated to my beloved ones especially to my late mother, Madam Naomi Krapa and my wife, Esther Owusu Mensah.

My Daughters (Shanele Ohemaah Konadu Owusu Ansah and Eliza Nana Oduro Owusu Ansah ) for their immensely support and all those who contributed in one way or the other to make this work an achievement.

# KNUST

The logo of KNUST (Kwame Nnamdi University, Nsukka) is centered in the background. It features a red flame atop a black mortar, with a silver pickaxe and a silver hammer crossed behind it. Below this is a yellow eagle with its wings spread. The entire emblem is set against a circular background with a yellow border containing the university's name in Igbo and English.

## ACKNOWLEDGEMENT

I am most grateful to the almighty God for his guidance and protection for seeing me through this achievement. I am using this opportunity to express my gratitude to everyone who supported me one way or the other throughout the course of this Masters of Science research work. I am thankful for their aspiring guidance and friendly advice during the research work.

I express my warm thanks to my supervisor, Dr. Clement Oppong for his patience, knowledge impacted, support and guidance throughout this research work.

I am sincerely grateful to the head of Department, Account and Finance of New Juaben South Municipal Assembly for his support and advice throughout this research work.

Again, I would like to express my sincere gratitude to my late mother, Madam Naomi KrapaAntwi for contributing immensely to this research work through words of wisdom and



inspiration.

# KNUST

## **ABSTRACT**

The main objective of this study was to examine the impact of internally generated fund on the performance Municipal Assemblies. A case study of New Juaben South Municipal Assembly. The Study was also guided by 4 main objectives; to Analyze the contribution of internal generated funds to municipality's development, to identify the possible sources of revenue generation for Municipal Assemblies, To examine the challenges encountered by the assemblies in revenue mobilizing, To Suggest means of improving revenue mobilization in the Municipality. The study was also limited to New Juaben South Municipal Assembly. Most theories of relating to the study were considered. Random Sampling and Purposive technique was used by the researcher to select respondents for the study. The researcher used probability procedure that ensures that each participant has an equal chance of being included pin the sample. A sample size of 126 respondents was conveniently sampled for the study. A quantitative survey approach with the use of questionnaire was adopted as the main instrument for collecting data from sample size of 126. Data were analyzed using statistics package for social sciences (SPSS).

The study revealed that the Assembly gets their internally generated funds from fines, building permits and other license operating. However, the attitudes of some revenue collectors such as bribery and corruption pose as a challenge in generating funds for the Assembly. The study recommended improving the working conditions for tax collectors by raising their pay and providing motivating benefits to encourage loyalty and commitment to their jobs. You can also reduce the likelihood of theft by offering the appropriate equipment, like motorbikes and bicycles to help tax collectors navigate challenging terrain.

## TABLE CONTENTS

DECLARATION	ii
DEDICATION	ii
ACKNOWLEDGEMENT	iii
ABSTRACT	iv
LIST OF TABLES	ix
LIST OF FIGURES	ix
LIST OF ABBREVIATIONS	x
CHAPTER ONE	1
1.1 Background of the study	1
1.2 Statement of the Problem	3
1.3 Objectives of the study	4
1.4 Research questions	5

1.5 Significance of the Study	5
1.6 Scope of the Study	5
1.7 Summary of Methodology	6
1.8 Justification of the study	6
1.9 Organization of the study	6
CHAPTER TWO	7
LITERATURE REVIEW	7
2.0 Introduction	7
2.1 Conceptualizing and Theorizing Decentralization	11
2.2 Fiscal Decentralization	12
2.3.1 Local Governments and Revenue Collection/Mobilization	15
2.4 Empirical Review	16
2.4.1 Internally Generated Funds Contribution to Development	20
2.4.1 Internally Generated Fund and Physical development	21
2.4.2 Possible Source of Internally generated revenues for Municipal Assemblies	22
2.4.3 The major sources for local revenue generation	23
2.4.4 Challenges Encountered In Revenue Mobilizing	25
2.4.5 Means of improving revenue mobilization Municipalities	30
2.5 Conceptual Framework	33
Chapter Summary	35



CHAPTER THREE	36
METHODOLOGY	36
3.0 Introduction	36
3.1 The study area	36
3.2 Study design	39
3.3 Study Population	39
3.4 Sampling and Sampling Size	40
3.5 Data Collection	41
3.6 Primary Data	42
3.7 Questionnaires	42
3.8 Data processing and analysis	43
3.9 Validity	43
3.10 Reliability	44
3.11 Ethics	44
3.12 Limitations of the study	45
3.13 Chapter Summary	45
CHAPTER FOUR	46
RESULTS AND DISCUSSION	46
4.0 Introduction	46
4.1 Background of respondents	46
4.2 Potential funding sources for Internal Generated Funds	48

4.2.1 New Juaben South Municipality's Internally Generated Funds Trend	54
4.2.2 Analysis of the linear correlation seen between IGF and the total actual expenditure	59
4.2.3 Comparison of the annual approved budget with the annual actual expenditure	60
4.2.4 Effectiveness of a system for generating revenue	61
4.2.5 Work Schedule and Goal for Revenue	63
4.3 Challenges Encountered By The Assemblies In Revenue Mobilization	65
4.3.1 Internally Generated Fund Administration Mechanism for Monitoring and Auditing	69
4.4 IGF and Physical Development	71
CHAPTER FIVE	75
SUMMARY, CONCLUSION AND RECOMMENDATIONS	75
5.0 Introduction	75
5.1 Summary of the results	76
5.2 Conclusions	77
5.3 Recommendations	78
5.4 Suggestion for future studies	80
REFERENCE	80
APENDIX	85
QUETIONNAIRE	85

## LIST OF TABLES

Table 3.1: Area Councils Under New Juaben South Municipality	36
Table 3.2 Sample Size for Different Groups of Participants	39
Table 4.1 lists the different types of responders	46
Table 4.2: Potential sources of income and mobilization of funds	52
Table 4.3 : The District Assemblies' Common Fund, IGR, and recurrent expenses (2015-2021	54
Table 4.4: Proportion Of IGR To Total Revenues (2015 – 2021)	55
Table 4.5: Proportion of IGR to recurrent expenditure (2015 – 2021)	56
Table 4.6: Growth in IGR and inflationary rate	56
Table 4.7: Year-over-year increase in recurring expenses	57
Table 4.8: Actual Development Expenditure versus Actual IGF for 2015-2021 in Ghana Cedis	58
Table 4.9: annual approved budget vs annual actual expenditure	60
Table 4.10: Actual IGF and Actual Cost of Collection of IGF	61
Table 4. 11: Revenue Mobilisation Efficiency in the New Juaben Municipal Assembly	62
Table 4.12 Workplan and Financial goals	64
Table 4.13: Challenges of Funds Generation in the Municipality	67
Table 4.14: IGF Administration Mechanism for Monitoring and Auditing	68
Table 4.15: Utilization of Tax for Development Programmes and Projects	70
Table 4.16:Taxpayers' years of tax payments.	70

## LIST OF FIGURES

Figure 2.1:Conceptual Framework	31
Figure 3.1 District Map of New Juaben Municipality	35

Figure 4.1: Age distribution of respondents in the study	45
Figure 4.2: Payment of Tax	48
Figure 4. 3: Degree of Tax Payers' Understanding	63
Figure 4.4: Payment of Tax to the Assembly	65
Figure 4.5: Importance of Tax payment	71

## LIST OF ABBREVIATIONS

**CBRDP** : Community Based Rural Development Programme

**CIDA** : Canadian International Development Agency

**DACF** : District Assemblies' Common Fund

**DANIDA** : Danish International Development Agency

**EU** : European Union

**GETFund** : Ghana Education Trust Fund

**GPRTU** : Ghana Private Road Transport Union

**GTZ** : German Technical Co-operation

**HIPC** : Highly Indebted Poor Country

**IBRD** : International Bank for Reconstruction and Development

**IGR** : Internally Generated Revenue

**IGF** : Internally Generated Funds

**LGs** : Local Governments

**MMDAs** : Metropolitan/Municipal/District Assemblies

**NGO** : Non-Governmental Organization

**PNDC** : Provisional National Defense Council

**SPSS** : Statistical Product and Service Solutions



**UNICEF** : United Nations Children's Fund

**UCLG** :United Cities and Local Governments

**USAID** : United States Agency for International Development

KNUST







## CHAPTER ONE

### 1.1 Background of the study

Worldwide infrastructure development necessitates significant financial investment. In order to build the infrastructure necessary for their social and economic growth, countries have spent enormous sums of money building roads, hospitals, schools, railways, and airports. The sizeable financial outlay needed for physical growth necessitates a variety of funding sources, that may be obtained by both internal and external funding through commerce and other types of aid from bilateral as well as multilateral organizations. As an illustration, the national government of the United States received the following sums from taxation in 2002: 49.2% from personal income taxes, 10% from corporate taxes, 33.1% from societal safety net and pension benefits, 3.4% from excise taxes, 1.3% from estate and gift taxes, and 2% from other sources (Encarta Encyclopedia, 2004).

The decentralization strategy in Ghana has been in place since the colonial era, but the most concerted efforts to devolve decision-making for development to local levels can be credited to the publication of the Blue Book on Principles for Decentralization and Local Governance in 1987. (Kathyola & Job, 2011). The political inclusivity goal of the decentralization initiative was to bring government closer to the people. (1992, Republic of Ghana).

In order to provide a legal framework for the country's division into Districts, Municipal Metropolitan Assemblies (MMDAs), and the Local Government Law, 1988 (PNDC Law 207) was enacted in this regard (Republic of Ghana, 1988; 1992).

The District Assemblies Common Fund (DACF) was created by Act 455 of the constitution (Republic of Ghana, 1993b) to have given to the assemblies in order to enable them to carry out their local community development projects.

The 1990s saw the start of implementation as the Metropolitan/Municipal/District Assemblies received newfound power, responsibility, and funding. The program has produced a number of

positive results over time, including citizen participate in democratic administration and local level decision-making. Despite this, a significant issue threatening the operation of the Metropolitan/Municipal/District Assemblies is the mobilization of income and the successful and efficient use of such revenue for growth (Macrothink institute, 2013)

Metropolitan/Municipal/District Assemblies face a number of challenges, including finances, revenue generation, and its effective and efficient administration. In light of this, the 1992

Ghanaian constitution and Act 462 (1993) granted Metropolitan/Municipal/District Assemblies (MMDAs) major financial power to collect taxes, rates, fees, and surcharges on their residents and businesses inside of their territorial enclave in order to raise money for the Assembly's development projects.

Revenues have been viewed as the Metropolitan, Municipal, and District Assemblies' savior, and their efficient deployment will help them achieve their goals and objectives.

In light of this, generating internal revenue becomes crucial to completing development initiatives. Even though Assemblies' revenue (internally generated funds) potential falls short of meeting all of their needs, they are expected to make a sizable contribution to the local governments' provision of basic services and amenities like healthcare, water and sewage facilities, and educational infrastructure.

Therefore, the purpose of this research is to evaluate the effects of internally generated funds, also known as Internally Generated Funds (IGF), on the effectiveness of Municipal Assemblies, with a particular emphasis upon this New Juaben South Municipal Assembly. The study compares five municipal taxes using the tax system as a benchmark. They include charges, properties, fees and fines, licenses, and rent taxes. The financing of local governments (LGs) may seem to be a less important problem at the national and state levels, according to Bird (2010).

In addition to paying yearly fees and costs to the Assembly, property managers and enterprises also pay fees, license fees, as well as other expenses for services offered by the Assembly.

The District Assembly also receives royalties from Stool Properties and development licenses for projects that are located entirely within the district's boundaries and administrative boundaries. Act 462 of 1993's Section 10 is extremely clear regarding the duties of the local assemblies. The local authority is in charge of planning, developing the budget, building the fundamental infrastructure, and managing settlements, according to clause (1) of section 10.

In order to effectively complete the aforementioned tasks, resources are needed. These funds may originate from a number of sources, but three that stand out include the District Assemblies Common Fund (DACF), ceded income from the government, and the annual discharge of HIPC accumulated cash.

A number of apparent-governmental and non-governmental organizations, including the Ghana Education Trust Fund (GETFUND), the Social Investment Fund (SIF), the Community Based Rural Development Programme, UNICEF, DANIDA, CIDA, USAID, and the European Union, also contribute significantly to the growth of the New Juaben South Municipal Assembly's social, economic and physical aspects.

## **1.2 Statement of the Problem**

Since 2015, the New Juaben South Municipal Assembly has consistently maintained relatively low levels of locally produced cash in comparison to the government funding received from different sources. The assembly's revenue in 2015 was 360,645,608.00, which rose to 739,138,752.00 in 2017 and further climbed to 1,166,263,146 in 2018. Nevertheless, it decreased to \$885,542,537.00 in 2021. The central government received the following amounts from the District Assemblies' Common Fund during certain time periods:

1,356,670,605.00 in 2015, 1,956,748,331.00 in 2016, 3,713,732,573.00 in 2017, 4,438,541,183.00 in 2018, and 4,036,230,000.00 and 4,332,480,000.00 respectively. The



yearly increase of internally generated funds (IGF) was lower than that of grants received from the federal government and other projects. In 2015, the Assembly received a total of 1,356,670,605.00 in grants, of which 360,645,608.00, or 26.6%, came from domestic sources. The domestic money created in 2016 amounted to 360,296,950, which accounted for 18.4% of the total grant amount of 1,956,748,331.00.

This falls behind the Common Fund's growth both in actual terms and in terms of percentage. The capability, monitoring, and control of the revenue-generating process at the Assembly are insufficient, mirroring the situation in MMDAs around the country. This hinders the Assembly's capacity to generate domestic revenue to complement payments from the federal government and address the social and infrastructural requirements of their growing population.

The New Juaben Municipality, like to many others, mainly depends on internally generated funds (IGF) to support its local development initiatives and overall operations. Nevertheless, the correlation between the level of IGF and the Municipal Assembly's efficacy in providing vital services to its citizens remains uncertain.

Hence, it is crucial to evaluate the influence of internally generated funds on the functioning of the New Juaben Municipal Assembly. This study aims to determine the impact of IGF on the quality and quantity of services offered to people. It also seeks to identify potential areas for enhancing the utilization of IGF.

### **1.3 Objectives of the study**

The main objective of this study was to examine the impact of internally generated fund on the performance Municipal Assemblies.

The specific objectives of the study were to:

1. Analyze the contribution of internal generated funds to municipality's development.
2. Identify the possible sources of revenue generation for Municipal Assemblies.



3. Examine the challenges encountered by the assemblies in revenue mobilizing.
4. Suggest means of enhancing funds generating in the Municipality.

#### **1.4 Research questions**

In order to achieve the above objectives, the following research questions were formulated.

1. How does internally generated funds aid to the development of the municipality?
2. What are the possible sources of revenue generation for Municipal Assemblies?
3. What are the challenges encountered by the assemblies in revenue mobilizing?
4. What are the means of improving revenue mobilization in the District?

#### **1.5 Significance of the Study**

Ikoja-Odongo (2000) contends that a study's significance can be gauged by the benefits it confers on the population it examines and society at large. Since the conclusions and suggestions would significantly aid the New Juaben South Municipal Assembly in finding new sources of income, it is expected that the research findings will be of great assistance to them.

The study was important for the entire country because decentralization has become a top priority for growth through various District, Municipal, and Metropolitan Assemblies, that further place a strong emphasis on using internal funds to support local governments' service delivery functions.

Additionally, the study would open up more space in the literature for future research on the methods used by Metropolitan, Municipal, and District Assemblies to generate income.

#### **1.6 Scope of the Study**

The issue that needs to be analyzed has many different facets that have been looked at, but for the purposes of this study, the focus of the research was to look at how domestically generated funds affected the performance of Municipal Assemblies. Despite the fact that there are numerous municipalities, my research focused on the New Juaben South Municipality, and participants in the study were only allowed to be municipality employees and residents.

## **1.7 Summary of Methodology**

The research study's methodologies was thoroughly covered in the methodology section. In order to evaluate the research objectives from respondents, the researcher used a descriptive approach (quantitative and qualitative data analysis approach). Data were gathered through structured survey questionnaires and interviews. The chapter covered all aspects of the study methodology, including organizational profile and ethical issues.

The in-depth data analysis will be included in the following chapter, to be found in chapter four of the project. Research goals was highlighted while the analyzed data is displayed in percentages as well as frequencies. The effect of internally generated funds on the performance of municipal assemblies is examined specifically and in-depth.

## **1.8 Justification of the study**

The institution of New Juaben South Municipal must find ways to raise money internally for its development project in order to guarantee a steady flow of income. The goal of the research was to identify potential internal fund sources for New Juaben South Municipal.

## **1.9 Organization of the study**

Five chapters make up the research. Introduction, background of the study, problem statement, goals, research questions, study limitations, study scope, significance of the study, and study organization made up Chapter 1.

Chapter 2 dealt with the review of related literatures, while Chapter 3 dealt with the methodology. In particular, Chapter Three covered the research design, an overview of the study area, the target population, the data source, the sample size and sampling method, tools for data collection, and data analysis.

In Chapter Four, the findings were presented and discussed, while in Chapter Five, the summary, the conclusion, and the recommendations are included.

# KNUST

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

The perspectives and opinions of academics and industry experts on the subject are discussed in this part. It also discusses the works of writers who have written about reading-related issues. The empirical paradigm is another option. Conceptualizing and theorizing decentralization, fiscal decentralization, revenue mobilization, local governments and revenue collection/mobilization, empirical review, internally generated contribution to development, internally generated fund and physical development, possible source of internally generated revenues for municipal assemblies, the main sources for local revenue generation, and challenges encountered in revenue mobilization were the themes that were covered in the literature review.

#### **2.1 Theory of Decentralization**

Fesler, Conyers, and Rondinelli (2020) provide a highly persuasive interpretation of decentralization. Fesler perceives decentralization as a multifaceted matter, encompassing both theoretical and practical aspects. He examines it from four perspectives: decentralization as a guiding principle, as a political procedure within a specific political context, as an administrative challenge, and ultimately as an administrative process that necessitates making



difficult decisions and altering the scope and structure of governance, as well as the balance between the regulatory and developmental roles of appointed and elected officials. Conyers, similar to Fesler, acknowledges that conversations about decentralization can quickly become muddled due to analytical complexities associated with the concept of decentralization. Conyers adopts Rondinelli's definition of decentralization, which entails the transfer of "authority to plan, make decisions, and manage public functions" from the national level to any entity, be it an individual, organization, or agency, at the sub-national level. Conyers highlights that the term specifically focuses on "territorial" decentralization rather than "functional" decentralization. It does not address the issue of transferring power from central to peripheral organizations at the national level, such as from a government department to a parastatal agency. In regards to the correlation between centralization and decentralisation, Conyers, Rondinelli, Faltas (2019), and other scholars seem to echo the views of Fesler (2018) by asserting that both "centralization" and "decentralization" should be perceived as dynamic processes of transformation, rather than fixed states. Furthermore, it is contended that envisioning a completely decentralized system of governance is not feasible. In conclusion, it is possible for centralization and decentralization to occur simultaneously. Rondinelli, Nellis, and Cheema (2018) conducted a comprehensive analysis of the present instances of decentralization in developing nations. They discovered that the goals of decentralization may be broadly classified into two categories: (a) administrative and managerial, and (b) political. The political purpose posits that local government or administrative units can serve as an efficient conduit for communication between the national government and local populations. It is further assumed that increased involvement in the planning and management of development initiatives enhances national cohesion by enabling various regional groups within a country to actively participate in decision-making processes. This, in turn, strengthens their commitment to maintaining political stability.

The primary focus of administrative and managerial aims is to delegate responsibility to appointed authorities in order to promptly address unforeseen issues. It is crucial to note that the distinction between political and management and administrative objectives is frequently extremely subtle in the practical realm of government. Rondinelli, Nellis, and Cheema (2020) define decentralization as a "ideological principle linked to the goals of self-sufficiency, democratic decision-making, active involvement of citizens in government, and the responsibility of public officials to the public." They seem to diverge from the logic put forth by Fesler (2020), who warns against adopting a doctrinal approach and actually rejects it. Furthermore, he rejects the notion that decentralization enhances democratic decision making. He observes that the doctrinal approach often tends to conflate and blur the concepts of decentralization and democracy. It is contended that when it comes to developing countries, the classifications of devolution, deconcentration, delegation, and privatization may not accurately represent the fundamental goals of decentralization that a particular country embraces. Conyers has demonstrated this in the example of Zambia. Rondinelli acknowledges the possibility of there being either a single purpose or a combination of objectives, as well as several forms, of decentralization. He has moreover contended that decentralization is fundamentally a political choice, "and its execution a manifestation of a nation's political procedure." Conyer's views, which focus on the goals of decentralization, further reinforce the predominantly political implication that is inherent in any attempt to decentralize. The definition of decentralization was published by the United Nations in 2018. Decentralization is defined as the process of transferring authority on a geographical basis. This can be done through the deconcentration of administrative authority to field units within the same department or level of government, or through the political devolution of authority to local government units. It can also involve the delegation of authority to special statutory bodies. Decentralization entails the relinquishment of political authority, decision-making capabilities,



and resources from the central government to lower levels of governance, such as sub-national entities (Walker, 2021). Decentralization, as defined by Rondinelli (2019), refers to the process of transferring the responsibility for planning, management, and resource allocation from the central government and its agencies to lower-level government units, semi-autonomous public entities, regional authorities, or non-governmental organisations. Rondinelli categorised the various types of decentralisation into four distinct forms: deconcentration, delegation, devolution, and privatisation. Decentralisation emerged as a significant policy goal throughout the 1970s and 1980s, when developing countries aimed to establish a more equitable model of economic growth and address the fundamental needs of impoverished populations. A growing number of nations are devolving fiscal, political, and administrative duties to subnational governments, the private sector, and non-governmental organisations. There are several logical reasons to support decentralisation. The pursuit of decentralisation policy is driven by its crucial impact on resource mobilisation and allocation, macroeconomic stabilisation, service delivery, equity, local economic development, and poverty alleviation. The primary allure of decentralisation strategies in most developing nations lies in their capacity to foster development. Reagen (2018) states that decentralisation serves two primary purposes: facilitating popular involvement in decision-making and establishing a more effective administration at the local level. These factors can lead to the creation of development strategies that are more able to adapt to local circumstances and effectively utilise resources for sustainable local development. Several arguments have been put up to justify decentralisation. Hadingham (2020) provides a concise summary of these points.

- a) **Allocative efficiency:** Local authorities possess a greater sensitivity towards local priorities and needs, allowing them to adapt service provision accordingly.
- b) **Information provision:** Local government, being in direct contact with service users, can effectively keep them informed.

- c) Responsiveness: The close proximity of local government to service users enables them to be more responsive to local needs compared to central government.
- d) Local revenue maximization: Local authorities have the ability to optimize local sources of revenue by imposing local taxes, fees, and user charges, and utilizing the generated income within the local area.
- e) Accountability: Local communities are in a better position to exert influence on politics and policy at the local level than at the national level. If communities are dissatisfied with the provision of services, they have the ability to exert direct pressure on local authorities.

Nevertheless, decentralization is not without of its perils (Hadingham 2019).

## **2.1 Conceptualizing and Theorizing Decentralization**

Since the late 1980s, decentralization has increased in popularity and become a crucial component of governmental and executive change in many developing nations (Aryee, 2003). The agenda is supported by a variety of actors, including national governments, nongovernmental organizations, and grassroots groups as well as foreign development organizations (Crawford, 2005). Decentralization is thought to provide a structural framework through which local residents and groups can actively combat poverty close to home (Ahwoi, 2010).

The concepts of "local self-government," "democracy concept," and "concept of subsidiarity" are mixed with decentralization (United Cities and Local Governments [UCLG], 2008). In order to manage and handle public affairs in the greatest advantage of the local community, local authorities must have the legal authority to do so. This is known as local selfgovernment. The subsidiarity principle holds that nothing that can be completed by a smaller and manageable company should be completed by a bigger and more complex institution. The representative democracy concept includes the transition of authority to performers or organizations that are comprehensible to the individuals in their jurisdiction.

The idea of subsidiarity suggests that decisions will be made at the "appropriate level," which is frequently the local or lowest level. As a result, it introduces a "bottom-up" approach to the creation and implementation of policies (CEC, 2001).

The goal of the subsidiarity concept is to reduce local socioeconomic inequalities that result in disparities in the socioeconomic development of rural and urban areas as well as between rural areas. This implies that local government bodies must consider all interested parties when making decisions (CEC, 2001). In the 1980s, along with ideas about governance and human-centered approaches to country growth, the idea of decentralization first emerged (Work, 2002). According to Ribot (2002), the goal of decentralization is to increase the effectiveness, efficiency, and accountability of public sector management as well as the ability to respond of government agencies to local needs. Decentralization entails the transmission of obligations from national government to municipal authorities.

Decentralization is a remedy to "centralization," infused with many good intentions such as proximity, significance, authority, involvement, accountability, equity, and even democracy, according to the United Cities and Local Governments (UCLG, 2008) and Turner and Hulme (cited in Antwi, 2005).

## **2.2 Fiscal Decentralization**

Fiscal decentralization, as defined by Yaw-Nsiah (2018), refers to the delegation of power to regional governments to arrange, allocate, and oversee financial assets based on locally determined preferences. The ability to generate income from both internal and foreign sources is a fundamental aspect of fiscal decentralization, which has become a significant concern in the decentralization efforts of several developing countries. The effectiveness of decentralized organizations, which have transformed into the mechanisms through which local governments achieve their targeted developmental goals at the local level, is considered crucial for fiscal decentralization.



Consequently, in the absence of fiscal decentralization, decentralized organizations would face a shortage of resources to implement initiatives that are essential for achieving their objectives (Dick-Sagoe, 2019).

For decentralised units to effectively fulfil their obligations, they need sufficient domestically produced income, government transfers, or external funding, as well as the authority to choose their expenditure.

Wolman (2020) argues that the theoretical basis for fiscal decentralization can be traced back to the ideas of Madison and Rousseau in the 17th and 18th centuries, notwithstanding their differing opinions on the matter. According to Madison, the power of the locals and a significant number of aristocracy is being misused by delegating their powers. Madison argues that leaders should get their authority directly from the majority of the people (Antwi, 2019). Madison argues that in order to build the separate and independent areas to which they individually belong, the local population must be given the power to choose their leaders.

The objective of decentralization is to enhance the fiscal position of sub-national governments and, therefore, their capacity to provide public goods and services. The objective is to provide local authorities autonomy in managing their finances, including the discretion to choose the magnitude and allocation of their expenditure budgets. Through active participation, individuals may articulate their perspectives and engage in the process of democratic governance.

Decentralization is justified as a technique for attaining local development primarily based on economic efficiency and the mobilization of local resources (Adu, 2020). Fiscal decentralization, as supported by the efficiency argument, aims to enhance government proximity to citizens and provide local authorities more autonomy in determining tax levels and expenditure allocation. This, in turn, is expected to enhance overall welfare. Conversely,

the argument supporting fiscal decentralization for revenue mobilization is based on the notion that a decentralized tax system might effectively lead to an increase in the total rate of resource collection. A significant number of individuals and small enterprises are often exempted from taxation due to the central governments' tendency to impose taxes only over a certain level. Consequently, a significant portion of the potential tax revenue is not included in the tax calculation. However, due to the lack of knowledge by central governments about the local tax system, it becomes difficult to identify and enforce tax obligations for small taxpayers. In addition, the revenue generated by including small taxpayers into the tax system is little and relatively low when compared to the costs of mobilization. Local governments possess a comprehensive understanding of the local tax base as a result of government and regulatory measures implemented in real estate and landbased transactions. Furthermore, the local government budget may receive a substantial percentage of the potential revenue produced by these taxable local activities. Local governments may finance and sustain local public facilities at a lower cost than the central government by levying local taxes, charges, and user fees on these smaller customers (Adu-Gyamfi, 2019).

### **2.3 Revenue Mobilization**

Fundraising is a part of revenue gathering. Permits, rates, fees, and penalties, as well as royalties from lands and licenses, produce income. It is also a source of revenue from the sale of products as well as the offering of services to clients or citizens. Olowu and Wunsch (2003) assert that where there is a successful revenue mobilization method or capacity, MMDAs can operate successfully. While revenue mobilization refers to the income received from undertaking investment activities, revenue generation refers to the income received from offering customers products and services. Internal revenue mobilization includes two aspects, namely policy creation and administration policy, according to Kessey and Gunter (2019). In contrast to



administration policy, which also includes the execution of the formulated decisions, policy formulation entails choosing the goals in advance and ensuring that laws are made concurrently. As soon as the Local Government Structure Act was enacted, revenue mobilization began. Local and subnational government organizations also offer services for a fee.

### **2.3.1 Local Governments and Revenue Collection/Mobilization**

Enhancing the generation of income and promoting economic growth at the local level The local government utilizes four primary categories of policy instruments: fiscal policy (including incentives and taxation), expenditure policy (such as investing in services and infrastructure to reduce business costs), debt policy (which spreads the cost of development), and administrative policy (with a focus on minimizing barriers to investment and wealth generation). To achieve effective Local Economic Development, it is crucial to minimise obstacles and expenses associated with local investment. This may be done by providing efficient services and taking facilitative measures. It is important to maintain a balance between meeting local social and environmental needs (Fillion, 2018). The idea of local economic development encompasses a broad spectrum of possibilities, ranging from purely economic goals to a combination of economic and other social purposes. One possible course of action may lead to the highest level of economic expansion, resulting in the creation of jobs, an increase in tax revenues, and a rise in property prices. Enhancing the stability of the economy may also be accomplished by diversification and fostering entrepreneurship (Kaczmarek, 2020). Local taxes are used to finance the ongoing expenses of the local government as well as to support investments. The level of fiscal autonomy shown by local administrations varies across different countries. Local income mobilisation functions as a supplementary means to central government and other donor funding. Municipal authorities are keen on attaining elevated levels of IGF to foster growth, since Internally Generated Funds are not allocated for specific purposes. There

is a trend towards imposing excessive taxes on firms by increasing their assessments and rates (Osei, 2020). However, the local authorities' pursuit of more income may be used as a chance to collaborate with the private sector and enhance the management of tax collection systems (Hilhorst and Elsbet, 2018). The prevailing perspective suggests that local governments can enhance their performance by implementing effective fiscal management, implementing comparatively lower tax rates, upholding peace and security, and creating a favourable environment to attract and retain capital. This can be achieved through policies that entice skilled labour or companies that employ skilled labour (Schragger, 2018).

## **2.4 Empirical Review**

Internally Generated Revenue (IGR) pertains to the financial resources that are generated by local government authorities within a given nation for the purpose of financing their operational activities and undertaking various development initiatives. This literature study centres on the examination of the various sources of intergovernmental revenue (IGR) allocated to Metropolitan, Municipal, and District Assemblies (MMDAs). The study encompasses a variety of research that investigate the diverse origins of intergovernmental revenue (IGR) for metropolitan and municipal district assemblies (MMDAs), as well as the factors that impact their development.

Tax income serves as a fundamental component of internally generated revenue (IGR) for Metropolitan, Municipal, and District Assemblies (MMDAs). Numerous studies have been conducted to examine the significance of taxes in bolstering the fiscal resources of local government entities. According to the findings of a study conducted by Atkinson and Dubey (2016), property taxes, company taxes, and various other municipal taxes were identified as substantial revenue streams for Metropolitan, Municipal, and District Assemblies (MMDAs) in Ghana. The research emphasised the need of enhancing tax compliance and administration as a means to augment revenue production from this particular avenue. In a study conducted

by Abdulai and Dauda (2016), an investigation was carried out to analyse the factors that influence the collection of property rates in Ghana. The study revealed that various drivers, including property ownership, property value, and administrative efficiency, have a significant impact on the collection of property rates. These factors play a crucial role in contributing to the internally generated revenue (IGR) of Metropolitan, Municipal, and District Assemblies (MMDAs). The revenue generated by Metropolitan, Municipal, and District Assemblies (MMDAs) is greatly augmented by the fees and charges they impose. In a study conducted by Adjei and Nutsukpo (2018), an assessment was made about the revenue mobilisation capabilities of Metropolitan, Municipal, and District Assemblies (MMDAs) in Ghana. The findings of the study revealed that fees and charges derived from various services, including market tolls, building licences, and garbage collection, played a significant role as sources of revenue for these entities. The research emphasised the necessity for Metropolitan, Municipal, and District Assemblies (MMDAs) to optimise and enforce the systematic collection of these fees in order to augment their financial resources. Grants and transfers received from the central government and other sources are additional sources of internally generated revenue (IGR) for Metropolitan, Municipal, and District Assemblies (MMDAs). The influence of intergovernmental transfers on the income mobilisation activities of Metropolitan, Municipal, and District Assemblies (MMDAs) in Ghana was investigated in a study conducted by Boakye, Oppong, and Ahorsu (2019). The research discovered that grants and transfers provided by the federal government played a substantial impact in augmenting the revenue endeavours of Metropolitan, Municipal, and District Assemblies (MMDAs), particularly in districts with limited revenue potential. The study highlighted the importance of implementing a transfer mechanism that is both transparent and predictable in order to effectively support the revenue production capabilities of Metropolitan, Municipal, and District Assemblies (MMDAs). The engagement in local economic development initiatives has the potential to



positively impact the intergovernmental revenue (IGR) of Metropolitan, Municipal, and District Assemblies (MMDAs). Bawole, Mwinkuja, and Abdulai (2017) conducted a study to investigate the influence of local economic development initiatives in Ghana on the income collection ability of Metropolitan, Municipal, and District Assemblies (MMDAs). The research discovered that the promotion of local enterprises and entrepreneurship has the potential to encourage local economic development. This, in turn, can lead to an increase in economic activity and subsequently strengthen the revenue base of Metropolitan, Municipal, and District Assemblies (MMDAs). Numerous studies have also elucidated the obstacles and limitations that impact the development of Internally Generated Revenue (IGR) for Metropolitan, Municipal, and District Assemblies (MMDAs). These encompass concerns pertaining to tax compliance, administrative competence, and economic foundation. An investigation conducted by Osei, Asamoah, and Amoateng (2018) revealed that the insufficiency of capacity and resources for revenue mobilization is a noteworthy obstacle for Metropolitan, Municipal, and District Assemblies (MMDAs) in Ghana. The report underscored the importance of implementing capacity building initiatives and institutional reforms in order to effectively tackle these difficulties and improve the income generation capabilities of Metropolitan, Municipal, and District Assemblies (MMDAs).

Internally generated funds (IGFs) are of paramount importance in facilitating the process of physical development across diverse sectors, encompassing infrastructure, education, healthcare, and social services. The capacity to produce financial resources from internal sources inside an organisation or community can play a significant role in promoting longterm development and diminishing reliance on external avenues of funding. This literature review offers a comprehensive analysis of the empirical studies conducted on the correlation between internally generated funds and physical development.



Infrastructure development plays a pivotal role in the realm of physical development, as it establishes the essential structure for fostering economic progress and enhancing living conditions. Numerous scholarly investigations have been conducted to examine the significance of internally generated finances in the realm of infrastructure development. Balchin and Ing (2019) conducted a study which revealed that infrastructure development can benefit significantly from internally produced finances, with a special emphasis on the contributions made by local governments. The research underscores the importance of implementing efficient financial management strategies and establishing effective systems for generating revenue in order to facilitate the mobilisation of resources for infrastructure initiatives.

The utilisation of internally generated cash is of utmost importance in the advancement of educational and hospital infrastructure. A study conducted by König and von Cramon-Taubadel (2013) examined the role of IGFs in the context of higher education institutions in Germany. The findings of this research indicated that IGFs played a crucial role in facilitating the funding of infrastructure enhancements and ensuring the preservation of academic standards. In a study conducted by Khan and Mohammad (2016), the researchers investigated the effects of internally generated cash on healthcare facilities in poor nations. The research findings indicated that the proficient administration of IGFs had a pivotal role in enhancing the healthcare infrastructure and the provision of services.

Within the realm of social services, monies that are generated domestically have the potential to make a significant contribution towards the advancement of community facilities and the implementation of welfare programmes. In a scholarly investigation conducted by Njuguna (2017), the focus was on examining the involvement of IGFs (Internal Generated Funds) in the provision of financial resources for social service programmes in Kenya. The research emphasised the significance of diversifying revenue streams and implementing effective

financial management practises in order to facilitate the advancement of social service development. In a study conducted by Jenkins (2015), it was discovered that community organisations in the United States heavily relied on domestically produced finances to maintain social service initiatives and effectively respond to the specific needs of their local communities.

The existing body of literature typically provides evidence in favour of the favourable influence of internally generated finances on physical development. However, it is important to acknowledge that several obstacles and possibilities have been recognized in this regard. For example, scholarly research has emphasized the importance of capacity building and institutional upgrading in order to enhance organizations' capability to create and efficiently utilize internal funds (Balchin & Ing, 2019). Furthermore, scholarly investigations have underscored the capacity of IGFs to attract external funding and facilitate collaborations between public and private entities in order to foster the development of infrastructure and social services (Jenkins, 2015).

#### **2.4.1 Internally Generated Funds Contribution to Development**

Lewis (2006) describes development as that of the quick accumulation of knowledge, skills, and capital stock that improves the delivery of goods and services that improve people's lives. Development is the built up of a web of important ideas, such as the idea of the concept of equality before the law, increased production, and the idea of poverty reduction. His definition of development is the provision of physical infrastructure that has a beneficial effect on the general welfare of the populace. Both Lewis and MacNamara (2008) concur that rapid expansion or rising stock of capital enhances the delivery of products and services, which benefits people's health. However, MacNamara (2008) contends that these factors did not bring about sufficient development and work and that additional factors are needed to serve as a

yardstick for measuring development in addition to pretty disgusting measures of economic growth.

Esteva (2003) notes that in contemporary global thought, advancement is viewed as a method of gradual but steered transformation and regarded as a clearly defined economic development path passing via stages. Development is the process by which an item or individual's potential is revealed up until it assumes its complete, natural form. Sen (2005) goes on to describe development broadly as a gathering of discernible radical reforms in a range of other areas, such as business, governance, legal, social customs, scientific, and techniques, all of which combine to improve the lives of people.

He furthers his agreement with some of the views of MacNamara and Esteva(2002) by stating that it is incorrect to view development as merely a production campaign that should be battled to spending and spending plans and assessed by measures of earnings as well as output.

A decent road network, an adequate educational framework, and access to amenities such as drinkable water, power, and medical centers are all considered to be signs of development at the municipal level.

#### **2.4.1 Internally Generated Fund and Physical development**

According to the broad definitions given above, physical development is the physical and social infrastructure that directly affects people's lives or helps to raise their quality of living. This is intrinsically linked to the concept of advancement in all of its genetic, financial, social, and interpersonal expressions, because without it the present situation might be described as advances without advancement (Israel, 2007). Without access to safe drinking water, efficient transportation networks, electricity production, respectable environment and sanitation circumstances, and efficient communication systems, physical growth in this context is impossible.



Physical development is defined at the district and municipal levels as the physically planned expansion of the town's size and the ensuing supply of the amenities and facilities the community needs (Nkrumah, 2002). Ahwoi (2010) also suggests that the essence of centralization and the transfer of authority is the capacity to plan and raise funds internally to carry out concrete initiatives for the people within their territory. However, Bird and Rodriguez (2009) contest the idea that subnational governments in developing countries are capable of delivering physical development that satisfies people's needs. They point to institutional flaws as obstacles to translating citizens' preferences for physical development via financial and social structures into budgetary results that meets their requirements. They also point out that sub-national institutions rely too heavily on central authorities for the funds necessary to build the physical infrastructure that citizens need, as opposed to privately producing funds for the delivering services function.

#### **2.4.2 Possible Source of Internally generated revenues for Municipal Assemblies**

One of the issues that countries face in their ability to develop is the problem of raising enough money to support the numerous development projects that are essential to raising the standard of living for their people (Stren, 2008). District assemblies have the power to raise money in their separate jurisdictions under the 1993 Local Government Act 462. Additionally, it empowers them to raise money regionally. Fjeldstad (2014:2) states that property tax, business licenses, market fees, and different user charges are among the sources of income for urban municipalities. The own-sourced income for MMDAs is known as privately generated funds (IGFs). Taxable and non-taxable assets are included. The assembly receives tax revenue from the mandatory payments made on companies and properties, whereas the assembly receives non-tax revenue from voluntary payments. The principal sources of local income generation are;



### 2.4.3 The major sources for local revenue generation

**Taxes and Penalties:** The ability to impose fees for provided services or amenities rests with local governments. These are fees that users must pay for the services the assembly offers. The "direct beneficiaries of services, whether residents, companies, or objects (real property)" are subject to user charges (Bird, 1993:212). It comprises fees assessed at markets, lorry parks, abattoirs, etc. The fines are remitted to the municipality by the municipality or district courts.

**Licences:** Metropolitan, Municipal and District Assemblies has the power to grant licenses for various goods as well as undertakings. These consist of lodging facilities, dining establishments, bars, independent artists, hawkers, etc (Local government act, 1993). However, the propensity of company owners and local authorities to engage in rent-seeking behavior prevents the creation of local revenue through licensing requirements. Additionally, the complicated procedures involved in the high compliance expense result in low generating revenue (Fjeldstad, 2014).

Property taxes are fees assessed on real estate that is not mobile. District assembly shall be the "absolute decider for the municipality and subject to every special provision in this Act or any other enactment; neither any power other than the Assembly shall, despite any provision in this Act or any other enactment," .

The District Assembly shall be the "absolute decider for the district and issue to any special provision in this Act or another approval; neither any power other than the Assembly will, notwithstanding the customary law to the contrary, have power to make or levy pricing in the districts," per Section 94 of the Local Government Act of 1993 (Act 462). Despite claims to the contrary, it has been shown that property taxes are a significant source of income for local governments. However, this revenue stream is limited by unclear ownership rights, difficulties collecting taxes, and unfair valuation methods (Fjeldstad 2014). In Ghana, property taxes make up between 40% and 60% of all direct tax income (Appiah et al, 2000). The average for the

years 2006 to 2008 shows that it makes up 6.1% of local governments in Sierra Leone and less than 10% as In Gambia (Fjeldstad and Heggstad,2012). However, these rates are greater in developed federal nations because local governments are responsible for collecting all property taxes in those nations (Bird 2008).

**Property Rates:** these are rates levied on immovable property. Section 94 of the local Government Act 1993, (Act462) provides that, District assembly shall be the “sole authority for the district and subject to any special provision in the Act or any other enactment; no other authority other than the Assembly shall, notwithstanding any customary law to the contrary have power to make or levy rates in the districts”. Though property tax has been argued as a major source of revenue to local governments; the absence of clear ownership rights, the inability to enforce payment and improper valuation practices all act as constraints to it (Fjeldstad 2014). In Ghana, property tax accounts for between 40% and 60 % of the revenue that is collected directly (Appiah et al, 2000). It accounts for an average of 6.1% in local councils in Sierra Leone, and less than 10% in The Gambia (average for the period 2006 -2008) (Fjeldstad and Heggstad,2012). These rates are however higher in the developed federal countries as in such countries, all taxes levied on properties are collected by local governments (Bird 2008).

**Investment Income:**Assemblies are allowed to invest "Money of Assembly or a part of those Moneys" in investments that have been authorized by the assembly under Section 89 of local government act. The assembly receives income from the proceeds of these assets.

**Land:**These are the proceeds from selling of stool lands and construction permits that are paid to the assembly. Typically, this represents a portion of the processing fees given to the assembly. Although the aforementioned revenue sources have been characterized as low yielding (Crowford, 2004), they have the ability to provide MMDAs with significant and consistent income if properly handled and administered (Fjeldstad, 2014).

#### **2.4.4 Challenges Encountered In Revenue Mobilizing**

In this study, challenges are understood broadly as impediments, defects, incentives, or difficulties that prohibit municipal and territorial governments from internally raising as much money as they could (Oduro-Mensah, undated). Other difficulties he notes in his essay include the lack of easily accessible data that can help with revenue mobilization, general public attitudes toward tax payments, the effectiveness of law enforcement, or a certain amount of overdependence on federal grant money. He also mentions that there might not be enough staff to manage the problem of funds mobilization in such a remote area. In reality, collecting funds at the nationwide and sub-national levels is a contentious but necessary task that every nation in the world encounters at some point. Ebel and Vaillancourt (1995) recognize once more that the financing model for local government in so many countries is characterized by a dependence on the national government for payments and shared taxes, and an almost complete lack of robust development of own revenue sources. Local authorities will not be able to better the economic situation of their nation if this scenario holds true unless they increase their own taxation efforts. For example, Tanzania's central government provides local governments with 70% of its financial resources, and the absence of significant alternate sources of revenue results in a lack of autonomy and impedes time supply autonomy (Boachie-Danquah, 1996).

Furthermore, Boachie-Danquah contends that even in the so-called advanced nations of Europe and America, municipal governments are under pressure to raise their own funds to pay for the costs of achieving development objectives and offering services. He warns that if local governments are forced to depend primarily on funding from the government and other external sources to enable them to provide the services required of them, the idea of decentralization will fail.



Bird (2003) notes that the revenue growth of developing countries over the past ten years has been disappointing. Bird acknowledges that nation feelings have varied and, in the majority of instances, have stagnated or declined. However, despite acknowledging that nation feelings have varied and most cases have been static or have turned it down, Bird (2003) also points out that the majority of cases have been stagnant or have declined. He gives instances of such declines in Asia, the Pacific, and sub-Saharan Africa.

The test's findings, he continues, "suggest an increase in foreign aid and grants to most developing countries causes a decline in those developing countries' overall revenues," a situation that Boachie Danquah (1996) refers to as "misleading prosperity." It is challenging to perform an empirical study of the relationship between funds and foreign aid.

While some of the aforementioned issues, which naturally prohibit internal income generation, may be structural and personal in character, others might be brought on by laxity, inertia, indifference, or just plain negligence on the part of those charged with collecting revenue. Institutionally, revenue collection has been hampered by the absence of procedures for the revenue collectors, who are tasked with contacting every potential taxpayer or payer of taxes (Oduro-Mensah, undated). Local governments may become complacent or inert due to laziness because loans or funds are so simple to access and straightforward to obtain.

Since early 1960s, at least, some researchers have also made the case that because loans have a future repayment obligation, recipient nations regard them differently from grants. This encourages decision-makers to spend money wisely and mobilize taxes, or at the very least to sustain existing levels of raising revenue (Clement, Sanjeev, Pivovarsky&Tiongson, 2004). The scholars contend that grants, on the other hand, are seen as uncompensated resources that may be used to replace household income. In this situation, rather than encouraging greater government revenues at the subnational levels, inflows from national authorities themselves have turned into a deterrent. The distribution of taxing activities in any nation is unbalanced, it is also



acknowledged. Some regions of a nation may be more naturally endowed than others, attracting investments as well as other economic activity as a result of which they produce more revenue than other regions of the same nation. Here, funds from the federal government try to balance out the differences.

According to Kelly (1995), taxpayers all over the globe find paying taxes to be a very unpleasant experience. Taxes are generally not something that individuals want to pay. In countries with strict regulations and aggressive execution, paying taxes and fees has not faced much resistance. Because they are fully aware of their obligations to the government, individuals make tax payments on schedule and in full.

In many developing countries, local governments have a difficult time collecting taxes because of the general attitudes of the people toward paying taxes in any form.

The second problem involved those in charge of tax collection on behalf of the assembly who occasionally engage in outright fraud by issuing fake invoices or underpay what they collect to local organizations (Zanu, 1994). Research suggests that, for instance, Ghana's District Assemblies' revenue or income sources are incredibly low yielding and difficult to collect, according to Zanu. shows, for instance, that they produce very little and are difficult to collect. For instance, he argues that it is expensive and unnecessary to collect the base amount of \$1,000 annually from each adult. He claims that the institutions that serve as safeguards and enhance efficient tax/rate collections are also very frail. Accounting becomes extremely difficult. Revenue workers don't always get paid as much as they should from tax payers. Issues with internal revenue collection program execution, design, and, most significantly, attitude occur. According to Zanu, many underdeveloped countries suffer from severe fraud and abuse in its most extreme forms when it comes to revenue collection. Appeah's (2003) research backs up this claim. Spillages, below, and other egregious official misconduct seriously hinder efforts to increase internally generated revenues. He continues by saying that District Assemblies in

Ghana lack any structured mechanism or framework for monitoring revenue collections but there is a dearth of data to guide the development of that format. The practice of revenue collectors submitting accounts for one's collections within a week or more of collections is open to misuse, and many justifications are offered as to why they seem unable to do so by the due date.

Another major problem that Aboagye (1994) sees as confronting District Assemblies in the process of revenue mobilization is the current, almost extinct, and unscientific method by which technocrats plan both revenue and expenditure estimates for the fiscal year in close collaboration with the Finance and Administration Sub-Committee of the Assembly (some of whose members in many District Assemblies had little insight regarding budgeting and its matters involving). A resolution that governs fees is submitted for approval to the General Assembly without any scientific basis for the fees so established. He points out that the current estimates frequently assume an increase from the estimates from the preceding year.

Whether the previous group of objectives was achieved or not receives little consideration. Areas where set goals were not met are not given much attention without conducting a comprehensive analysis to identify the reasons of the fails or wins, as the case may be, and offer ideas for remedies to fix the problems or build on the successes. There are also a ton of untapped revenue potentials that have previously been overlooked. Any efforts to integrate these sources into the revenue system are met with vehement opposition due to the political turmoil and extortion that accompany them.

Local governments have a broad range of things they can tax and levy, but their gathering rates are not impressive. This is probably a result of both the problem of lack of accountability and the poor quality of municipal government employees handling finances. Tax compliance is impacted by the taxpayers' imagined benefits. If taxpayers feel that their taxes don't help them, they are less likely to cooperate (Aboagye, 1994). According to Aboagye, District Assemblies

have a responsibility to foster public confidence in the use of the money they receive from the people.

The District Assemblies have a difficult time convincing the public that development initiatives are paid for by the taxes they pay and informing them of this fact. In order to ensure a surplus to support growth, local governments must also contend with the problem of guaranteeing efficient running of income over spending.

Another challenge is the tax officers themselves. Most tax agents are not motivated. Many revenue collectors, particularly the commissioned collectors, lack opportunities for employment or career growth as a result of their educational background.

They have a dismal future ahead of them, but they "make hay while the sun shines" to make it better. Poverty is cited as another factor in the failure of revenue-raising attempts. One of the main complaints of local government workers is a lack of funding; "poverty" is the common cry of local governments all across the developing world (IBRD/World Bank, 1989). Not all nations are equally rich, and some sub-nationalities have very little economic activity, making it difficult for the individuals to fulfill their debt obligations to local authorities (Dilinger, 1989).

When revenue is too low to support any kind of taxation or penalties, large industries may not exist and peasant-level commercial agricultural activities may take place. Dilinger (1989) adds that local taxes, such as those imposed on property and small retail businesses, only make up a small part of the overall local tax base and frequently fail to take into account variations in taxpayers' financial capacities.

For instance, the findings of Dilinger (1990) are supported by the fact that some local governments in Ghana are so endowed with riches that the royalties they receive from those resources far surpass the total of their District Assemblies' Common Fund in any given year (The Administrator, DACF, 2004). The Ministry of Local Government Rural Development and



Environment's (1994) listing of specialized funding sources for some District Assemblies as timber royalties, the Minerals Development Fund, and grants-in-aid from organizations and companies functioning in the relevant jurisdictional places provides additional support for the claims made above.

The Ministry claims that since the distribution of natural resources varies geographically, this presents a significant challenge for some local governments that are less wealthy in their efforts to increase their internally generated funds from such sources that support development. Gold and timber-rich regions, for example, benefit from particular revenues that, if properly tapped, would act as a catalyst for their development.

In addition, Dilinger (1990) points out that taxes gathered by the federal government and distributed to local governments directly will be viewed as a specific managerial remedy to the issue of local tax management. He stresses that the purpose of intergovernmental transfers is to distribute resources to underdeveloped areas of the nation. However, he emphasizes that the presence of economic inequalities does not necessitate the award of a compensatory grant and that assistance to local authorities in underdeveloped areas must contend with other budget priorities.

Above everything, one of the biggest obstacles to the sub-nationals' ability to generate income is the prohibition on them borrowing from outside sources while allowing them to borrow locally (Adedokun, 2004).

#### **2.4.5 Means of improving revenue mobilization Municipalities**

Potentials can be thought of theoretically as reasonable projections of the future. It is an anticipated financial or social advantage in the future (Abuodha & Bowles, 2000).

Potentials here could be thought of as untapped potential sources of additional revenue that have not yet been investigated and used. The results of public education and training, better revenue collection systems, improved revenue collection monitoring that maximizes potentials,



and hopes for future investments that may change the economic landscape of the region are some examples. According to Oates (1993:240), successful decentralization in all of its aspects has the potential to boost revenue at the sub-national divisions. He asserts that there is a strong correlation among decentralization and economic development as well as basic economic behavior inside the decentralized jurisdiction.

According to Emenuga (1993), a study on Nigeria's public revenue mobilization revealed a high degree of centralization. He also accuses the federal government of failing to follow the spending guidelines set forth by the tier system of budget implementation. According to him, local governments in Nigeria, for instance, could potentially boost their internal funds with efficient decentralization of revenues. Public revenue generation is one of Nigeria's most hotly debated topics, according to Kayode (1993), who supports Emenuga's argument that local governments would benefit from more funding if commission reports on national revenue mobilization and distribution were thoroughly examined.

From an administrative perspective, where effectively designed formats that compare real collections to objectives are observed and effectively applied, Kanfra (1994) examines opportunities for increased funds. He claims that in order to make this a reality, rateable property data must be readily accessible and regularly updated. When he emphasizes the need to collect and record information on sources of revenue as well as fees modified occasionally to their actual financial demands, Nsarkoh (1994) lends support to the aforementioned claim.

According to Manasan (1995), the degree of industrialization and urbanization in the Philippines has the ability to increase revenue success at the local level. He believes that this might be the case because there is less of the informal sector in more urbanized centers, making it easier to collect taxes from both the sector and the massive real estate development. According to Ayee (2004), there may be opportunities for increased domestically generated revenues in the areas of expanding revenue sources, closing loopholes, enhancing the abilities

and motivating revenue collectors, as well as foraying into uncharted territory. He claims that there are still "virgin" areas that local governments need to explore, but he also observes that most local governments have restricted their use of internally produced revenue to the easiest to access and pay for, such as market tolls, park fees, and property rates.

Local governments have the ability to generate sizable amounts of money, but many of the prime sources such as market tolls, park fees, and property taxes—never achieve even a 40% collection rate, according to Aboagye (2004). Even the sources of income that Ayee and Aboagye identified as being ripe for collection are not fully collected.

This means that if effective revenue mobilization occurs even in regard to the areas that have been acknowledged as having been granted to the District Assemblies, a significant amount can be produced at the local level to support development, especially when adequate processes of financial supervision of revenue collectors and the problem of low collector compensation have indeed been discussed with support and help from the District Assemblies. According to Aboagye (2004), effective and efficient data bases that improve planning for revenue mobilization as well as effective administration and techniques of valuations, billing, collection, accounting, controlling, and usage would significantly boost funds for municipal government. Additionally, he emphasize that development of a database that is refreshed regularly for income generation, the existence of a structured sequence for revenue reporting, and the inclusion of an internal tracking and assessment mechanism are effective methods to prevent mistreatment, a viewpoint held in common by Musgrave (1995). Oduro-Mensah (2007) appears to concur with Manasan earlier while noted that some local councils, that in the previous struggled from inadequate funding, may be raising capital in various guidelines state given that the area is virgin and accessible for investors. As a matter of fact, many already wealthy districts are so congested that "booming" economic activity spills over into nearby "virgin" and previously underdeveloped areas. According to OduroMensah (2007), these

circumstances may increase internally generated income, which some districts previously had difficulty accessing. These overflows boost levy and rate obligations from individuals as well as small and medium-sized companies of various types because they increase economic activity, skilled labor migration, personal income growth, and consumption growth.

In addition, Oduro-Mensah (undated) points to interventions that educate the public about the importance of honoring their duties to local governments as another way to boost income. He claims that numerous efforts have been made to enhance internally generated funds and effective revenue administration by both general and targeted actions by development agencies like DANIDA, GTZ, SNV, the EU, and other NGOs. He says that raising the literacy level of revenue collectors also aids in the activity of collecting revenue. He continues by saying that an educated revenue collection with good communication skills, training in revenue collection methods, and good interpersonal skills has the potential to boost earnings above average.

## **2.5 Conceptual Framework**

This component entails the presentation of the conceptual framework for the research, with a specific emphasis on the literature review.

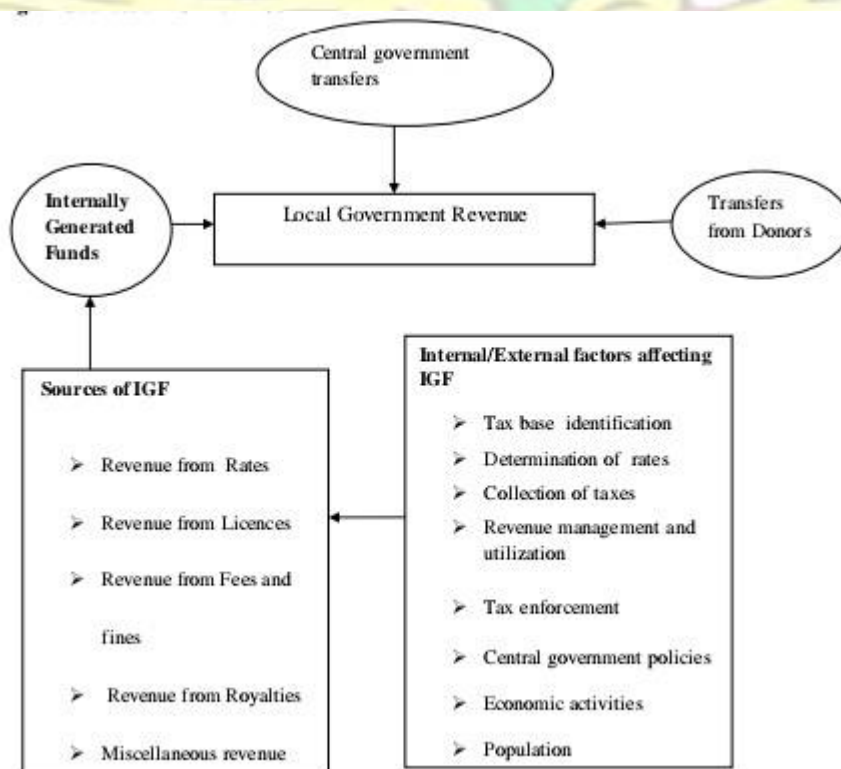
According to Smoke (2017), the configuration of the municipal revenue structure has a crucial role in determining the level of money acquired by the local government. The determination, establishment, and collection of taxes remain crucial factors in facilitating the generation of local revenue.

It is necessary to ascertain the tax to be levied and the corresponding rates. A meticulous evaluation of the revenue sources and the taxable goods is required. Tax income collection might also have an impact on revenue objectives. In order to effectively generate revenue, it is imperative to consider both the workforce and the methodologies employed for revenue collecting.

The overall amount of money raised is also greatly influenced by the management and utilisation of generated monies. In relation to its utilisation, it requires the effective management of financial resources, particularly in the context of delivering essential community services. The allocation of municipal taxes should be designed to provide advantages to the broader public, as intended (Bird, 2013). The timeliness for tax payment is a significant factor in LG's revenue performance, as failure to fulfil this obligation may result in financial difficulties for the company.

Tax enforcement enables local governments to impose fines on individuals who owe debts. This mechanism governs the amount of tax collected and functions as a surveillance tool for the taxpayer population (Roy, 2016).

The present study's conceptual framework (Figure 2.1) was developed based on the arguments put forth by Smoke (2001) and Roy (2016).



*Source: Adapted and modified from Botchie (2015) and Roy, (2016)*



The main sources of revenue for Metropolitan, Municipal, and District Assemblies (MMDAs), as determined by their organisational framework, consist of disbursements from the central government, grants provided by donor organisations, and internally generated funds (IGF). Upon activation of insulin-like growth factors (IGFs), it is observed that both factors exert an immediate influence. The production of IGF is impeded by political, social, and economic challenges in each of these regions. The internal components are within the jurisdiction of the local government. The internal components mentioned, including tax base coverage and identification, rate assessment, tax collection, expense management and allocation, and tax enforcement, are subject to the influence of central government policies, although being referred to as external units (Bird, 2013).


Furthermore, the population and amount of area economic activity are exogenous factors that exert influence on IGF production.

The New Juaben South Municipal Assembly intends to employ the framework in order to examine the complex elements that contributed to the activation of Internal Generated Funds (IGF).

### **Chapter Summary**

The context for which this research is taking place is based on the theoretical expectation that local and subnational governments will determine their requirement and create their plans in accordance with regard to their unique situation so as to meet the social and infrastructure demands of the populace. Additionally, such calls for a sizable quantity of materials to be produced locally as the foundation for addressing any planned requirements. Such necessitates for greater internally generated income which is higher than recurrent spending in an effort to generate an excess to cover at least some of the capital budget and, as a result, favorably affect the sub-national government's development efforts. Local governments all over the world must

generate more resources in order to carry out their duties, but many of them, people in developing nations, are burdened by challenges that make them more reliant on central authorities, risk re-centralization, and cause them to lose some of their autonomy. Despite the difficulties, local governments still have a lot of potential to become financially stable on their own if the both internal and external obstacles that stand in the way of their efforts are dealt with seriously and new opportunities for revenue generation are investigated and taken advantage of.



## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter examines the eight components of the research methodology. They include the study area, research design, study population, the sampling techniques, the instrumentation, validity, reliability, ethics, the data source, and the processing and analysis data.

#### **3.1 The study area**

A member of the 33 (thirty three) Municipalities and Districts of the Eastern Region, with

Koforidua as its seat, the New Juaben South Municipality is one of Ghana's 261

Metropolitan, Municipal, and District Assemblies. It was established in 1988 as a result of Legislative Instrument (LI) 1426, and it can be found between 60 and 70 North latitude and 1030' West and 0030' East longitude.

The municipality has 125,256 inhabitants, 60,567 of whom are men and 64,689 of whom are women. Its land area is 43 square kilometers, or roughly 0.6 percent of the entire surface area of the Eastern Region. Ghana's statistical service, 2021.

Suhum Municipality, Akuapem South Municipality, and New Juaben -North Municipality all share its eastern, and southern boundaries. There are seven area councils, as shown in Table 1, and each has a different amount of unit committees and members. Each Area Council engage in a variety of business activities, which usually are comparable comprising of smallscale agriculture, trade, transportation, and artisanal activities like carpentry, painting, and the selling of alcoholic beverages. The wood sector also involves small and medium-sized companies, such as oil-palm processing facilities and pineapple processing areas.

There is opportunity to expand the current hospitality amenities and draw several visitors because of the magnificent Boti Falls, which are situated inside the Municipality. The Koforidua Valley is home to a number of hotels, including The Envoy and the Eastern

Premier Hotel.

#### **Physical Map of New Juaben South Municipality**

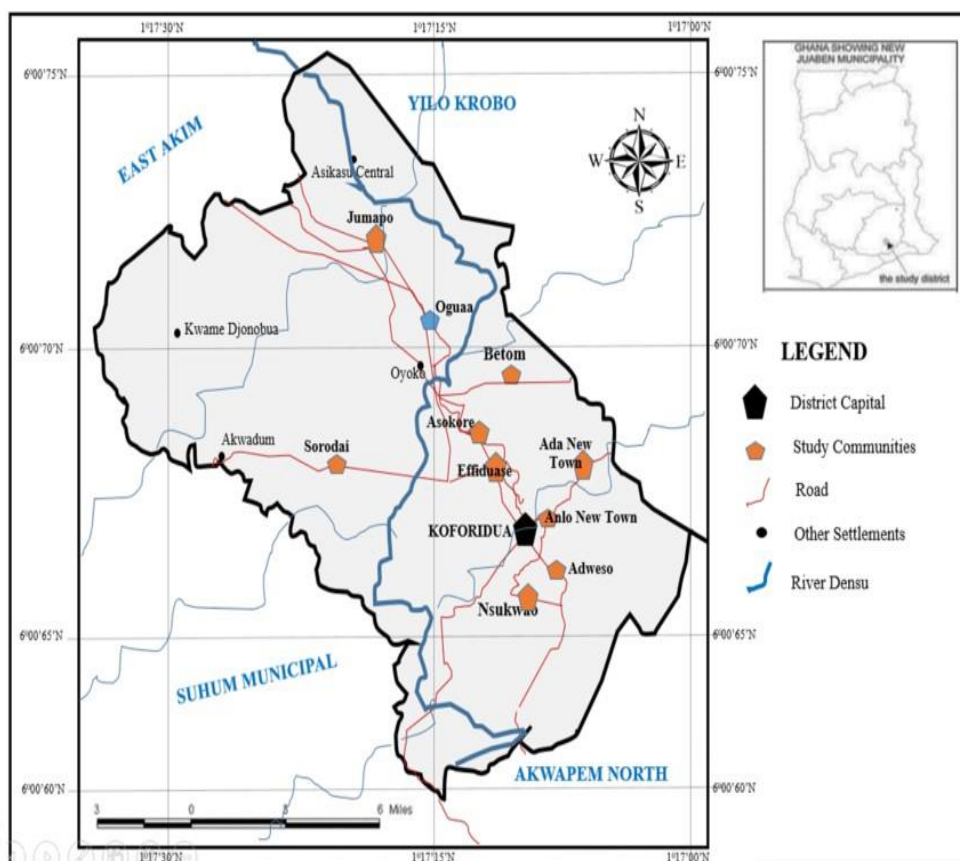


Figure 3.1 District Map of New Juaben Municipality

**Source:** Town and Country Planning, New Juaben South Municipality

**Table 3.1: Area Councils Under New Juaben South Municipality**

Area Council	Unit Committees	Members
Nsukwao	10	67
Old Estate	15	30
Adweso	14	62



Anlo Town	20	38
Srodæ	25	65
Betom	15	84
New Town	19	300

---

Source: Ghana Statistical Service, 2021

### 3.2 Study design

The research, which aims to emphasize the true nature of the issue and perhaps identify its causes and potential solutions, is both exploratory and descriptive in nature. An exploratory study, as per Polger and Shane (2015), is conducted on a small scale and should be finished swiftly. The study's variables aren't changed in any manner because the study is noninterventional in nature. The choice to perform an exploratory and descriptive study in this study is as a result of the issue of revenue generated within the municipality and how these gains ought to be or could serve as the primary source of funding for municipal growth in different areas has been brought up in academia and by program operators for decentralization. Despite the complaints about the low revenue generated internally at the sub-national level, it sometimes seems that the problem is only being answered shallowly and that little in-depth research has been devoted to it in hopes of discovering its causative factors and develop remedies. This is why the exploratory study is so important. After a thorough explanation of the factors as results of "exploration's" observations, an exploratory investigation would be followed by suitable suggestions and proposals aimed at solving the issue.

### 3.3 Study Population

The study's target population includes revenue collectors, the Municipal Co-ordinating Director, the Municipal Budget Officer, the Municipal Finance Officer, Members of the assembly (two representatives from each of the assembly's five statutory subcommittees,

including the finance and administration, social services, justice and security, development planning and works sub-committees), taxpayers, and the revenue superintendent. The task assigned to these officials is to improve the system and lessen the present issues with IGF mobilization and administration in the municipality.

These representatives have the responsibility of improving the system and easing the current issues with IGF mobilization and management in the municipality. Additionally, it is believed that they are knowledgeable about the historical background, current trends, system dynamics, and potentials.

### **3.4 Sampling and Sampling Size**

A sample in a research, according to Fraenkel and Wallen (2000), is any group for which data is gathered. The information gathered from the sample can be used to make generalizations about the entire community as long as it is representative of the population (Creswell, 2009). The research employed probability-based and non- probability sampling methods. The nonprobability sampling technique was used with purposeful sampling to choose key informants for gathering responses.

The key informants that were purposefully selected includes the revenue superintendent, one revenue inspector from each of the seven area councils, the Municipal Budget Officer, the Municipal Planning Officer, the Municipal Finance Officer, the Municipal Coordinating Director, the Chairman of the Finance and Administration Subcommittee of the assembly, and other key municipal officers.

Additionally, twelve revenue collectors who are in control of daily revenue mobilization from each of the area councils were randomly selected.

In order to generate relevant data that would be useful to the study, 126 sample size was selected for the study. The Budget and Development Planning and Officials are in charge of developing the plans and budgets for the municipal developmental initiatives.

As a result, the two main officers made significant contributions to this study by outlining how they plan and budget, as well as whether or not they reach their goals in order to achieve the developmental objectives.

**Table 3.2 Sample Size for Different Groups of Participants**

Sample Respondents Groups	Number of Number of Sample Participants	Male	Female	Total	Sample frame
F&A Sub- committee Members		6	4	10	10
District Official (finance Officer, Municipal Planning Officer, Budget, Planning Officer etc)		4	1	4	4
Revenue Collectors		12	0	12	12
Taxpayers		60	40	100	unknown
Total		82	45	126	

*Source: Field Data, 2022*

### **3.5 Data Collection**

In essence, this study used two methods for gathering data: primary data and secondary data. Both primary data collected from the staff and some secondary data were used in the research. During the field survey, questionnaires and interview were employed to gather the main data. Beginning the data collection, the researcher made initial contacts with a number of departmental leaders to explain the purpose of the exercise. The department leaders responded



to the questions with the same justification. The respondents were made aware that the survey was conducted on purpose for educational purposes and that their anonymity would be protected. As a result, no one would suffer as a consequence of the firm's inquiry into their professional responsibilities. In an attempt to get people to respond without saving anything, this was done. The researcher set aside two (2) weeks for the exercise in order to ensure the exercise received the highest potential response rate.

### **3.6 Primary Data**

Cross-sectional methodology was used to gather the majority of the data, and self-administrative questionnaires were provided to study participants. Ideally, a questionnaire was used to ask respondents questions that helped researchers better understand how internally generated funds affected Municipal Assemblies' performance. Through the use of random sampling methods, this was easily chosen. There were both closed-ended and open-ended queries included in the study's submissions. In order to collect factual data, such as details on attitudes and opinions, closed-ended questions were frequently used because they enabled responses to be given within a set time limit.

Open-ended inquiries allowed for more latitude on the part of the replies. In actuality, this made it more challenging for the researcher to maintain strict control over the questionnaires.

### **3.7 Questionnaires**

A questionnaire method was employed by the researcher to collect raw data from the respondents. This made it possible for the researcher to collect exact data with the highest level of validity and reliability as well as information relevant to the survey's goal.

The researcher physically distributed well-designed self-administrative questionnaires. The surveys were then given to the respondents for a minimum of two weeks before being preanalyzed. Direct staff responses were gathered for surveys prior to admission, improving the reliability and accessibility of the survey findings.



The questionnaire's straightforward, uncomplicated construction made it simple to convert the responses to useful data. The inquiries were structured, formalized, and quantitative.

There are five sections:

Questions pertaining to participants' backgrounds were included in the first segment.

The second handles how internally generated funds aid to the development of the municipality?

The third component included questions about the possible sources revenue generation for Municipal Assemblies.

The questions in the fourth segment dealt to the challenges encountered by the assemblies in revenue mobilizing.

The last part dealt with the means of improving revenue mobilization in the Municipality.

### **3.8 Data processing and analysis**

Data gathered was cleansed to remove contradictions in the answers given by respondents.

Internal validity was increased by removing confounds during data processing, and effective trimming was also carried out to guarantee accuracy and understanding. Responses were coded and analyzed with help of Statistical Product and Service Solutions (SPSS) version 23 software.

### **3.9 Validity**

Experts in revenue mobilization and the research area thoroughly reviewed the study's instrument prior to getting final approval to guarantee the research validity.

A few suggestions and remarks were made, and the questionnaire was slightly altered as a consequence. For instance, one of the jurors proposed expanding the questions in section 2 of the questionnaire, and his suggestion was taken into account. The questionnaire's main sections and questions didn't require much modification, even though the large percentage of the remarks focused on word and phrase corrections.

### **3.10 Reliability**

In New Juaben North, a pilot test was carried out to guarantee the questionnaire's dependability.

Because of the comparable backgrounds, cultures, financial situations, and capacity for income generation, this area was selected.

This group, who was given 20 minutes to answer the questionnaire, showed the characteristics of the study's full sample.

Given that they had to fill out the questionnaire, individuals were asked to estimate the exact time required to complete it. Their insights were advantageous and helpful for the distribution of the poll. The primary sample of the research did not contain any of the participants from the pilot study. A week afterward, the questionnaire was distributed once more.

### **3.11 Ethics**

Several ethical issues were taken into consideration prior to, during, and following the research. The goal of the study was explained to respondents before giving them the questionnaire to fill out. An official letter was sent to the organization's administrators to seek their permission prior to the handling of the surveys and interviews. Additionally, consideration was given to the respondents' honesty and discretion in the poll. The respondent was given the assurance that the answers they provided would be kept in complete confidentiality. Respondents used their comments as part of an academic exercise, though, for this purpose. The respondent was given the assurance that the answers they provided would be kept in complete confidentiality. Respondents used their comments as part of an academic exercise, though, for this purpose. For this research, the identification of every questionnaire respondent as well as other ethical issues were carefully considered. The questionnaires were distributed to respondents, who then had two weeks to complete them after being questioned if they had the additional time. The suitable materials, journals, and books were selected to be used in this investigation.

### **3.12 Limitations of the study**

The researcher faces a number of obstacles during every study project. Some interviewees objected to taking part in the study. I spent time explaining the questionnaire's contents to some respondents who did not comprehend the need for the study. A restriction was the lack of time. Other interviewees requested rewards for taking part in the study.

I took the time to go over the study's main points with each volunteer, emphasizing that it was an educational endeavor rather than a money-making one.

### **3.13 Chapter Summary**

The pre-search study's research methodologies were fully explained in the most recent chapter. The researcher selected exploratory and descriptive methods to assess the research goals from the respondents (quantitative and qualitative data analysis approach). A structured questionnaire and interview were employed in the data collection. Part went into great depth on the entire paradigm of research method, which was not just limited to ethical issues. The subsequent chapter would contain a thorough study of the data. There will be percentages, frequencies, and exhibiting goals provided for the data analysis. There will be consideration given to specific factors related to how internally generated finances affect the effectiveness of municipal assemblies.

# KNUST

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

#### **4.0 Introduction**

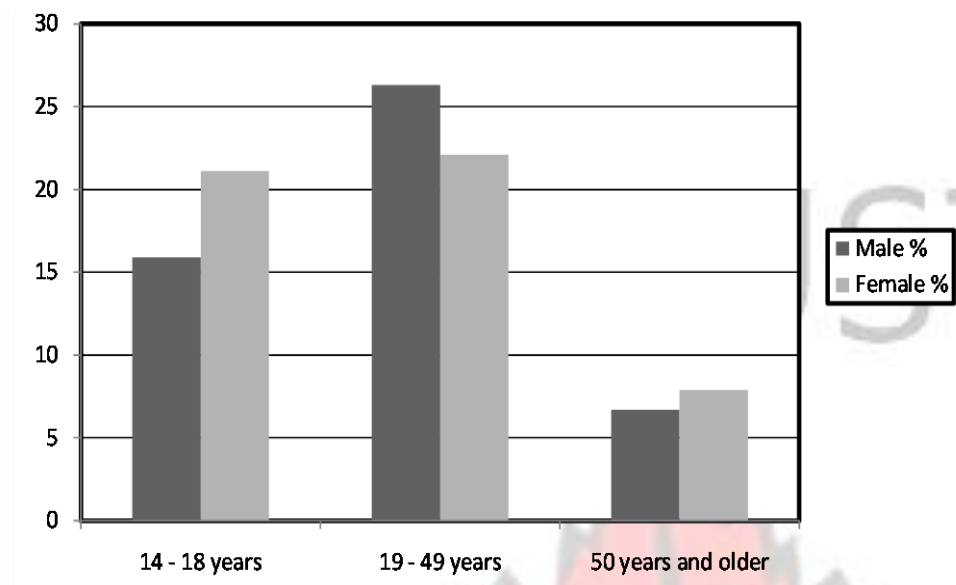
This chapter shows the data obtained from the data gathering, which included 12 important Assembly employees and 14 authorized revenue collectors. A limited sample of participants from the Juaben South Municipal was also included in the poll. The results are divided into two sections, the first of which discusses the backgrounds of the interviewees. The subsequent findings sections' primary focus was on the study's actual objectives.

#### **4.1 Background of respondents**

The interview tool documented the background information of the respondents both male and female including their ages, marital statuses, levels of education, the number of kids they have, their places of residential area, how long they had did live there, how years they had been doing the work they are actually involved in, and many pertinent issues.

On the 126 research participants, 37% were between the ages of 14 and 18; 48.4% were between the ages of 19 and 49; and 14.6% were older than 50. This indicates that the sampled people are more willing to belong to the age group with the highest level of economic activity, which is between 14 and 49 years old. Figure 1 displays this split.





**Figure 4.1: Age of Participants**

*Source: Field Data, 2022.*

In the survey, there were 48.9% male respondents and 51.1% female respondents. This is because the majority of poll respondents worked in industries like commerce and artisanship that have historically been dominated by women. The respondents' marital situation was 78% married, 10% divorced, 12% single, and 82% had children.

15% of individuals claimed to be childless, 10% claimed to have two children each, and 25% claimed to have three children each. 15% had four kids, 20% had six children, and the remaining 15% had eight. With the rest of the respondents actually living there between five and twenty years, roughly 46% of the participants had lived in the District their entire lifetimes.

When questioned how years they had been engaged in their business activities, 85% of them stated that they had previously engaged in economic activities prior to their current ones, while 15% claimed that they had been working in their present occupations since they became adults.

The research shows that 41% of the 100 Area Council participants have no formal education, opposed to 59% who have some kind of formal education and can, therefore, write and read.

Although the most of the survey respondents could be regarded as literate, the fact that 41% of them are adults who lack basic literacy makes it challenging to fully understand how much the municipality varies based on citizen revenues to be capable of offering the amenities and amenities required to enhance their wellbeing. The various responses are listed in Table 4.1.

**Table 4.1 lists the different types of responders.**

Respondents	Frequency	% membership
Income Tax Collectors	14	11.1
Key Municipal Assembly personnel	12	9.52
Individuals	100	79.8
Total	126	100

*Source: Field Data, 2022*

The discussion in the focus group showed that they owe money to the association members, some of whom are compensated on a monthly and others on an annual basis. They stressed the consequences for members who skip payments without good cause, including expulsion from the group or loss of any rights they may have had. When asked what services they expected from the Assembly, the groups replied that they desired decent homes for their relatives, good schools, safe police stations, and good hospitals.

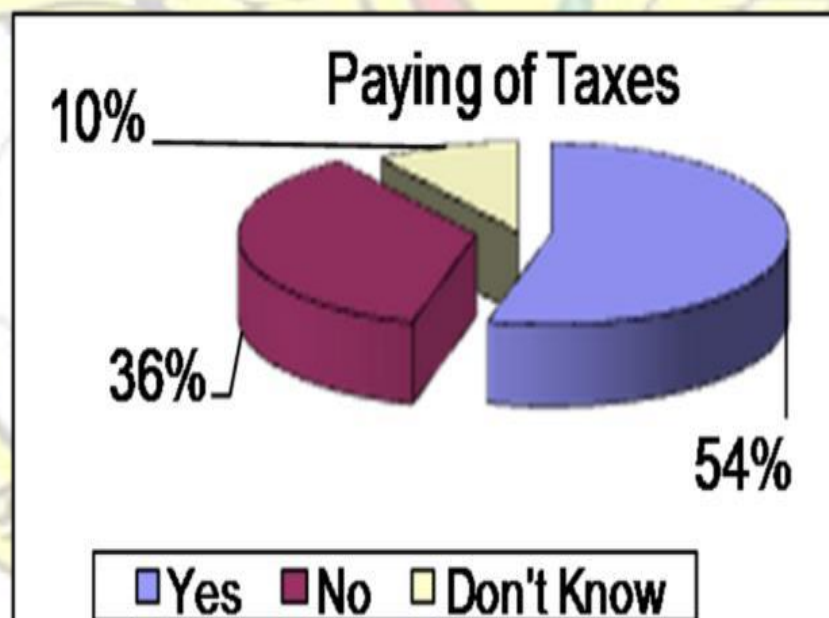
#### **4.2 Potential funding sources for Internal Generated Funds**

Potentials can be thought of as honest expectations for the future and legitimate current capabilities. We anticipate future developments in the societal, financial, and economic realms (Abuodha and Bowles, 2000). Potential sources of additional funding that haven't been investigated and used yet could be regarded as potentials in this study. They could be expectations for forthcoming investments that might change the local economy, a better tax

facility, the results of public education campaigns, and the supervision of tax collectors' work and adequate training for them.

A number of factors, some of which are outside the local authorities' control, have an impact on income mobilization at the local government level. Because municipal governments are capable of collecting taxes, policymakers primarily take into account the tax base and the tax rate to determine how much revenue they generate (Manasan, 2015). As was already mentioned, the New Juaben South Municipal is a commercial area that has grown to include several business opportunities that are expected to improve the municipality's revenue generating capacity.

Companies will also be required to pay working license fees, and those who obtain employment will be able to settle their tax duties to the Assembly. The Assembly will turn to a greater number of industrial and commercial income sources as opposed to its current ones, some of which have had little or no positive impact on the Assembly's revenue growth.



**Figure 4.2: Payment of Tax**

Figure 4.2 reveals that, in accordance with their economic activity, 54% of the 126 participants regularly pay one kind of tax to the Assembly or another, while 36% of the survey participants claim they are not engaged in any substantial economic activity that would justify settling direct tax to the Assembly. 10% of the sample is still unsure whether they pay direct or indirect taxation. The above shows that 46% of people who could pay money to the Legislature do not.

In light of this, even without increasing current rates, levies, or taxes, the Assembly's ability to raise funds could potentially increase significantly if it could persuade the 46% to comply with their tax obligations and broaden its tax base beyond the most accessible and affordable taxes. According to Abuodha and Bowels (2000), rather than using the numerous enforcement tools facilitated by legal processes, many municipal administrations primarily depend on personal persuasions to raise money. They highlight an absence of political will, which necessitates, among other things, leaders, just enforcement of local laws, and the formulation of government sector finance and support goals to meet predetermined income objectives. Effective legal execution procedures are a feasible tool for motivating individuals to pay their taxes because the large percentage of taxpayers would not willingly honor their tax obligations.

About 49.7% of the attendees claimed that the Assembly had increased the infrastructure's accessibility in their communities.

While 65% of those surveyed believed that the Legislature was in charge of taking care of many of their needs, they also admitted that the government could not provide those services on its own without the help of other groups and individuals.

Despite the fact that people worldwide do not freely choose to pay taxes, Kelly (2015) argues that when citizens actively participate in service delivery and law enforcement, there is a strong probability of higher tax receipts.



The Assembly should interact in income-generating exercises like agriculture to earn additional revenue instead of depending exclusively on taxes taken from its already impoverished population, thus according 78.9% of the sampled participants in the research.

By doing this, it would be able to raise enough money to fulfill its role as a service provider. According to the study's findings, potential taxpayers will be ready to contribute to the district's revenue generation as long as the Assembly shares responsibility for doing so rather than putting all of the burden on them.

Since the region is home to two sizable agro-processing businesses that use oil palm and pineapple as their primary raw materials, there may be a chance for the Assembly to engage in such industries in order to boost its internally generated earnings. According to documents from the Town and Country Building and Planning Regulatory authority, divisions of the New Juaben South Assembly, the number of petitions submitted by numerous commercial and industrial concerns to start the construction of one facility or another has increased from a peak of 87 people applying in 2018 to 198 people applying during the initial half of 2020.

This is due to the fact that a large number of new landowners and investors are relocating to the Municipality since they are unable to find sufficient industrial lands in the nearby Accra commerce and industrial towns for their projects.

The requirements of Act 462 of 1993 for obtaining building permits and other Assembly approvals before the building of the infrastructure require the construction companies to pay assessed fees before project starts in addition to business operating licensing and property rates once the work is complete and the businesses start operating. Along with the financial loss brought on by these issues, other peripheral business output will undoubtedly have an effect on the tax base and the tax rate, raising overall revenue. For the town to be able to fulfill its basic tax obligations to the Assembly, industrialization and increased commercialization are

necessary. The outcome will be a strengthening of the economy as well as the domestic economies of individuals and families (Manasan, 2015).

Nsarkoh and Aboagye (2014) claim that there is no reliable information base upon which the assessments of fees, penalties, and taxes are made. Because of this, it is challenging to pinpoint potential rate payers for the sake of financial collections. The primary informants of the study's responses to this were unanimous. The key informants as well draw attention to a lack of political will to pass bye-laws that ensure tax and rate evaders face consequences in an effort to deter tax evasion and increase tax collection in the region.

Appeah (2013) claims that there are additional methods to increase income, including bridging gaps in the current tax collection system, enhancing the knowledge and abilities of tax collectors, and encouraging them to collect taxes in a more efficient manner.

Appeah (2013) claims that there are additional methods to increase income, including bridging the gaps in the current tax collection system, enhancing the knowledge and abilities of the tax collectors, and encouraging them to collect taxes in more challenging locations.

The key informants supported Arko's (2004) position by emphasizing the importance of adequate financial plans for key revenue streams, growth permits, asset rates licenses for chosen commercial ventures, and a decent anticipate of a probable funding that is elastic enough just to accommodate to the quality of service demands as a potential means of producing adequate internal funds to satisfy the needs of the people.

They believed that if discussions about fee fixing were conducted objectively by the Assembly's Finance and Administrative Sub-Committee and the general Assembly, taking into account the rising cost of service delivery and other costs associated with the fee collections themselves, plausible taxes would be implemented to increase the revenues to cover the Assembly's service delivery activity Stren (2018).

The key sources identified a challenge in the inability to carry out initial assessments and routine revaluations of taxable property, which are necessary to apply financial rates to taxable estate and prevent under billing of properties whose values rise daily.

They also believed that the Assembly would get significantly more money as a result of the difficulties in proper supervision, regular receipt audits, and irregular but regular officer audits in the areas of market toll collectors, license renewals, and construction permits. The numerous commercial and business organizations operating in the Municipality were represented in the focus groups, and participants observed that some of their employees lacked the education necessary to pay rates and taxes. They went on to state that they were unable to inform and convince those working in the industry who are not all Assembly members to respect their tax obligations to the body. They recommended a concerted effort to find many of these operators who work from their homes and are unknown to the organizations and the Assembly, such as much more thorough public education for business owners.

They pressed for more discussion and involvement in the annual rate- and tax-setting processes used by the Assembly.

Table 4. 2 lists a few potential sources of income that came up throughout the group discussions.

**Table 4.2: Potential sources of income and mobilization of funds**

Group	Potential sources
Revenue Collectors	Identification of those who run their businesses from their homes without paying taxes



## Key participants

Set reasonable goals and give revenue collectors the tools they need, ensuring efficient monitoring and control of the collectors

---

*Source: Field Data, 2022*

The study also showed that majority of the revenue collectors had been in their current roles in two to ten years so they and the taxpayers had a mutual respect for one another, a situation that, if properly managed and maintained, would help in raising production. A sum of 89.6% of the officials who were probed claimed that their subjects respected them and believed they were accountable for their job. If properly capitalized on, this opportunity could increase the municipality's capacity to gather taxes.

The majority of local governments have focused their efforts on obtaining money from the simplest sources possible to access and pay, like market fees, truck parking charges and property taxes (Ayee, 2004). However, the collectors are more likely to boost their collections if they are supported and provided the means to diversify their efforts. In fact, the research showed that even ripe means of revenue collection only generate 40% of their potential.

### **4.2.1 New Juaben South Municipality's Internally Generated Funds Trend**

Internally generated funds for the New Juaben South Municipality have grown since 2015, but still not enough to fund the municipality's growth. Table 4.3 shows that the Assembly earned a sum of 360,645,608.00 in domestic revenue in 2015. In 2016, it was



360,296,950.00; in 2017, it was 736,138,752.00, a slight decline from 2016. In 2018 and 2019, the Assembly gathered \$1,166,263,146.35 and \$885,542,537.59, respectively, while in 2020 and 2021, \$1,121,490,000 and \$1,524,800,000 were deployed.

Contrarily, grants from the District Assemblies Common Fund of the Assembly rose from \$1,356,670,605.00 in 2017 to \$4,332,480,000.00 in 2021, an increase of 362.17%. The aforementioned variations in the Assembly's funding sources go against the notion that local authorities' internally generated revenue base has to be responsive to both real economic development and the wants of their people in terms of infrastructure, welfare services, and other necessities.

In accordance with the tenets of the Republic of Ghana's 1992 Constitution, the District Assemblies are provided with the legal framework and groundwork for their financing sources by the Local Government Act (Act 462).

The ability to conduct joint economic activity, the ability to levy fees, improvement fees, institutional investors, the requirement to generate sufficient basic, holdings, and special rates, trading platforms, property taxes on serviced territories, and greater huge expenses on urban land and property are just a few of the internal revenue sources that have been identified. In truth, the heavy reliance on conventional income sources, the slow rate of revenue growth, and the potential for some sources to provide zero rates in comparison to administrative fees of collection are what account for the significant differences in the growth rates of grant funding and internally generated funds.

**Table 4.3 : The District Assemblies' Common Fund, IGF, and recurrent expenses (2015-2021)**

Year	IGF(¢)	Recurrent expenses (¢)	DACF(¢)	Proportion of IGF to DACF (%)
2015	360,645,608	193,914,971	1,356,670,605	26.58
2016	360,296,950	298,857,107	1,956,748,331	18.41
2017	739,138,752	1,267,400,252	3,713,732,573	19.90
2018	1,166,263,146	1,145,756,544	4,438,541,185	26.28

2019	885,542,537	1,694,194,098	4,811,058,233	18.41
2020	1,121,490,000	1,769,960,000	4,036,230,000	27.79
2021	1,524,800,000	2,461,640,000	4,332,480,000	35.19
Total	6,158,176,993	8,831,722,972	24,645,460,927	

*Source: New Juaben Municipal Financial Report, 2021*

According to Table 4.3, internal earnings have not increased at a rate that has kept up with the growth of government money going to the Assembly. The table also shows that, for the vast majority of study periods, recurring costs increased faster than internally generated funds. The gap between internally generated funds and recurrent expenses will continue to widen and lead to deficits if major expenditure items like fuel for vehicle operation, office supplies, and labor costs on the Assembly payroll continue to experience huge proportion rises instead of slow and economically unsustainable increases in revenue rates and collections. It should be emphasized that internal revenue, rather than money from the DACF, must be used to pay for the aforementioned expenditure examples.

**Table 4.4: Proportion Of IGF To Total Revenues (2015 – 2021)**

Year	IGF(₦)	Total revenue	Proportion of IGF to total revenue(%)
2015	360,645,608	1,550,585,576	23.29
2016	360,296,950	2,255,605,436	15.97
2017	739,138,752	4,981,132,825	14.84
2018	1,166,263,146	5,584,297,729	20.88
2019	885,542,537	6,505,252,331	13.61
2020	1,121,490,000	5,806,190,000	19.32
2021	1,524,800,000	6,794,120,000	22.44
Total	6,158,176,993	33,477,183,897	18.4

*Source: New Juaben South Municipal Finance Office*

Table 4.4 shows the percentage of grants and internally generated income that makes up the Assembly's total revenue. The table shows that IGF did not even account for 30% of the Assembly's yearly total income during the study period. IGF contributed 23.29% of total revenue in 2015, which was its highest year in terms of contribution.

**Table 4.5: Proportion of IGF to recurrent expenditure (2015 – 2021)**

Year	IGF (¢)	Recurrent Expenditure	Proportion of IGF Recurrent Expenditure(%)
2015	360,645,608	193,914,971	185.98
2016	360,296,950	298,857,107	120.56
2017	739,138,752	1,267,400,252	58.31
2018	1,166,263,146	1,145,756,544	101.79
2019	885,542,537	1,694,194,098	52.27
2020	1,121,490,000	1,769,960,000	63.36
2021	1,524,800,000	2,461,640,000	61.94
Total	6,158,176,993	8,831,722,972	69.72

*Source: New Juaben South Municipal Finance Office*

**Table 4.6: Growth in IGF and inflationary rate**

Year	IGF (¢)	% of IGF growth	% of inflationary rate
2015	360,645,608	-	21.3
2016	360,296,950	-0.09	15.2
2017	739,138,752	51.25	23.6
2018	1,166,263,146	36.62	11.8
2019	885,542,537	- 31.7	14.0
2020	1,121,490,000	21.04	8.8
2021	1,524,800,000	26.45	12.0
Total	6,158,176,993	-	-

*Source: New Juaben South Municipal Finance Office*

Table 4.6 illustrates the trend of volatility in the relationship among IGF and recurrent expenses. In 2015, 2016 and 2018, IGF exceeded recurring expenditures. In contrast, recurring expenses outpaced IGF over the subsequent four years.

Table 4.7 shows that although IGF increased overall between 2015 and 2021, improvements in inflationary performances were insufficient in order to ensure a 100% annual growth in IGF. At the conclusion of the year, inflation was 21.3% in 2015 (as opposed to 40.5% in 2014), 15.2% in 2016, 23.6% in 2017, 11.8% in 2018, and 14%, 8.8%, and 12% in 2019 and 2020, respectively. The Assembly's IGR growth rate was actually greater than the price growth rate in the bulk of the corresponding years.

**Table 4.7: Year-over-year increase in recurring expenses**

Year	Recurrent Expenses (₹)	Annual % growth
2015	193,914,971	-
	298,857,107	
2016		54.11
	1,267,400,252	
2017		324.08
	1,145,756,544	
2018		9.60
2019	1,694,194,098	47.86
2020	1,769,960,000	4.47
2021	2,461,640,000	39.07
Total	8,831,722,972	459.99

*Source: New Juaben Municipal Financial Report, 2021*



Table 4.7 demonstrated that very that witnessed consent rise in recurrent expenses, with which the exception of 2015, which saw a decrease in growth. The lowest growth was recorded in 2020 and the biggest was recorded in 2017 at 324.08%.

#### 4.2.2 Analysis of the linear correlation seen between IGF and the total actual expenditure

A statistical method called linear correlation analysis was employed to determine the quantitative connection among the dependent and independent variables. Since IGF is one of the main districts' spending sources, there is a logical connection between these two factors. A crucial statistical method for identifying correlations and trends is correlation analysis. The data on the actual IGF for the time under consideration number of years and also the actual spending for the period based on yearly bases are used to create the correlation model. Using SPSS for analysis, the percentage of actual IGF for each year is determined from the overall cost and a linear relationship is formed.

**Table 4.8: Actual Development Expenditure versus Actual IGF for 2015-2021 in Ghana Cedis**

Year	Actual IGF	Actual Expenses	% Share IGF
2015	360,645,608	1,122,7	0.64
2016	360,296,950	1,544,1	0.73
2017	739,138,752	1,340,0	0.8 2
2018	1,166,263,146	1,477,4	2.66
2019	885,542,537	2,258,0	1.39
2020	1,121,490,000	2,558,4	1.46
2021	1,524,800,000	4,071,2	0.48

Actual IGF - Development Expenditure Correlation

Coefficient, R = 0.476 Probability = 0.116

*Source: New Juaben South Municipal Assembly Financial Report 2021*

Table 8 shows a linear correlation of 0.476 with a level of significant of 0.116 between the actual IGF and the actual development expenditures of the New Juaben South Municipal Assembly.

This demonstrates a negligible and poor link between the district's actual development costs and its actual IGF. Internal generated Fund is therefore not statistically significant in relation to development spending.

Additionally, when the correlation coefficient ( $r$ ) is calculated using the aforementioned data, it is discovered to be 0.476 in favor, demonstrating a direct association between the IGF and the district's overall spending. Similar results showed that the square of the correlation coefficient, or the coefficient of determination, was found to be approximately 0.2266, or 22.66%, meaning that the change in IGF accounted for 22.66% of the change in total expenditure, with the remaining 77.34% being explained by various other factors. As is apparent from the research above, IGF's contribution to overall Assembly expenditures in the New Juaben is minimal. Thus, the district is heavily dependent on grants from the DACF, DDF, and other donors. This supports the argument made by Mogues et al. (2012), who claimed that district assemblies make capital investments predominantly utilizing transfers from outside sources while using locally produced earnings in order for operations, repairs, and, to a smaller extent, labor costs.

#### **4.2.3 Comparison of the annual approved budget with the annual actual expenditure**

It's a good idea to give a basic review of the approved budget and the actual expenditure made before looking directly at the association between IGF and the district's overall spending.

The approved annual budget is broken down into capital and recurrent expenses in Table 6 below, along with the actual annual expenditures during the duration of the study.

**Table 4.9: annual approved budget vs annual actual expenditure**

<b>Annual Approved Budget</b>	<b>Annual</b>	<b>Actual</b>
-------------------------------	---------------	---------------

## Expenditure

Year	Recurrent	Capital	Total	Recurrent	Capital	Total
2015	31,860	1,213,500	1,245,360.00	11,239.53	1,111,549.97	1,122,789.50
2016	35,319.00	1,530,000.00	1,565,397.37	23,915.54	1,520,272.00	1,544,187.54
2017	50,292.00	2,752,105.37	2,802,397.37	23,215.19	1,316,824.74	1,340,039.93
2018	39,790.00	2,655,500.00	2,695,290.00	38,216.21	1,439,236.39	1,477,454.60
2019	75,960.00	3,317,028.00	3,392,988.00	38,216.21		2,226,288.93
2020	2,258,056.14					
2021	70,380.00	2,098,151.43	2,168,531.43	56,000.27	2,502,468.41	2,558,468.68
2022	336,186.00					

*Source: New Juaben Municipal Finance Office*

According to Table 9, the municipality's total real spending rose from one million Ghana Cedis in 2006 to three million in just seven years. Both recurrent and capital expenses have grown in the same trend, from 11,239.53 and 1,111,549.97 Ghana Cedis in 2015 to 38,099.58 and 4,033,192.71 Ghana Cedis in 2021, respectively.

### 4.2.4 Effectiveness of a system for generating revenue

The research's goals include determining the effectiveness of IGF mobilization in the New Juaben South Municipality. Table 10 provides information on the actual IGF mobilized and its actual cost by the New Juaben South Municipality between 2015 and 2021.

The cost of collecting IGF from 2015 to 2017 exceeded the amount of IGF actually mobilized, indicating some degree of variability in this statistic. Additionally, from 2018 to 2020, the amount of IGF actually mobilized was larger than the cost of IGF collection, and from 2020 to 2021, the cost of IGF collection climbed more dramatically.

The report claims that this is a result of the Ghanaian government's introduction of the single spine salary system. Overall, it is evident from the data gathered that the District's IGF



mobilization system is ineffective. With the exception of 2018, 2019 and 2020, when the money collected exceeded the cost of collection, the cost of collection has always been higher than the revenue collected. This violated the MMDAs' Financial Memorandum's revenue mobilization guideline, which states that the cost of collecting IGF should not be greater than 10% of the money collected

**Table 4.10: Actual IGF and Actual Cost of Collection of IGF**

Year	Actual Generated	IGF Cost of Collection of IGF	Difference (Actual IGF- Cost of Collection
2015	360,645,608	380,980, 406	(20,334.798)
2016	360,296,950	401,560,202	(41,263,252)
2017	739,138,752	981,760, 274	(242,621,522)
2018	1,166,263,146	120,200,130	1,046063,016
2019	885,542,537	130,580,474	754,962,063
2020	1,121,490,000	260,540,721	860,949,279
2021	1,524,800,000	5600,9809,742	(54,485,009,742)

*Source: New Juaben South Municipal Finance Office, 2021*

According to the study's findings, 40.0% of respondents thought the district's revenue mobilization was effective, while another 40.0% were unsure, and 10.0% either agreed or strongly disagreed.

**Table 4. 11: Revenue Mobilisation Efficiency in the New Juaben Municipal Assembly**

Opinion	Frequency	Percent
Agree	13	10.0
Disagree	50	40.0
Uncertain	50	40.0



Strongly disagree	13	10.0
Total	126	100.0

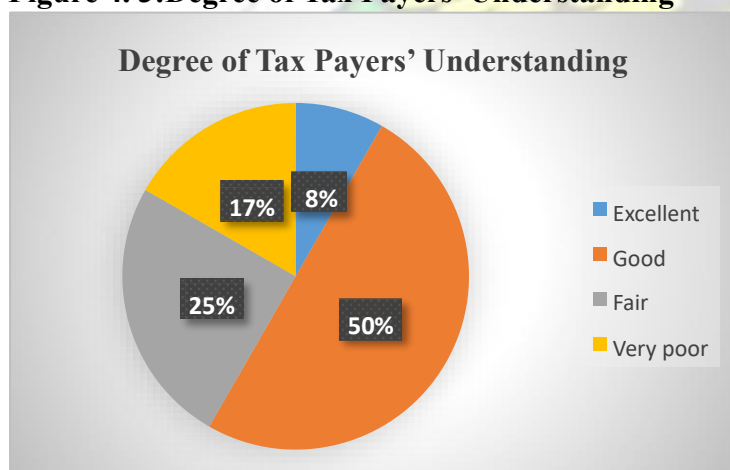
Source: Field Data, 2022

Participants were asked to answer a variety of questions that were designed to elicit information on the payment of tax in the district in order to assess the extent of tax payers' understanding of the tax they pay. .

Overall, 50.0 percent of respondents said they have a good grasp of the district's tax payment system, 25.0 percent said they have a fair comprehension, and 8.3 percent said they have an excellent understanding.

Given that their misunderstanding led to their failure to pay taxes, the district will lose some money as a result.

**Figure 4. 3:Degree of Tax Payers’ Understanding**



#### 4.2.5 Work Schedule and Goal for Revenue

As part of the municipal's Medium Term Development Plan(MTDP), the IGF plan is included.

An organization's future course of action could be examined by the district IGF unit's strategic

plan, which it should have. In response to the question of whether the assembly has a strategy to reach its revenue target, the study finds that 80 % of participants concur that the assembly has well-planned revenue generation strategies that clearly outline the ways and methods used to achieve its objective each year, while 20 percent of respondents disagree that the district has a well-planned strategy to meet its revenue target. Despite the existence of revenue mobilization action plans for the Assembly, this does not appear to be reflected in the district's performance as measured by IGF mobilization, according to the report. As a result, the plans are present but inadequately carried out.

**Table 4.12 Workplan and Financial goals**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Yes	101	80.0
No	25	20.0
Total	126	100.0

*Source: Field Data:2022*

The investigation pertaining to the generation of revenue within the New Juaben South Municipality is in concordance with the prevailing body of scholarly literature in various aspects. Abuodha and Bowles (2020) underscore the significance of finding other funding channels for local governments, aligning with the notion of diversifying revenue streams beyond conventional taxation. The report proposes potential sources of revenue, including industrial and commercial operations, licencing fees for work, and involvement in agroprocessing sectors.

The discourse surrounding the difficulties associated with adhering to tax regulations and the necessity for efficient mechanisms of enforcement aligns with the conclusions drawn by Abuodha and Bowels (2020). Their research underscores the significance of factors such as political determination, good governance, and legal procedures in the context of revenue

generation. The research provides evidence in favour of the notion that enhanced enforcement, in conjunction with equitable fee determination, has the potential to augment revenue collection, as proposed by Stren (2018).

The emphasis on involving citizens in the provision of services and enforcement of laws, with the aim of enhancing tax revenues, is consistent with Kelly's (2015) contention that active citizen engagement is positively associated with greater tax adherence. Furthermore, the proposal to engage residents in income-generating endeavours such as agriculture aligns with the need for local governments to investigate alternate sources of revenue (Nsarkoh and Aboagye, 2014). The study's findings regarding the obstacles encountered in the tax collection system, such as the absence of dependable data and the insufficient determination to enforce bye-laws, corroborate the assertions put forth by Nsarkoh and Aboagye (2014) and underscore the necessity for all-encompassing financial strategies and efficient tax collection mechanisms. The examination of internally generated funds (IGF) in relation to recurrent expenses and the evaluation of IGF's impact on total expenditure correspond to the concerns expressed by Mogues et al. (2017) regarding the significant dependence on external transfers for capital investments, while local earnings are utilised to cover operational costs. The examination of linear correlation between IGF and development expenditure reveals a tenuous connection, aligning with existing literature that underscores the significance of comprehending the association between revenue sources and patterns of expenditure (Mogues et al., 2017). The assessment of the efficacy of the IGF mobilisation system and the discovery that the expenses associated with collection frequently surpass the income obtained aligns with issues expressed by scholars such as Appeah (2013) pertaining to the effectiveness of tax collection mechanisms.

#### **4.3 Challenges Encountered By The Assemblies In Revenue Mobilization**

The researcher also asked the participants if they paid tolls or taxes to the New Juaben South Municipal Assembly. The findings reveal that the majority (65%) of respondents said they do

not pay taxes or tolls directly to the District Assembly, while 35.0% of respondents do so (Figure 4).

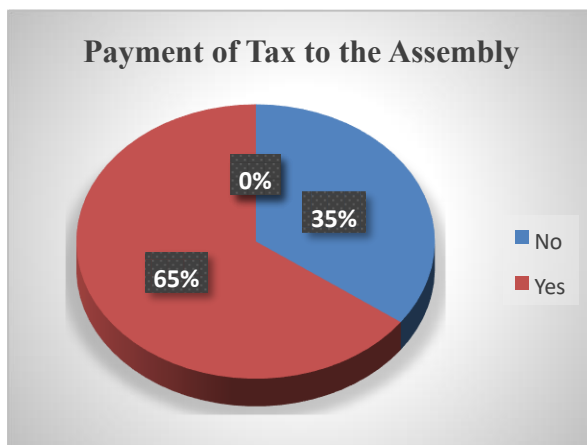
Additionally, the district's low IGF is a blatant example of the assembly's inefficient revenue mobilization method.

The results are consistent with those of Mzenzi (2013), who identified outsourcing of revenue collection as a cause of ineffective revenue collection, which, in Mzenzi's opinion (2013), is also plagued with difficulties related to private agents profiting greater than the Councils. He continued by saying that the bulk of agents typically do not send the money they have collected to the Councils. According to Fjeldstad and Heggstad (2012), the private collecting agents and their affiliates held these funds.

Therefore, devaluation of the recognized revenue sources, inappropriate revenue contracts, and quasi of the revenue raised, as demonstrated in Tanzania, had negatively impacted the Councils' capacity to raise revenue, which, in turn, had a negative impact on the effective provision of public services like education and primary health care. This problem is comparable to that of Ghana, as noted by Zanu (2014), and (Appeah, 2003).



**Figure 4.4: Payment of Tax to the Assembly**



*Source: Field Data, 2022*

The analysis of the study's findings revealed that poor awareness on the part of local tax payers, governmental mismanagement and theft, and a lack of education regarding tax and other fee payments to the Assembly are the main obstacles to raising funds for the assembly. The Assembly's lack of data on revenue collection and the under-motivation of revenue collectors were the other issues addressed. Corruption among some tax collectors and moneylaundering by assembly revenue unit employees were both cited as problems by 30% of respondents. . They claim that the majority of revenue collectors in the district convert revenue to be collected in the form of food and other incited gifts from payers instead of issuing tickets. The authorities occasionally take cash directly from revenue collectors without allowing them to bank the funds they have collected, which is against the Financial Memorandum of MMDAs, which requires all revenue mobilized to be banked in not less than 24 hours of it collection and also forbids direct spending. In some cases, collectors skip some payers and occasionally even go back to collect sold tickets and re-issue them to other payers. In addition, the Assembly's Cashier shows that most collectors typically underpay their debts to the bank and typically offer feeble justifications such as they borrowed the money to solve their difficulties and would repay it once they received their wages.

It is challenging to accurately account for the money raised by the Assembly because of these and other factors. 20% of the respondents had low awareness about local tax payers. This implies that the Assembly does not make use of the services of information officers, the National Commission on Civic Education, or radio stations, which seem to be available to widely carry out education on the Fee Fixing Resolution after it has been planned and endorsed across all of the Area Councils in the district. If the general people had been wellinformed about the Assembly's revenue bye-laws, the Local Government Act on Financial Inclusion, as well as the Assembly's Fee Fixing Resolution, the use of the above would have greatly enhanced the district's revenue.

Furthermore, inadequate financial management was cited by 20% of respondents as a challenge to the Assembly's efforts to effectively mobilize funds. The bureaucrats needed to exert some sort of supervision over the district assembly' revenue management, and the political head needed to enforce rigorous compliance. The outcome makes clear all I learned from various revenue collectors during our discussions. They said that without the Coordinating Director's permission, politicians and party "foot soldiers" frequently directly accept funds raised by them to address their problems. This has an impact on the quantity of money that could have been raised to help the populace develop.

This is in line with the results of Zanu (2014), who highlighted that obstacles in local revenue mobilization first have to do with people attitude towards to the collection of taxes accompanied by the money-takers who receive the revenue in the name of the assemblies who in majority cases declare their collections or involved in criminal fraud by printing and issuance fake receipts.

**Table 4.13: Challenges of Funds Generation in the Municipality**

Challenge	Frequency	Percent
Theft from revenue collectors	38	30.0
Low level of awareness among tax payers	25	20.0
Improper financial management	25	20.0
Financial mismanagement and misappropriation	38	30.0
<b>Total</b>	<b>126</b>	<b>100.0</b>

*Source: Field Data, 2022*

#### **4.3.1 Internally Generated Fund Administration Mechanism for Monitoring and Auditing**

Regarding the evaluation of the internally generated fund unit's monitoring and auditing mechanisms to keep an eye on the Assembly's revenue generation practices, the findings showed that while 75.0% of respondents thought it is extremely effective, only 25.0% of respondents confirmed that the monitoring unit is effective. With these results, it would have been reasonable to assume that the district's highly effective monitoring and auditing system would result in a decline in corruption and poor administration, and an increase in the overall amount of the internally generated funds.

Perhaps the participants were unable to distinguish among routine project monitoring and auditing of the assembly's accounts by external auditors and the daily or weekly monitoring of collectors by their superior officers, such as the income supervisor and market managers, as well as the periodic audit of their books by the district internal auditor, from IGF collection monitoring and auditing. The results support Appeah's (2003) assertion that revenue mobilizations in developing countries are frequently subject to substantial abuse, misuse, and corruption. The endeavor to improve internal generated funds generation has been dealt a severe hit by the significant leakages, under-declarations, and open misconduct of officials. He continued by saying that Ghana lacks a formal method or approach for keeping track of the



IGF mobilization. He pointed out that this is because there aren't any data available to inform the creation of income mobilization strategies. In Ghana, most municipalities are affected by this situation, in which tax collectors occasionally report their earnings on a weekly or even monthly basis rather than on a daily basis as required by law. The low IGF in many Ghanaian Assemblies is caused by these and other abuses.

**Table 4.14: IGF Administration Mechanism for Monitoring and Auditing**

Response	Frequency	Percent
Very effective	94	25.0
Effective	32	75.0
Total	126	100.0

*Source: Field Data:2022*

The results of the research indicate that the assembly faces obstacles in generating money, which encompass factors such as limited taxpayer knowledge, instances of theft by revenue collectors, inadequate financial management practices, and financial mismanagement. The aforementioned obstacles are consistent with analogous issues reported in previous research undertaken by Mzenzi (2013), Fjeldstad and Heggstad (2012), Zanu (2014), and Appeah (2003).

The findings of the survey reveal that a significant proportion of participants (65%) expressed that they do not make direct financial contributions in the form of taxes or tolls to the District Assembly. This observation suggests a notable lack of awareness among taxpayers residing in the local area. This finding aligns with the responses of 20% of participants who identified a lack of awareness as a significant obstacle to the generating of funding.

The report additionally emphasizes the consequences of outsourcing income collection, as seen by Mzenzi (2013), who points out that this approach might result in inefficiencies and challenges, such as private agents benefiting disproportionately compared to the Councils. The



presence of corruption among the ranks of tax collectors, instances of money laundering, and the unauthorised appropriation of funds by authorities without adherence to proper protocols serve to exacerbate the problem of revenue leakages.

The survey results indicated that 30% of participants highlighted financial mismanagement and misappropriation as obstacles. This finding provides further evidence to support the argument that insufficient financial management poses a barrier to the successful mobilisation of revenue. Furthermore, the research places significant emphasis on the influence of political meddling, whereby politicians and party members who receive financial contributions directly from collectors can have a substantial impact on the overall quantity of monies gathered for public development. This finding aligns with the conclusions drawn by Zanu (2014) regarding the views of individuals towards tax collection.

The analysis of the system for administering domestically generated funds highlights a disparity in perceptions, as 75% of respondents perceive it to be highly effective, whilst only 25% perceive it as effective. The aforementioned issue prompts inquiries regarding the efficacy of monitoring and auditing procedures in mitigating corruption and enhancing revenue administration, as expounded upon by Appeah (2003).

#### **4.4 IGF and Physical Development**

Any Assembly must drastically enhance its fiscal depth without racking up expensive recurrent overheads if it is to have performed significantly to meet the growth and aspirations of its people. Trends that will gain is therefore dependent on appropriate revenue mobilization. One of the essential elements for the MMDAs' economic growth is revenue mobilization, which is related to the Assembly's priorities for social well-being, the eradication of poverty, and citizen economic development.

Seventy percent of tax payers believed that money raised by the assembly was used for development programs and projects in the New Juaben South Municipal Assembly, while 30% of responders express disagreement.

They believe that the assembly is not funding projects and programs for development with the money it has gathered.

However, this stands in stark contrast to the correlation finding, which shows a degree of significance of 0.116. Perhaps the tax payers are unable to distinguish between the actions of funding bodies and development agencies in the district. Each district progress for them is handled by the IGF of the Assembly. This conclusion is also consistent with the Bibiani/Anhwiaso/Bekwai District Assembly, whose development initiatives heavily depend on the amount of revenue raised. It stated that the District Assembly Common Fund and internally generated funds (IGF) are the assembly's main sources of income. The IGF accounts for roughly 27% of the municipality's overall revenue, while DACF contributed and 73%, respectively, in 2021. This shows an excessive reliance on outside sources of income for development since the central government provides roughly 73% of the assembly's total revenue (MLGRD, 2017).

**Table 4.15: Utilization of Tax for Development Programmes and Projects**

Tax applied to the intended usage	Frequency	Percent
-----------------------------------	-----------	---------

Yes	70	70.0
No	30	30.0
Total	100	100.0

*Source: Field Data 2022*

According to the study's findings on the length of time that respondents have been paying their taxes, 70.0 percent of taxpayers have been doing so for between 1 and 5 years, while 30.0 percent have been doing so for between 6 and 10 years. The district appears to have a young taxpaying population, which points to the possibility of future IGF growth.

**Table 4.16: Taxpayers' years of tax payments.**

Years	Frequency	Percent
1-5	70	70.0
6-10	30	30.0
Total	100	100.0

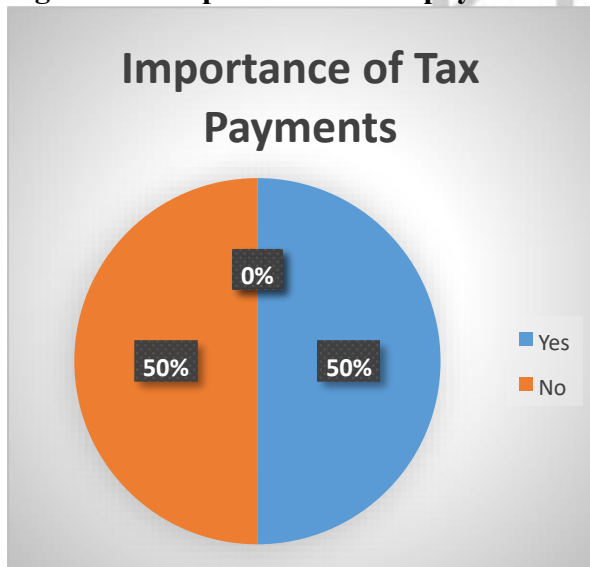
*Source: Field Data 2022*

The study reveals that respondents had differing opinions on whether or not they knew the advantages of paying taxes. In other words, 50.0 percent of respondents said yes, while 50.0 percent said they were unaware of the advantages of the tax they pay to the district assembly. Further analysis of the data revealed that those who acknowledged knowledge of the advantages of paying taxes indicated that the assembly's revenue is utilized to support programs and projects for district development.

They specifically cited the development of the Assembly's administrative building, market extension and development, installation of street lights on main streets in the municipality

capital, and the construction and renovation of a number of school buildings and chip compounds, among other things.

**Figure 4.5: Importance of Tax payment**



*Source: Field Data 2022*

These studies highlight the significant dependence of local governments and assemblies on tax-generated revenue for financing development programmes and projects. An investigation conducted by Abubakar and Ahemd (2016) revealed that the mobilization of money via taxation plays a pivotal role in enhancing service provision, promoting infrastructure development, and alleviating poverty at the local level. In a study carried out by BaahEnumh and Adjibolosoo (2019), the significance of internally generated funds (IGF) in the financing of development projects at the district assembly level was underscored.

Additional research has been conducted to investigate the perspectives and dispositions of taxpayers in relation to the act of paying taxes and its implications for societal progress. In a study conducted by Nketiah-Amponsah et al. (2015) in Ghana, it was discovered that those who possessed knowledge regarding the benefits associated with tax payment exhibited greater levels of support towards local government initiatives aimed at fostering development. This observation is consistent with the results



obtained in the present study, wherein participants who recognized the advantages of paying taxes expressed the belief that the funds collected by the governing body are effectively utilized for the purpose of promoting development within the district.

KNUST



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Introduction**

The overall findings of the research in relation to the predetermined objectives are compiled in this chapter. Conclusions are drawn taking into account the objectives and finding from the research, the anticipated responsibilities of the several participants, and the Assembly's obligation to provide services. Recommendations are given according to the findings of the study for policy making.

## 5.1 Summary of the results

The overall aim of the study was to establish how internally generated funds affected the effectiveness of the Municipal Assemblies in New Juaben South Municipal Assembly. The literature study used a range of resources, including books, journals, and the internet. The sample size for the research was 276 individuals. The interviewees were selected using a purposeful sampling technique. As a result, the results are summarized as follows:

Since there were no appreciable surpluses to support investment in physical development initiatives due to the widening gap between internal revenue and recurrent expenditure, development projects had to be funded by grants from the central government.

In four out of the seven years under investigation, recurring expenditures were greater than internally generated funds.

For the era 2015–2021, internal resources saw a greater annual increase in real terms than depreciation, relative to the rise in inflation. Internally generated income (IGR) fell by 0.09% in 2016, rose by 51.25% in 2017, increased by 36.62% in 2018, and fell by 31.7% in 2019, but rose by 21.04% and 26.45%, respectively, in 2020 and 2021.

Over a period of seven years, total recurring expenses exceeded domestically produced revenue by nearly 30%.

Due to developers' haste to develop their sites and the payment of permission fees prior to construction, there has been an influx of land purchasers into the municipality for commercial and industrial initiatives in an effort to boost the economy, create employment, and stimulate all kinds of spending.

Construction of manufacturing, residential, and commercial properties results in increasing housing rates to the Assembly and other associated taxes.

Without considering the financial cost of providing services to the public when establishing rates and taxes, revenue forecast and collection are skewed, and the cost associated with providing social and infrastructure services are also increased.

Considering anyone whose duties it is to inform wrongdoing to administration frequently support the culprits, the administration of the municipality has been unable to punish the untruthful tax agents who underpay the Assembly in addition to the staff of the Assembly's income.

## **5.2 Conclusions**

Depending on how internally generated funds have performed, among the years 2015 to 2021, you can possibly conclude that internal funds are growing in fact, but at a slower pace than the rise of DACF. Second, during in same study period, recurring expenditures grew at a faster rate than IGFs, which offset the substantial gains in IGFs. Deficits are recorded because all ongoing costs must be covered by IGFs.

According to the study's findings, the haste with which developers are beginning construction projects for industrial, commercial, and residential uses will ultimately increase demand for building permits and increase payments for property taxes to the Assembly, among other things. There are still some tax revenue sectors that have been neglected or understated because of problems with accessibility and poor returns. Internally generated funds collections would rise in these regions if the District Assembly took some useful actions.

The study's findings on the issue of revenue generation challenges included the Assembly's limited ability to set financial rates and charges that cover the cost of providing services, bribery among some revenue collectors, a lack of education among taxpayers, a general lack of concern for paying taxes on the part of the public, and revenue collectors' excessive concentration on a small number of revenue sources while neglecting other, more difficult sources of income. Taxpayers' unrealistic expectations of the District Assembly are among primary reasons why

Assembly failed to successfully raise money because they think that the Assembly has not taken care of their needs.

When using internally generated revenues, the Assembly's success during the years under investigation was not particularly impressive. This is because, for the majority of the examined periods, the Assembly had deficits in both internally generated funds and recurring expenditures. Even when there were surpluses, they were insufficient to adequately assist the Assembly's service provision role, making the DACF the main funding source for development projects.

### **5.3 Recommendations**

The following suggestions are made in light of the findings of this investigation and the conclusions reached:

Before setting fees, pricing, and other charges, the Assembly's Finance and Administration subcommittee must carefully assess the Assembly's actual revenue requirements in relation to the cost of the services it provides. This will assist them in setting reasonable prices to make funds for their developmental requirements.

Improve the working conditions for tax collectors by raising their pay and providing motivating benefits to encourage loyalty and commitment to their jobs. You can also reduce the likelihood of theft by offering the appropriate equipment, like motorbikes and bicycles to help tax collectors navigate challenging terrain.

In order for the issues encountered by the collectors to be acknowledged formally and promptly resolved, establish open lines of communication between the collectors and the Assembly's higher ranking officials.

Start a regular education campaign and have talks with the ratepayers to help them understand the importance of paying their rates on time, as well as to help the Assembly understand their difficulties and needs so it can address them.



The majority of tax payers see themselves as being merely passive players who only contribute by paying taxes. Raising tax payer awareness is therefore essential. In order for people to understand that their contributions are not wasted but rather used to enhance their well-being, this would help create a sense of mutual understanding, a culture of voluntary compliance, and a foundation of trust and confidence in the system.

Establishing contacts with other groups through networking will help you work together to achieve your objectives. The municipality lacked connections with the law enforcement, courts, transportation unions, traditional leaders, environmental health agencies, trades associations, market queens, assembly members, and religious institutions, making it difficult for them to raise money. In order to maximize the benefits of income mobilization, a concerted effort should be made to link with relevant organizations in the area.

The study recommends that Metropolitan, Municipal, and District Assemblies (MMDAs) should employ creative and innovative strategies to improve the mobilization of internally generated funds. This is crucial for the advancement of infrastructure development, which plays a vital role in fostering local economic growth. The Metropolitan Manila Development Authority (MMDA) should prioritize its efforts on

The implementation of technological tools and the acquisition of assets are employed to effectively identify and monitor individuals or entities responsible for paying taxes or levies, so ensuring the accurate collection of assembly revenue.

In order to enhance accessibility for artisans, it is recommended that the Assembly adopt measures to provide flexibility in the bidding process for local contracts, thereby enabling local entities to participate in the bidding process. Procurement trainings may be arranged in partnership with the Public Procurement Authority to benefit local economic entities. This will provide them with a comprehensive understanding of the necessary prerequisites, so equipping them with the necessary tools to enhance their competitiveness in the bidding process.

The assistance of the Ministry of Finance and Ministry of Local Government is crucial in addressing the obstacles that impede the capacity of Metropolitan, Municipal, and District Assemblies (MMDAs) to generate greater internal revenue.

#### **5.4 Suggestion for future studies**

Future research should be done in other municipalities across the nation to understand how locally generated funds affect municipal assemblies' performance.

There should be a focus on how internally generated funds aid to the development of the Assembly.

#### **REFERENCE**

- Aboagye, K. (1994). *Enhancing revenue generation by District Assemblies: Revenue generation and management at the district level*. Friedrich Ebert Foundation, Accra: Inter Participation Agency.
- Abuodha, C. & Bowles, R. (2000). *Business licensing and its impact on small enterprise development. Toolkit for local revenue mobilization*. Malawi: RTI International 2001.
- Adedeji, A. (2008). *Local government finance in Nigeria: Problems and prospects*. Ile-Ife: University Press.
- Adedokun, A. A. (2004). The development of local government in Nigeria since pre-colonial era to 1999 Constitution. *Polycom*, 2 (2) 16.
- Adesoji, A.A. and Chike, F.O. (2013) The effect of internal revenue generation on infrastructural development: A study of Lagos State Internal Revenue Service. *Journal of Educational and Social Research*, 3 (2), 419–436.

Adu-Gyamfi, E. (2014) Effective revenue mobilization by Districts Assemblies: A case study of

Upper Denkyira East Municipal Assembly of Ghana. *Public Policy and Administration Review*, 2 (1), 97–122.

Appeah, B. J. (2003). *Impact of the district assemblies common fund on poverty reduction in Ghana*. Paper presented at the launch of SNV - Poverty Reduction Programme.

Accra: Pentax Management Consultancy Services.

Arko F. N. (1994). *Enhancing revenue generation by district assemblies. An overview*: Accra: Fredrich Ebert Foundation (FES).

Ayee, J.R.A. (2004). *Enhancing revenue mobilization by the district assemblies*. A paper presented at a workshop held for District Chief Executives and District Coordinating Directors in the Volta Region, at the Akosombo Continental Hotel, Atimpoku

Bird, R. M. & Rodriguez, M. (1999). *The political economy of decentralization*. Washington, D.C.: World Bank.

Bird, R. M. & Rodriguez, M. (1999). *The political economy of decentralization*. Washington, D.C.: World Bank.

Bird, R.M. (1995). *Financing local services: Problems and possibilities*. Major Report 31. Toronto: Toronto Centre for Urban Community Studies.

Boachie-Danquah, N.Y. (1996) Mobilization and management of financial resources for local development: The experiences of Ghana's District Assemblies. *The Journal of Management*, 2 (13).

Clement B., Sanjeev G., Pivovarsky A. & Tiongson E. (2004). Foreign aid: Grant versus loans.

*Finance and Development*. Washington, D.C.: World Bank.



Clower, R .W. (1996). *Growth without development: An economic survey of Liberia* . South Bend:, North-Western University Press.

Ebel, R. D. (1995). *Intergovernmental fiscal relations and municipal financial management sector study*. Washington, D.C.: World Bank.

Ebel, R.D. &Vaillancourt, F. (1998) *Fiscal decentralization and financing urban governments: Framing the problem, The challenge of urban government: Policies and practices*.

Washington, D.C: World Bank. Encarta Encyclopedia (2004).

Ikoja-Odongo, R. &Mostert, B.J. (2006). Information seeking behaviour: A conceptual framework. *South African Journal of Libraries and Information Science*, 72(3):145.

International Bank for Reconstruction and Development (IBRD). (1989). *Strengthening local governments in sub-Saharan Africa*. Washington, D.C.: World Bank.

Institute of Economic Affairs. (2004). *The legislative alert*. Accra: Institute of Economic Affairs.

Kayode, M. O. (1993). *The national question and revenue allocation formula: An articulation of some of the problems and issues*. Ibadan: Nigerian Economic Society.

Kelly, R. (1995). Property tax reform in Southeast Asia: A comparative analysis of Indonesia, the Philippines, and Thailand. *Journal of Property Tax Assessment and Administration*, 1, 45.

Kirk, R. E. (1995). *Experimental design*. Brooks: Pacific Grove. *Legislative Instrument (LI) 1589 (1994)*. Accra: Ghana Publishing Corporation.

Lewis, A. W. (2016). *Development and society. The dynamics of economic change*. New York:

St. Martin"s Press.

Macrothink, R. G. (1995). *Revenue mobilization in local government units: The early years of local government code implementation*. Discussion Paper (95). Philippine Institute for Development Studies.



- Ministry of Local Government and Rural Development. (1994). *The new local government systems*. Accra: Ghana Publishing Corporation.
- Ministry of Finance and Economic Planning. (1969). *Budget and financial statement of the government of Ghana*. Tema: Ghana Publishing Corporation.
- Ministry of Finance and Economic Planning. (1964). *Ghana's five year development plan*. Tema: Ghana Publishing Corporation.
- Ministry of Local Government and Rural Development. (2003). *National decentralization action plan*. Decentralization Secretariat. Accra: Ghana Publishing Corporation.
- Ministry of Local Government and Rural Development. (1994). *The new local government systems*. Accra: Ghana Publishing Corporation. Musgrave, R. A. (1995). *The theory of public finance*. New York: McGraw Hill.
- Nkrumah, S.A. (1992). *Financing district development and decentralization under a decentralized framework*. A report on the fifth annual workshop on decentralization in Ghana. Accra: University of Ghana Press.
- New Juaben South Municipal Treasury (2014). *Annual Financial Accounts of MMDAs*.
- Ministry of Local Government and Rural Development. Accra: Ghana
- Nsarkoh, J.K. (1994). *An overview of financial problems facing district assemblies*. Accra: Friedrich Ebert Foundation.
- Oates, V.E. (1993). Fiscal decentralization and economic development. *National Tax Journal*, 1, XLVI(2), 55.
- Oates, W. (1994). *Federalism and government finance in modern public finance*. Harvard: Harvard University Press.
- Oduro-Mensah, D. (undated). *Revenue mobilization skills*. Accra: Institute of Adult Education,

University of Ghana.

Oquaye, M. (2004). *Politics in Ghana 1982-1992*. Accra: Tornado Publications.

Polger, S. & Shane, A. T. (2000). *Introduction to research in the health sciences*. London: RDC Group Limited.

Prudhomme, R. (1989). *L'Oeil, University of Paris XII*. Washington D.C.: World Bank. Prudhomme, R. (1995). The dangers of decentralization. *The World Research Observer*, 10, 48.

Rondinelli, D. A. (1981). *Government decentralization in comparative perspective: Theory and practice in developing countries*. Manila: International Review for Administrative Sciences.

Sen, A. (2000). *Role of legal development and judicial reform in the development process*. Washington, D.C.: World Bank.

Stren, R. (1998). *Financial management-revenue raising in the challenge of urban government: Policies and practices*. Cambridge: Cambridge University Press.

Tanzi, V. (1995). *Fiscal federalism and decentralization: A review of some efficiency and macroeconomic aspects*. Annual conference on development economics. Washington, D.C.: World Bank.

Vaillancourt, F. (1998). *Financial decentralization in developing countries: An overview*. Cambridge: Cambridge University Press.

Zanu, S.Y.M. (1994). *Revenue generation and management at the district Level*. Accra: Inter Participations Agency.

## APENDIX

### QUETIONNAIRE

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**COLLEGE OF HUMANITIES AND SOCIAL SCIENCES**

**DEPARTMENT OF ACCOUNTING AND FINANCE**

Topic: **THE IMPACT OF INTERNALLY GENERATED FUNDS ON THE  
PERFORMANCE OF MUNICIPAL ASSEMBLIES, A CASE STUDY OF NEW  
JUABEN SOUTH MUNICIPALITY**

**Dear Respondent,**

This research questionnaire was created by a master's student at the Department Of Accounting And Finance, Kwame Nkrumah University of Science And Technology, Ghana who is researching the aforementioned subject in order to fulfill a prerequisite toward a master's degree (MSc. Accounting and Finance). The study will only be used for academic purposes, and all responses will remain private. Names or any other aspect of a resonance's identity are thus not necessary on the questionnaire. You should be honest when responding to the questions. Your right to use any other service(s) or maintain a current or future relationship with the facility will not be affected by your participation. However, for the study to be successful, candid responses are needed.

Please complete the questionnaire with the proper responses.

**Data security and confidentiality:** All information obtained will be used in confidence for the sole purpose of this research only and it will be strictly confidential and data password protected only accessed by the Researcher.

Do you therefore agree to participate in this study? YES [ ☐ ] NO [ ☐ ].

**INTERVIEW SCHEDULE FOR AREA COUNCIL RESPONDENTS**

## Section A: Background characteristics of respondents

1. Respondent's gender Male ( ) Female ( )

2. How old are you?.....

3. For how long have you stayed in this Municipality?.....

4. Please tell me what work you do and how long you've been doing it.

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

5. Do you hold a membership in a trade or professional organization?

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

6. What duties do you have to the association?

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

7. What duties do you perform to the Municipality?

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

8. Do you pay the Municipal Assembly any kind of taxes? No ( ) Don't Know ( ) Yes ( )

9. If yes, what types of taxes?

.....  
.....



10.If not, why?

.....

.....

11. How frequently do you send the District Assembly such taxes? Daily ( ) Weekly( )

Monthly ( ) Quarterly ( ) Annually ( ) Others ( )

12. Do the costs you pay change a lot? Yes ( ) No ( ) Unsure ( )

13. If yes, how frequently do the changes involve raising or lowering rates, taxes, or licenses?

Quarterly ( ) annually ( ) every five years ( ) Don't know ( )

14. What do you believe the Municipal Assembly should do to enhance your quality of life or your job?

.....

.....

.....



15. How well do you think the Assembly has met your goals for professional growth in order to grow your company?

.....

.....

.....

16. How would you rate the Assembly's contribution to the development of your community?

.....

.....

.....

17. Have you compared the Assembly's capacity to give you the infrastructure you need to grow your firm to its ability to make resources available? Yes ( ) No ( )

18. If no, how do you think the Assembly will support your community or business with the necessary infrastructure?

.....

.....

.....

19. If yes, from whence do you think the Assembly will acquire the funds to bring about the changes you anticipate?

.....

.....

.....

20. Do you believe that the sources you anticipate will offer the resources for development can do that alone? Yes ( ) No ( )

21. If yes, why do you believe that?

.....

.....

.....

22. If no, what additional avenues should the Assembly look into in order to raise more funds for its operations?

.....

.....

.....

**Section B: Revenue collectors**

1. How long have you been employed in the District as a revenue collector?

.....

2. What schedules have you had as a revenue collector?

.....

3. What kind of relationship do you have with the people whose money you are supposed to be collecting?

.....

4. What are some of the challenges you face as a revenue collector for the Assembly in effectively collecting money from the areas you are tasked with?

5. If there have been challenges, what have you personally tried to do to address them?

6. How does the Assembly assist you in overcoming those challenges?

7. Are the people you receive payments from willing to pay? No ( ) Yes ( )

8. If no, what are their typical grievances and excuses for non-payment?



9. If yes, what enables you to collect what you make to the Assembly?

.....

.....



.....

10. How are you perceived by the public as a revenue collector?

.....

.....

.....

11. How do you respond to how the public sees you?

.....

.....

.....

12. What do you believe needs to be done to change how the public sees you?

.....

.....

.....

13. Has the Assembly given you any targets? Yes ( ) No ( )

14. If yes, how will you evaluate your collections in relation to the targets?

.....

.....

.....

15. If no, how do you measure your work as a revenue collector?

.....

.....

.....

16. If yes, how frequently does the target change? Weekly ( ) Monthly ( ) Quarterly ( )

Yearly ( )

17. What, in your opinion, can the Assembly do to achieve the targets or enhance your present collections?

.....

.....

.....

18. Putting the difficulties aside, what should you as a revenue collector be doing to improve

.....

.....

.....

19. What, in your opinion, should the Assembly do to persuade people to voluntarily pay their taxes?

.....

.....

.....

20. Do you see any areas where the Assembly could generate income but hasn't yet explored, aside from the typical sources of collections? Yes ( ) No ( )

21. What are a few of the regions, if yes?

.....

.....

.....

22. Why do you think these locations have been disregarded?

.....

.....

.....

23. Do you connect the Assembly's work to the funds it receives? Yes ( ) No ( )

24. If yes, to what extent do you believe the Assembly's activity, notably in the area of development initiatives, has been funded by tax collections?

.....

.....

.....

25. If no, how would you describe the Assembly's operations?

.....

.....

.....

.....

26. What do you think about your superiors monitoring your work?

.....

.....

.....

27. What advice would you give the Assembly that, if put into practice, would help it generate more revenue?

.....



.....

.....

28. How would you like to be inspired to be able to increase Assembly funds generation?

.....

.....

.....

### KEY INFORMANTS QUESTIONNAIRE

Where applicable, please respond with information about your department.

Type of Respondents Municipal Budget Officer, Municipal Finance Officer, Municipal Planning Officer, and Municipal Coordination Director .

1. How frequently do you meet your goals for revenue generation?

.....

.....

.....

2. What obstacles have you faced if you haven't been able to meet your goals?

.....

.....

.....

3. How can you compensate for the deficiencies?

4. Do the deficiencies have an effect on your development programs? Yes ( ) No ( )

5. In the event that it does, how does it affect your development programs?

6. If no, how do you carry out your planned activities?

7. If you hit your goals, how much will that affect your planned activities?

8. To what extent can the Assembly complete its planned physical infrastructure in the absence of grants and other assistance from the Central Government?

9. What percentage of the Assembly's physical programs, including those from the Central Government, are financed by outside sources?

.....

.....

.....

10. Are there any chances that internally generated revenues will get better than they are now?

Yes ( ) No ( )

11. If yes, what do you believe should be done to make things better?

.....

.....

.....

12. If no, how do you envision domestically produced revenue assisting with district-wide physical development?

.....

.....

.....

13. Do you have accurate information about the revenue heads that serve as a guide for you as you create your annual budget? No ( ) Yes ( )

14. If no, how do you determine your anticipated internal funds targets?

.....

.....

.....

15. If yes, how frequently do you examine the data to serve as the foundation for developing goals?

.....

.....

.....

16. What are the justifications for the charges that the public must make?

.....

.....

.....

17. Does the Assembly change its rates, fees, and licenses? Yes ( ) No ( )

18. If yes, how frequently does the Assembly update its rates, fees, and licenses?

.....

.....

.....

19. How do you plan your internally generated funds to support your physical development projects if the Assembly rarely modifies its fees, rates, and licenses?

.....

.....

.....

20. If you do it at all, how do the payers obtain the revisions?

.....

.....



.....

21. Where do you believe the Assembly receives its funding?

.....

.....

.....

22. Which of your funds streams has shown to be extremely dependable in terms of backing planned infrastructure development??

.....

.....

.....

23. Which elements haven't supported programmed infrastructure particularly well in terms of inflows and reliability?

.....

.....

.....

24. What percentage of the anticipated internal revenue was actually generated??

.....

.....

.....

25. How do you handle your funds when the goals are not met?

.....

.....

.....

.....

26. What has been the connection between your funds and outgoing costs?

.....

.....

.....

27. How have your development programs been financed?

.....

.....

.....

28. What has been the Assembly's internal funds contribution to its development programs?

.....

.....

.....

29. Do you believe the Assembly can improve upon current efforts to use internally produced funds to assist development programs? Yes ( ) No ( )

30. If yes, what do you believe should be done to enhance the current situation?

.....

.....

.....

31. If no, what are the challenges?

.....

32. How has your organization been keeping track of revenue collectors' collections of money?

33. How has the management of resources been carried out?

34. How does a grant from the central government affect the municipal's ability to collect its own taxes?

35. Do you think that one of the biggest obstacles to raising internally generated funds is taxpayers' attitude? Yes ( ) No ( )

36. If yes, what kinds of attitudes are there?

37. In what ways do you think the Assembly's rates contribute to evasion by those who are supposed to pay?

.....

.....

.....

38. Do you see any lucrative opportunities of revenue collections which have not been discovered by the Assembly? Yes ( ) No ( )

39. If yes, what are some of the areas that could help the Assembly's base of internally generated funds?

.....

.....

.....

40. What steps, in your opinion, should be taken to maximize these areas' revenue collections?

.....

.....

.....

41. If no, does that mean the Assembly lacks any other options for boosting its internal revenue funds?

.....

.....

.....

**GUIDE FOR FOCUS GROUP DISCUSSIONS.**



This is a casual gathering to talk about your associations, including when they were founded, why they were founded, what obligations members have to the association, what benefits members receive from membership, and other related topics. Everyone is free to voice their opinion on the topics that will be discussed. Additionally, I want to reassure you that our work is solely academic in nature.

Thank you.

1. What name does your association go by?

.....

2. Which year was it established?

.....

3. What motivated its founding?

.....

4. What is your membership number?

.....

5. How do you choose the people who that lead your association?

.....

6. Do you have any responsibility to the association as a member? Yes ( ) No ( )

7. If yes, what obligations are there?

.....

8. How frequently do you fulfill such obligations?

.....  
.....

9. How does membership in the association benefit its members?

.....  
.....

10. Do you interact with the Municipal Assembly in any formal or informal ways? Yes ( ) No ( )

11. If yes,, what kind?

.....  
.....

12. Do you owe financial obligation to the Assembly? Yes ( ) No ( )

13. If yes, what kind of financial obligation?

.....  
.....

14. How frequently do you fulfill these financial commitments?

.....  
.....

15. Please explain why you are not obligated financially to the Assembly.

.....  
.....

16. How does your association hope the Assembly will do to improve the works you do?

.....  
.....

17. Have your expectations been met by the Assembly? Yes ( ) No ( )

18. If no, what do you anticipate needing to be done?

.....  
.....

19. In your opinion, what factors contribute to the Assembly's failure to live up to those expectations?

.....  
.....

20. Do we concur that the Assembly requires funding in order to fulfill our demands?

.....  
.....

21. Where do you believe the Assembly receives its funding?

.....  
.....

22. Can the Assembly's funding come exclusively from the Government?

.....  
.....

23. What can your organization do to assist the Assembly in obtaining the funds necessary to meet our demands?

KNUST

***THANK YOU FOR PARTICIPATING***





# KNUST



# KNUST

