



The Role of Local Government Sub-Structures in Revenue Mobilization and the implications for effective Local Governance in Ghana.

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Abstract

Decentralization is process by which a central government formally cedes powers to actors and institutions at lower levels in a political-administrative and territorial hierarchy. Local government and its sub-structures are the key recipients of decentralized powers. It is important to note that these powers are transferred to sub- district structures in the form of functions. Local government units all over African have several challenges in the discharge of their functions. Structural inadequacies, infrastructure and resources, logistics, personnel, low motivation to support the performance of the functions of sub- structures.

In order to investigate the implications of revenue mobilization on the performance of these sub-district structures, a conceptual and theoretical framework of the study was designed which combined survey and case study methods of data collection and analysis.

The study revealed that; there is male dominance in Local Government in Ghana, low level of education, old revenue collectors, absence of revenue task force, inadequate revenue collectors and logistics to support revenue collection and training. In view of these, major recommendations proposed include the need for; setting up a revenue mobilization task force, training of revenue staff of the sub- structures, adequate motivation, provision of logistics, recruitment of additional revenue collectors, procurement of a revenue mobilization van and promotion of women in local governance.

Finally, the effective implementation of these recommendations could lead to an improvement in the general performance of sub-district structures since they constitute the nucleus of Ghana decentralization efforts.

1. Introduction

Since 1988, Ghana has operated a decentralized political and administrative system aimed at establishing efficient and effective local governance. Among other priorities, the Assembly system of local governance is intended to promote popular participation in the public decision-making process. The Fourth Republican Constitution provided the features of the system in Chapter 20, 240 (1) which states that “Ghana shall have a system of local government and administration which shall, as far as practicable, be decentralized.”

District Assemblies are the highest political and decision-making bodies at the local level with the mandate to exercise legislative, deliberative and administrative authority. These assemblies perform several functions notable among them include;

- Effective mobilization, and utilization of human, physical and financial resources for economic and social development
- Provision of basic infrastructure, municipal works and services
- Development, improvement and management of human settlements and the maintenance of security and public safety
- Levying and collection of taxes, rates, duties and fees

Apart from the Metropolitan, Municipal and District Assemblies, Lower level local governments units were also created or established by Law. Thus, Area Councils were established at the District level. The Wassai East District Assembly has eight Area Councils. These include; Daboase, Ektuase, Ayiem, Ateiku, Enyinabrim, Adum Bansa and Manso.

These Area Councils constitute the Administrative units within which counsellors perform their functions. Some of the functions expected to be performed by these Area Councils include; (LI 1967), 2010.

- To enumerate and keep records of all ratable persons and properties in the urban or Area Council
- To assist any person authorized by the District Assembly to collect revenue due to the Assembly
- To recommend to the Assembly the naming of all streets in its area of authority and course all buildings and streets to be numbered
- To prevent and control fire outbreaks including bush fires
- To be responsible for the day to day administration of the Area Council
- To arrange revenue collection contracts with the District Assembly and collect revenue due the Assembly
- To open and maintain a Bank Accounts
- To make proposals to the Assembly for the levying and collection of special rates for projects and programmes within the Area Council
- To plant trees in any street and to erect tree fence to protect them so that the streets are not unduly obstructed.
- To organize annual congress of the people of the Area Councils with the purpose of discussing the development of the area
- To prepare annual budgets of revenue, recurrent and development budget for onward approval by the General Assembly
- To provide, operate and maintain community services in the Area Councils
- To submit for the approval or direction of the Assembly to implement schemes for economic development and social justice

In the Wassai East District Assembly, though these Area Councils exist and seemed functional. However, lack of permanent offices, inadequate personnel, and inadequate Logistics has results in the inability of these Area Councils to function effectively which further worsened the plight of the Unit Committees and hence hindering governance at the grassroots and if care is not taken the entire concept or goal of Decentralization will take us a much longer time to achieve.

2. Research Methodology

Population

The population of the study consists of all Area Council members, revenue collectors, and key staff of the District Assembly. The target population may include but not limited to selected members from all the eight Area councils in the district, the revenue superintendent and staff, area council bonded and commissioned revenue collectors, key staff of the District Assembly such as the presiding member, district coordinating director, finance officer, internal auditor, planning officer and budget officer.

Sampling Techniques

This denotes all the stages and the processes involved in reaching the respondents. Twumasi (1986) explained that the first step in the selection of a sample is to consider the sampling technique. In sampling design, the characteristics of the population to be studied must be clearly stated

For the purposes of this study where selected officers from various departments were interviewed and the fact that the area councils are constituted in clusters quota and purposive sampling techniques were adopted. Quota sampling was employed to specify certain percentages to each Area Council. This was done based on the population of each area council. After allocating percentages, purposive sampling was used to choose respondents who were thought to be relevant to the data needed. This was used primarily where there were limited numbers of people who have expertise in the area of study. With purposive sampling, to ensure accuracy and reliability of data obtained only heads of units or people in responsibility at the time of this research were interviewed.

Sample Selection

The sample size is determined based on the formula used to estimate it. The equation is given below $n = \frac{N}{1 + N\alpha^2}$,

Where n = sample size, N = total population (Total Number of entrepreneurs) and α = the confidence level. N = 1323 which is the sample, and significant level of 5% (α) = 0.05.

$$n = \frac{1323}{1 + 1323(0.1)^2} = n = 92.97259 \approx 93$$

Therefore, the sample size based on the sample frame is 93. Quota to each trade was determined by

$$Q = \frac{\text{Trade}}{\text{Sampleframe}} \times \text{samplesize} \text{ where } Q \text{ is the quota. This equation was used to generate the}$$

Table below: **Determination of Sample Size**

Table 1

Services/ trade	Population	Number Sampled
Ekutuase	191	13
Dominase	182	13
Manso	165	12
Ateiku	148	10
Adum Bansa	169	12
Enyinabrim	161	11
Daboase	168	12
Ayiem	139	10
TOTALS	1323	93

Source: Authors Construct July, 2018

Data Collection

Purposively, the researcher visited departmental heads and selected officers to solicit information relevant to the study. Due to the busy schedules of some of these officers appointed times accepted by the respondents and the researcher were scheduled for interviews. Interview guide was used to guide the interview process.

Questionnaires were distributed to respondents for completion provided they could read and write in English. The researcher also guided the respondents who can't read and write to complete the questionnaires by the use of a research assistant who has a fair knowledge of the language of the respondents since the researcher is not perfect in the local language. Focus group discussions were also held at the Area Council centers to solicit cross cutting views on the research topic from the various stakeholders at that Area Council level.

Re-scheduling of appointment, non-response on questionnaires and the general attitude of local government workers clearly manifested. However, observation made on the field has improved my understanding of the literature in terms of the role of the Area Council's in revenue mobilization and the implications for local governance. We got practical feel of the actual problems sub-district structures face and this has actually changed our perception about the performance of these sub- structures.

Data Collection Instruments

The tools that were used for the collection of primary data are the interview schedule and questionnaires. These were exclusively used to solicit the views of the respondents on the research topic. The questionnaires were given out to the literate respondents to fill while self- administered method was used on the illiterate respondents by the researcher and field assistant. Questionnaires were designed to include both closed and opened ended questions. The closed ended questions dealt with bio data like sex, age, among others etc. This type of questionnaire was easy to analyze. The open-ended questions were included to elicit the views of respondents on their role in revenue mobilization and how that can influence local governance. Here different people expressed varied views hence difficulty in analyzing data.

Focus Group Discussion (FGD) was part of the open-ended questions. The facilitator led the discussion but did not control it to ensure that respondents stayed to the issues on the floor of the discussion and therefore contribute meaningfully to the issues.

Research Design

Descriptive statistics was the main means of analysis used to analyze the role the Area councils play in local revenue mobilization and the implications for local governance in Ghana. Since the study mainly seeks to identify the role the Area Councils play in revenue mobilization and the implications for local governance in Ghana, case study research design will help the researcher work within a certain scope and to actively engage almost all the key stakeholders within the case study area such as the staff of the district assembly, Area Council members, revenue collectors and other opinion leaders to help unravel the implications for local governance in Ghana.

Methods of Data Analysis

Analysis of data is a process of editing, cleaning, transforming, and modeling data with the goal of highlighting useful information, suggestion, conclusions, and supporting decision making. (Adèr 2008) Data from the field were edited and coded appropriately to make meaning out of them. Editing was done to correct errors, check for non-responses, accuracy and correctness of answers. Coding was done to facilitate data entering and a comprehensive analysis. Descriptive statistics was the medium used for analysis. The software was the Statistical Package for Social Science version sixteen (SPSS 16). Descriptive statistics analysis factors like frequency tables, percentages, pie charts, bar graphs and pictures were generated and their interpretations thoroughly explained with real world examples.

3. Data Analysis, Discussion and presentation of Results

Socio-Demographic Characteristics

Sex and Ages of Respondents

Out of a total of 93 questionnaires administered in the field and data analyzed based on the responses of respondents as outlined in the questionnaires. 74 respondents constituting 79.6% were males, whilst 19 respondents constituting 20.4% were female.

This is a clear manifestation of the male dominance in local governance in Ghana. Women most often do not participate very actively in local and national elections partly due to socio-cultural believes within our social structure and also due to the absence of competent women willing to take up leadership positions during local elections at the Area Councils levels in the District.

The table below shows the gender characteristics of respondents

Table 2

Sex	Frequency	%
Male	74	79.6
Female	19	20.4
Total	93	100

Source: Field Survey July, 2018

The issue of male dominance has remained a problem at the local level where the roles of women in decision making at these levels remain critical. According to the 2010 population census, 51% of the country's population is women whilst the remaining 49% are men.

Ages of Respondents

Table 3

Age	Frequency	%
15 – 25	4	4.3
26 – 35	10	10.8
36 – 45	16	17.2
46 – 55	28	30.1
56 and Above	35	37.6
Total	93	100

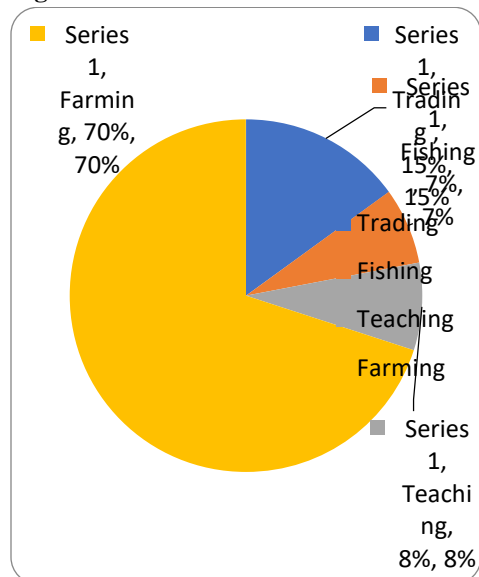
Source: Field Survey July, 2018

From the above, respondents within the ages of 15 – 55 constituting about 62.4% of the total respondent are within the active labour force. The implication is that these respondents are therefore likely to engage in other income generating activities such as farming alongside assisting in the collection of revenue for the District Assembly. 37.6% are above age 55; these collectors may be too old to collect revenue effectively.

Below is a pie chart showing the characteristics of the occupation of respondents.

Occupational Distribution

Figure 2 - Pie Chart



Source: Field Survey 2018

From the above pie chart, it is clear that about 70% of the respondents are farmers, 15% are traders and 7% and 8% are fishermen and Teachers respectively. The implication is that revenue mobilization is not considered as a full-time job as collectors only work on market days whilst they concentrate on other life sustaining activities. This has serious repercussions on the amount of revenue that could be collected.

The situation is confirmed by the revenue unit and revenue task force any time they conduct revenue mobilization programs. According to the revenue superintendent, revenue collectors most often do not present their General Counterfoil Receipts (GCRs) early for Audit. He further mentioned that most collectors are often not found when the revenue task force visits their areas. This situation emanates from the multiple engagements of revenue collectors in other sustainable livelihood activities.

Level of Education

Table 4

Level	Frequency	%
Primary	21	22.6
JHS	12	12.9
SHS	8	8.6
Tertiary	6	6.4
None	46	49.5
Total	93	100

Source: Field Survey July, 2018

From the table above, 21 respondents, constituting 22.6% had primary education. Whilst 12 respondents being 12.9% had JHS and 8 with SHS education being 8.6%. Six (6) respondents having 6.4% had tertiary education whilst 46 respondents constituting 49.5% of all respondents have not had any form of education at all.

The implication is that most of these respondents cannot read and write; hence they will not be able to adequately make entries and keep accurate data on revenue collected. They will not be able to write or issue receipts to tax payers as and when revenue is collected. This situation could lead to loss of revenue to the District Assembly.

Another important issue is that 22.6% of the respondents acquired primary education. The demands of a revenue collector should exceed the level of primary education. Though such people often attempted keeping financial transaction records, mistakes in entries, omissions and wrong transactions makes it difficult for the accounts unit to reconcile their records and hence hinder revenue collection efforts.

Revenue collection is a very difficult exercise in the country, people are mostly not willing to voluntarily pay taxes to the state and it's Metropolitan, Municipal and District Assemblies (MMDAs). Tax education therefore remains the key to solving this attitude. It is important to note that the tax collector needs an appreciable level of education to enable him/her understand the tax regime or system to enable him explain or educate rate payers on the need to pay taxes. The fact that the level of education of a majority of the respondents in this research is a key challenge to revenue generation in the District, an analysis of the above table shows that close to 80% of the respondents do not have an appreciable level of education.

Research Question One - What are the Sources of Revenue?

Political and administrative decentralization could not have been successful without taken steps to ensure that fiscal decentralization takes place. Decentralized units such as district assemblies require funds to execute their mandated functions. Revenue mobilization therefore became an important component of our local governance.

The main sources of revenue for the Wassa East District Assembly include the following:

- Timber and Mineral Royalties
- District Assemblies Common Fund (D.A.C.F)
- Internally Generated Funds (I.G.F)
- District Development Funds (D.D.F)

The District is endowed with timber and mineral resources and a vast arable land. Revenue emanating from these resources is received in the form of royalties mostly referred to as timber and mineral royalties. The office of the Administrator of stool lands releases these funds to the District Assemblies on quarterly basis. For the 2018 fiscal year a total amount of three hundred and forty-four thousand, one hundred cedis (GH¢344,100) was received as stool lands revenue

Timber and Mineral royalties for the 2018 financial year.

Table 5

Revenue Source	Amount Received	%
Timber	112,144	32.6
Minerals	205,997	59.9
Ground rent	25,959	7.5
Total (GH¢)	344,100	100

Source; Field Data 2018

From the above table, 32.6% of the total royalties received came from timber, 59.9% from minerals and 7.5% from ground rent. These funds are transferred directly into the accounts of the district assembly. There is no evidence of further transfers from the District Assembly to its sub-structures to enable them undertake projects within their respective areas. Therefore, the sub-district structures may not have direct control in the collection and utilization of these funds.

District Assemblies Common Fund (DACF)

Another important source of revenue for the MWEDA is the District Assemblies Common Fund. (D.A.C.F). Over the years the D.A.C.F has remained the most reliable investment grant for capital projects for MMDA'S across the country.

This fund constitutes 5% of GDP shared among District Assemblies under a formula determined by the Government. Some of the factors identified as key in the disbursement of these funds include:

- Population
- I.G.F growth rate
- Service pressure
- Geographical area
- Level of deprivation among others

Data obtained from the 2018 annual budget estimates for the 2018 fiscal year showed that, total expected D.A.C.F allocation for the Wassa East District Assembly stood at Two Million and Fourteen Thousand, Eight Hundred and Sixty-One Cedis, Seventy-Three Pesewes. (GH¢2,014,861.73) Actual receipts as at 31st December, 2018 stood at One Million, nine hundred and Thirty-Eight Thousand, seven hundred and Twenty-Three Cedis, Fifty-Two Pesewes (GH¢1,938,723.52) the total receipts include statutory deductions such as Persons with Disabilities among others.

From the above it is clear that the D.A.C.F comes with deductions from source. Again, the Minister of Local Government issues guidelines for the disbursement or utilization of these funds.

From these guidelines it is clearly stated that the D.A.C.F should not be used for recurrent expenditure but for investment.

Though the entire district stands to benefit from the utilization of these funds, again the sub-district structures have very little control over the utilization of these funds.

Responsiveness Factor Grant/(DACF-RFG)

The research showed that the Wassa East District Assembly was assessed under the functional organizational assessment tools and duly qualified under the 2018 assessment. The District Assemblies Common Funds- Responsiveness Factor Grant is revenues released to WEDA'S who qualify under the DPAT Assessment.

For the study year a total of GH¢493,697.57 was obtained in the form of revenue for the WEDA for capital and other investment.

The DPAT Secretariat and the Ministry of Local Government again issue guidelines for the utilization of these funds.

Funds from the RFG were not to be used for road construction, provision of residential and office accommodation and the procurement of items not identified by the assessment team.

Internally Generated Funds (I.G.F)

Section 94 of the Local Government Act stated that "a district assembly shall be the rating authority for the district", Section 86(6) provides for the sharing of revenue ceded to the District Assembly by the Central Government and Section 86(3) and the sixth schedule identifies some revenue areas reserved for District Assemblies.

For the purposes of this study emphasis is placed on the role Area Councils will play in the collection of revenue emanating from internal sources.

The study revealed that the main sources of Internally Generated Funds for the District Assembly include the following:

- Fees and fines
- Licenses
- Rent
- Rates

- Lands

These sources of revenue constitute what the District Assembly is mandated to collect within its Geographical boundary.

To conclude, though The District Assemblies Common Fund, the royalties from the office of the Administrator of Stool Lands, the District Development Funds and Internally Generated Funds remain key sources of revenue for the District Assembly. The role of the Area Councils is not clearly defined when it comes to the collection and utilization of these funds except the Internally Generated Funds.

The Area Councils are expected to assist the District Assembly identify sources of revenue in their respective areas and subsequently assist in its collection.

There are no clear policy guidelines of sharing the Stool Lands revenue among the Area Councils. This situation deprives the Area Councils of revenue required for their day to day activities.

Research Question Two - How Are They Collected and Utilized?

The study revealed that revenue collection is carried out by revenue collectors bonded by the District Assembly. These revenue collectors are supervised by the District Finance and revenue units of the District Assembly.

The District Assembly is mandated to cede out its revenue collection functions to sub-District structures for effective collection. These sub-District structures are also expected to recruit and subsequently take steps to bond revenue collectors.

The table below shows the distribution of revenue collectors across the area councils.

Distribution of Revenue Collectors

Table 6

Area Council	Frequency	%
Daboase	10	10.8
Ateiku	14	15.0
Ekutuase	12	12.9
Ayiem	10	10.8
Enyinabrim	9	9.7
Dominase	15	16.1
Adum Bansa	9	9.7
Mansa	14	15.0
Total	93	100

Source: Field Survey 2018

The distribution of revenue collectors across the Area Councils does not necessarily influence the amount of revenue generated in these Area Councils. Depending on the geographical spread of the communities, many more revenue collectors would be required. Information obtained from the revenue unit indicates that a minimum of 120 revenue collectors are required to effectively collect revenue across the district,

The table above clearly illustrated the distribution of these collectors at the various Area Councils. Ayiem Area Council has 10 revenue collectors being 10.8%, Adum Bansa 9 collectors being 9.7%, Daboase 10 being 10.8%, Ateiku 14 being 15.0%, Ekutuase 12 being 12.9%, Enyinabrim and Dominase have 9 and 15 collectors being 9.7% and 16.1% respectively. Mansa has 14 collectors being 15.0% of the total revenue collectors.

If you compare the total number of revenue collectors in each Area Council to the amount of revenue generated from each Area Council, it is quite clear that the total number of revenue collectors does not necessarily reflect in the amount of revenue generated.

All the revenue collectors interviewed were bonded collectors with the Assembly members within their Area Councils serving as guarantors. These collectors are paid 30% commission on all revenue collected within any given period. This commission is paid directly to the collectors. District Assembly is required to cede revenue to the Area Councils to collect and retain 50% of such revenue when collected and the remaining 50% paid to the District Assembly.

Revenue collection requires tack and energy to enable revenue collectors perform effectively. To equip these collectors with the requisite skills training is required to enable them effectively collect revenue. In this research, it was identified that for the 2018 fiscal year, all revenue collectors received training in areas such as the application of the Assemblies fee fixing resolution to collect revenue, records keeping and revenue collection techniques

Types of Revenue Collected

Table 7

Revenue source	respondents	percentage
Rates	46	49.5%
Lands	12	12.9%
Fees & Fines	14	15.0%
Licenses	12	12.9%
Rent	9	9.7%
Total	93	100%

Source: Field Survey 2018

Most of the revenue collectors prefer collecting rates, 49.5% of collectors prefer collecting rates, 12.9% prefer taxes from lands, 15.0% collect fees and fines, 12.9% licenses and 9.7% collect rent.

The revenue collectors collect revenue that is available and easy to collect. The Wassa East District Assembly has not invested in market stalls and therefore rent accruing from these stalls is negligible. The entire district is largely rural making the payment of rent very low.

Fees and fines are another area with a potential of generating adequate revenue for the District Assembly. The absence of a court and the lack of enforcement of the Assembly’s bye laws have affected revenue generation in these areas. Licenses such as (BOP) Business Operating Permits are only paid by Large Scale Organization operating in the District. Small Business Owners and some Agro-processing businesses such as the oil palm processing groups most often do not contribute much towards the payment of licenses.

Twenty-five (25) out of the ninety-three (93) respondents interviewed constituting 26.9% stated that they use only general counterfoil receipts (GCRs) to collect revenue, 45 being 48.5% said they use GCRs and 23 respondents being 24.7 said they use GCRs and market tickets.

The table and pie chart below provide the above illustration.

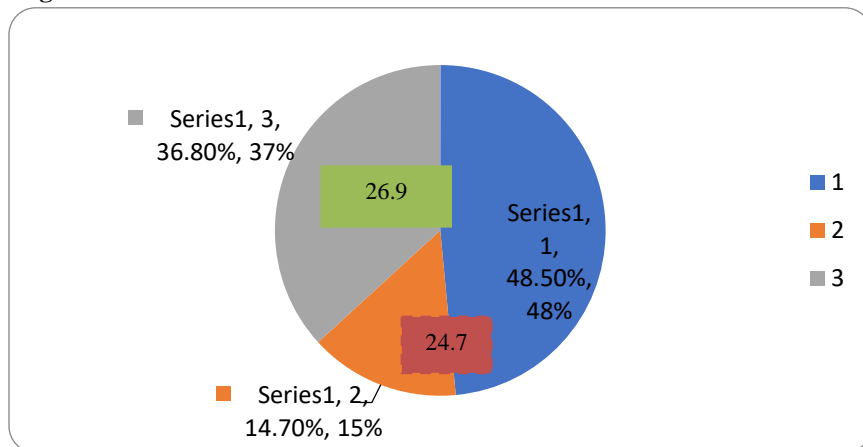
Tools used for Revenue Collection

Table 8

Tool	Frequency	%
GCRs	25	26.9
Market Tickets	45	48.4
GCRs & Market Tickets	23	24.7
Total	93	100

Source: Field Survey 2018

Figure 3 - Pie Chart



Source: Field Survey 2018

Because largely most revenue collectors have a very low level of education most of them, 48.4% use market tickets. These market tickets do not require any form of writing or entries in revenue books. The GCRs could not be used by illiterate collectors hence 26.9% use them whilst 24.7% use both GCRs and Market Tickets. The research also revealed that some revenue collectors are not provided with value books such as GCRs on a timely basis after existing ones are used up. This situation could lead to revenue loss to the assembly since revenue collectors may collect revenue and may not account for it, it will also make it difficult to track the performance of these collectors. Failure to keep records on the stock levels of these books could account for this situation.

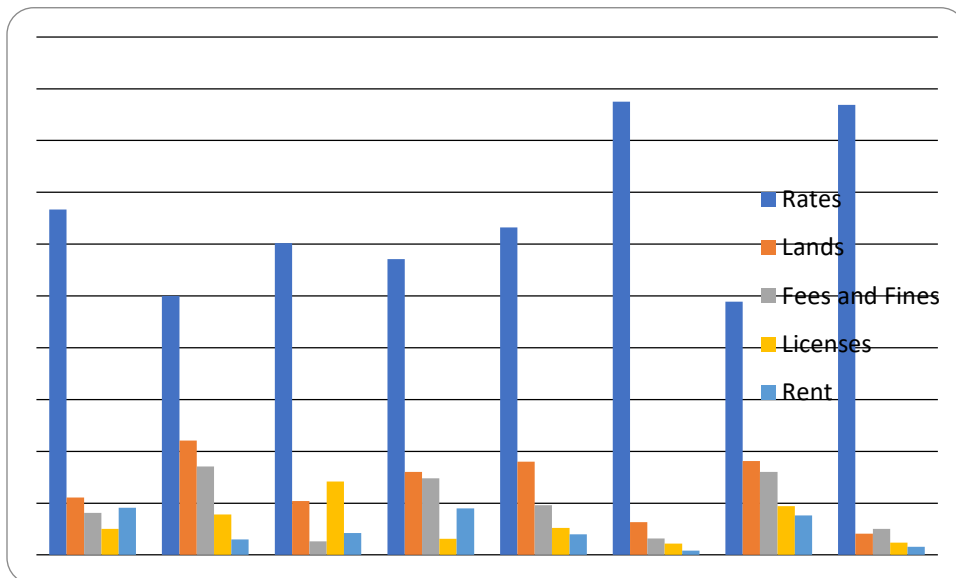
Revenue mobilization 2018 Fiscal Year

Table 9

Area Council	Rates	Lands	Fees and Fines	Licenses	Rent	Total %
Daboase	66.7	11.1	8.1	5.0	9.1	100
Ateiku	50.0	22.1	17.1	7.8	3.0	100
Ekutuase	60.2	10.4	2.6	14.2	4.2	100
Enyinabrim	57.1	16.0	14.8	3.1	9.0	100
Dominase	63.2	18.0	9.6	5.2	4.0	100
Adum Bansa	87.5	6.3	3.2	2.2	0.8	100
Manso	48.9	18.1	16.0	9.4	7.6	100
Ayiem	86.9	4.1	5.0	2.4	1.6	100
Total						100

Source: Field Survey 2018 (July)

Figure 4



Source: Field Survey 2018 (July)

The researcher obtained evidence that for 2018 fiscal year; a total amount of twenty thousand Ghana Cedis was shared among the eight (8) Area Councils as shown in the table below:

Table 10
Revenue Sharing

Area Council	Amount	%
Daboase	3,500	17.5
Ateiku	2,000	10.0
Ekutuase	3,500	17.5
Ayiem	1,000	5.0
Enyinabrim	2,000	10.0
Dominase	3,000	15.0
Adum Bansa	2,500	12.5
Manso	2,500	12.5

Source: Field Data 2018

An examination of the statements of Accounts shows a direct transfer of these funds into each Area Council Account. This is contrary to the fact that these Area Councils are expected to collect revenue and retain 50% and remit the remaining 50% to the District Assembly.

The researcher further enquired on the basis for the transfer of the funds and the Senior Revenue Superintendent explained that the revenue collected by the District Assembly was done by the Assembly’s own collectors and that the Area Councils could not collect revenue ceded to it by its own collectors, these revenue after collection are shared between the District Assembly and the Area Council with the District Assembly getting 50% whilst the Area Council retain the remaining 50%.

The existence of a functional revenue task force, logistics for revenue collectors to work, task education activities by the revenue unit and training of revenue collectors are also key factors influencing revenue collection. Collector motivation is also an important factor.

Research Question Three - What is the Role of the Area Councils in Revenue Mobilization?

The area councils have a key role to play in revenue mobilizations in the Wassa East District Assembly. The area councils form the basic administrative unit below the main District Assembly Administration with the mandate to perform several functions.

The Local Government (urban/zonal/town/area council and unit committees) (establishment) instruction, 2010 (LI1967) assigns the following roles to the area council:

- To enumerate and keep records of all rateable persons and properties in the area councils.
- To assist any person authorized by the District Assembly to collect revenue due the assembly.
- To arrange revenue collection contracts with the District Assembly and collect revenue due the assembly.
- To open and maintain bank account
- To make proposals to the District Assembly for the levying and collection of special rates for projects and programs within the area council.

The research revealed that all the eight area councils' offices were not fully operational, six out of the eight have well-constructed office blocks, but these are not functional and staff are not at post.

There is no information at any of the Area Council offices on the performance of the roles of the councilors. Information obtained indicated that their reports and minutes of meetings were submitted to the District Assembly.

Out of a total of 93 respondents interviewed across the 8 area councils, 74 respondents being 79.6% stated that they do not know the specific roles of the area councils in revenue mobilizations, whilst 19 respondents constituting 20.4% indicated that they have a fair knowledge of the role of the area council in revenue mobilizations.

This situation is a worrying; since the councilors cannot perform their roles as expected by the framers of our decentralization system. The research further revealed that the level of education of area councilors could be the cause of this problem.

The research also revealed that there is no coordination between the revenue unit of the District Assembly and the area councils in revenue mobilization. In most instances' revenue collectors at the area councils are not informed about planned activities of the revenue unit and hence most plans intended to ensure efficiency and effectiveness in revenue collection often fail.

The Area Councils are expected to enumerate and keep records of all rateable persons and properties in their respective Area Councils. There is no such data at any of the area council centres visited by the researcher during the data collections. Further checks at the budget and ratings unit revealed that in 1996 a data collection exercise was conducted to obtain data for revenue mobilization and the information has not been updated since. The lack of accurate and reliable data for revenue mobilization remained a challenge for revenue projection and collection.

Ceded Revenue

As part of the role of the Area Councils in revenue mobilization as outlined in LI 1967, They are to arrange revenue mobilization contracts with the district assembly and subsequently collect revenue due the Assembly. Under this arrangement the district assembly is expected to cede area of revenue collection to the Area councils and subsequently share revenue equally. Information obtained indicated that that the District Assembly has clearly ceded areas for revenue collection. However, the revenue collectors explained that the District Assembly only ceded revenue sources which were difficult to collect making revenue mobilization very difficult at the Area Council level. The inability of the Area Councils to collect revenue ceded to it results in inadequate funds to meet the operations of the Area Councils. These Area Councils are unable to perform their functions effectively.

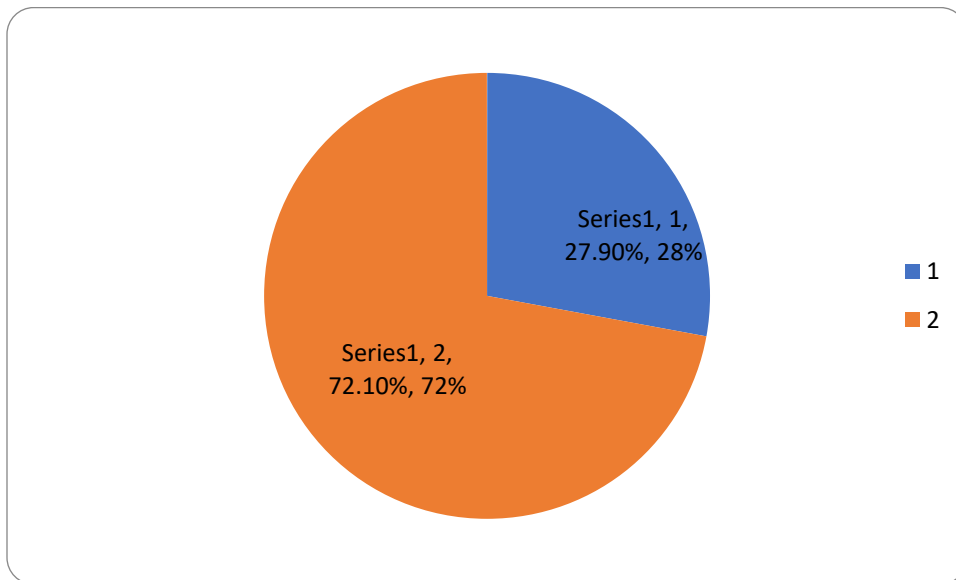
Formation of Revenue Task Force

To enable the Area Councils effectively perform their role of assisting any person authorized by the district assembly to collect revenue to collect revenues due the assembly, revenue task forces are required.

As at the time data for this study was collected, no revenue task force existed in any Area Council. Information obtained indicated that 72.10% of the respondents stated that they have never participated in any task force activity 27.9% of the respondents stated that they participated in revenue task force operations.

Revenue Task Forces

Figure 5 – Pie Chart



Source: Field Survey 2018

The absence of revenue task forces hinders revenue generation at the Area Council level. Most often the cost of collecting revenue by the tax force in most cases, often exceed 40% of total revenue collected. This situation coupled with transportation challenges led to the collapse of revenue task forces established a few years before this research was conducted. Apart from the 40% of the total amount of revenue accruing as cost of collection, a whopping 30% commission is paid to the task force and therefore making the amount collected negligible. This situation could lead to the ineffectiveness of the revenue task forces established a few years back.

Research Question Four - What are the Implications of Revenue Collection on the Performance of the Area Councils?

Administrative and political Decentralisation alone is not adequate to ensure grass root participation in our governance process. Fiscal Decentralisation is a requirement since roles and responsibilities of sub-District structures cannot be performed effectively without resources.

To ensure that sub-District structures perform effectively, adequate resources must be made available to enable them carry out their mandated functions. Though, L.I.1967 clearly outlined the role of Sub-District structures in Ghana's Decentralisation program. Legislative provisions have failed to clearly outline processes and procedures for the transfer of resources to the Area Councils. An analysis of data obtained from this research clearly indicated that;

- Sub-District structures do not have adequate control over resources generated within the District and those transferred from central Government sources.
- Adequate administrative provisions have not been put in place to ensure that sub-District structures function effective after 20 years of existence of the District Assembly.
- Absence of legislation compelling District Assemblies to provide resources and infrastructure to make the Area Council perform their roles.
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The major source of financing the activities of these sub-structures is through revenue collected from ceded sources to that Area Council.

It is disturbing from the above analysis, when it became very clear that financing the sub-district structures has become very difficult, making them virtually redundant.

The fact that the Area councils are unable to generate the required revenue to enable them perform their day to day functions is a threat to our efforts to ensure grassroots participation in governance and if not guided jealously could derail our quest to be fully decentralized.

It is however important to note that, ensuring effective decentralization and encouraging full participation of the citizenry would require a concerted effort to enable the sub-district structures gain financial independence.

4. Findings, Conclusion and Recommendation

Research Question One – What are the sources of Revenue?

Lack of Control Over Sources of Revenue - Sub-District Structures (Area Councils) do not Control Revenue Sources

From the above analysis, it is clear that Sub-District Structures have minimal control over the sources and revenue received by the District Assembly.

An analysis of this data also clearly shows that the District Assembly only cede out revenue sources that are difficult to collect. This situation makes it difficult for Area Councils to make projections on revenue and subsequently prepare development plans for the approval of the Assembly as required by L.I 1967.

Absence of Policy Guidelines on the flow of Resources to the Area Councils

An overview on the sources of revenue available to the District Assembly clearly shows that, though the District Assembly receives revenue from the District Assemblies Common Fund (DACF), mineral, timber and ground rent revenue from the administrator of stool lands revenue, the District Development Funds (DDF) and Internally Generated sources.

There is no specific regulation that mandates or outlines specific procedures for the release of funds to the Area Councils except where ceded revenue when collected can be retained. This situation led to the virtual collapse of most Area Councils.

Proponents of Ghana's decentralization system argued that fiscal decentralization will help the country attain its goals of ensuring development and participation of the citizenry in governance processes. Therefore, the flow of funds to District Assemblies without further flow to the Sub-District Structures is synonymous to recentralizing power and authority at the District Assembly level.

Research Question Two - How are they Collected and Utilized?

Inability to Collect Ceded Revenue

According to LI 1967, District Assemblies are required to cede areas for revenue collection to the Area Councils and 50% of all revenue collected remitted to the Area Councils. The research revealed that the Wassa East District Assembly ceded areas of revenue collection to the Area Councils. Information obtained from the Area Councils revealed that the ceded sources of revenue are the ones that the District Assembly itself finds it difficult to collect. Fines and fees, rates among others are non-existence in some Area Councils because of difficulties Area Councils face when trying to fine defaulters.

For some of these reasons the Area Councils are unable to collect ceded revenue hence making the availability of funds for their day to day work very problematic since they rely on the 50% remittances from revenue collected for their operational cost.

Inadequate Area Council Revenue Collectors

The total number of revenue collectors working within the Area Councils is woefully inadequate. Eketuase Area Council for instance has 7 revenue collectors. The geographical boundary of this Area Council is very large and therefore will require a larger number of revenue collectors to effectively work.

The study however revealed that though some Area Councils have fewer revenue collectors, they have substantial revenues coming from those areas. The implication is that the number of revenue collectors alone is not a panacea for increased revenue in any area council.

Shortage of Value Books - GCRs and Markets Tickets

The study revealed that some revenue collectors are not provided with value books such as GCRs on a timely basis after existing ones are used up. This situation could lead to revenue loss to the assembly since revenue collectors may collect revenue and may not account for it. It will also make it difficult to track the performance of these collectors. Failure to keep records on the stock levels of these books could account for this situation.

To conclude, though it is important to acknowledge that increasing the number of revenue collectors working in the Area Councils may not necessarily lead to increased revenue, it is important to recruit and train adequate revenue collectors who could execute their duties efficiently and effectively. There is also the need to ensure that value books are kept under lock and key and issued to revenue collectors as and when required. Stock levels of these books must be checked consistently to avoid any shortage. Used up books must be retrieved and stored for Audit purposes. Finally, the issue of ceded revenue is worth mentioning. Ceded revenue are areas or sources of revenue the district assembly allows the sub-district structures to collect on their behalf and retain fifty percent and the rest paid into the district assembly accounts. Interestingly the study revealed that the Wassa east district assembly only ceded revenue areas that were practically difficult to collect to the Area Councils thereby denying them revenue completely.

Research Question 3 - What is the Role of the Area Councils in Revenue Mobilization?

Absence of Revenue Task Force at Area Councils

From the study, it was clear that revenue task forces were inaugurated in a few Area Councils, but these task forces could not function due to several challenges such as;

- Poor motivation
- Mobility problems

The total number of task force membership is five (5) comprising the Area Council Chairperson and Secretary, two (2) Unit Committee members and one representative from the revenue unit.

Given the membership of the revenue task force above, a vehicle would be required to enable them carry out their activities. The inability of the task force at the Area Council level to get access to transport possess a challenge to

revenue mobilization motivation is yet another reason why most of the revenue task forces collapsed at the Area Council level. Most members of the task forces are not able to receive their commission on a timely basis sighting conditions such as the absence of the District Finance Officer (DFO) or the District Coordinating Director (DCD) or both hindering their access to commission.

At the time this research was being conducted, all the existing revenue task forces had collapsed at all the eight (8) Area Councils.

The absence of revenue task forces has severely affected revenue mobilization since these task forces are expected to assist revenue collectors in their day to day work and also to apply punitive measures to defaulters.

Inadequate Logistics to Support Revenue Mobilization

Revenue collectors require adequate logistics to enable them conduct their day to day activities effectively.

The study revealed that revenue collectors are not provided with raincoats and wellington boots to enable them work during the rainy season, flashlights, revenue barriers are not also provided to enable revenue collectors control the movement of vehicles for effective revenue collection. 70 out of the 93 revenue collectors interviewed across the eight Area Councils constituting 75.3% said they have no logistics to support their revenue collection work.

Twenty-three (23) collectors constituting 24.7% said they have logistics but these were procured by the individual collectors. Revenue collection is a continuous activity and based on the type of revenue collected, adequate logistics are required. The availability of General Counterfoil Receipts (GCRs), market tickets is very important since collection and accountability cannot be guaranteed without the use of General Counterfoil Receipts (GCR's) and Tickets. Unfortunately, shortfalls in stock controls for these among other leads to shortage and when revenue collectors want these tools for revenue collection, they are often told to come the next week. This phenomenon discourages some of the collectors and if care is not taken revenue could be diverted or not accounted for or people may even refuse to pay since the collectors will not be able to issue General Counterfoil Receipts (GCRs) to cover payments.

Training of Revenue Collectors

From the study it came to light that 78 out of the 93 respondents constituting 83.9% said they were trained by the District Assembly whilst 15 constituting 16.1% said they have not received any form of training.

It was however revealed that the 15 respondents who were not trained were newly recruited revenue collectors. It is however sad that though these revenue collectors were trained most of them could not improve their performance.

The low level of education of respondents and the age distribution of these respondents has an influence on their performance. Training alone may not provide the answers to improved revenue mobilization.

Preparation of Revenue Data Base

The Area Councils are expected to enumerate and keep records of all ratable persons and properties in their respective Area Councils. There is no such data at any of the area council centers visited by the researcher during the data collection exercise. The lack of accurate and reliable data for revenue mobilization remained a challenge for revenue projection and collection. Revenue projections could be misleading and could lead to drastic shortfalls in expected revenue and therefore hinder the performance of the function of the District Assembly and its sub-structures.

To conclude, data is a component of reliable and accurate revenue projections. The availability of accurate data also makes revenue collection easy since persons and property were already identified in the data provided. The revenue task forces are mostly formed to assist revenue collectors in their work. The fact that these task forces are not functional is a disturbing situation. Logistics and training are also important in revenue collection since revenue

collectors require training to enable them implement the annual fee fixing resolutions and other strategies as may be required by them.

Research Question Four - What are the Implications of Revenue Collection on the Performance of the Area Councils?

Poor performance of Revenue Collectors

An analysis of data obtained from this research clearly indicated that;

Sub-District structures do not have adequate control over resources generated within the District and those transferred from central Government sources. Absence of legislation compelling District Assemblies to provide resources and infrastructure to make the Area Council perform their roles is another big problem. This situation has led to recentralization of authority and resources at the District Assembly level and not decentralizing to the sub-structures for effective performance.

The major source of financing the activities of these sub-structures is through revenue collected from ceded sources. The study also indicated that the District Assembly maintained the juiciest sources and cede out difficult to collect sources to that Area Council. It is disturbing from the above analysis, when it became very clear that financing the sub-district structures has become very difficult, making them virtually redundant.

The situation is compounded by the socio- demographic characteristics of revenue collectors where some of them were too old and could not work effectively. Others were engaged in multiple income generating activities and therefore collected revenue on part time basis.

The fact that the Area councils are unable to generate the required revenue to enable them performs their day to day functions is a threat to our efforts to ensure grassroots participation in governance and if not guided jealously could derail our quest to be fully decentralized.

It is however important to note that, ensuring effective decentralization and encouraging full participation of the citizenry would require a concerted effort to enable the sub- district structures gain financial independence.

Inability to operationalize Area Council Administrations

Information obtained from the study indicated that the Wassai East District Assembly was created and subsequently inaugurated in 1989. Though the district assembly and its sub-structures existed for over two decades, Adequate administrative provisions have not been put in place to ensure that sub-District structures function effectively.

The existence of Area Council administration centers is a requirement for effective decentralization. The citizenry can locate the offices of the Area Councils, participate in council meetings and hence contribute to the governance processes.

This situation has resulted in poor coordination between the Area Councils and the District Assembly.

Inability of Area Councils to Effectively Carry Out Functions

Apart from revenue collection, sub-district structures perform several other functions. Some of them include; (LI 1967), 2010.

- To enumerate and keep records of all rateable persons and properties in the urban or Area Council
- To recommend to the Assembly the naming of all streets in its area of authority and course all buildings and streets to be numbered

- To prevent and control fire outbreaks including bush fires
- To be responsible for the day to day administration of the Area Council
- To open and maintain a Bank Accounts
- To plant trees in any street and to erect tree fence to protect them so that the streets are not unduly obstructed.
- To organize annual congress of the people of the Area Councils with the purpose of discussing the development of the area
- To provide, operate and maintain community services in the Area Councils
- To submit for the approval or direction of the Assembly to implement schemes for economic development and social justice

To conclude, the Absence of legislation compelling District Assemblies to provide resources and infrastructure to make the Area Council perform their functions coupled with the refusal of the District Assembly to assist the sub-district structures create an effective administrative machinery for the performance of their duties has serious implications on Ghana effort to decentralize. Since resources and effective administrative machinery is required to enable sub-district structures carry out their mandate.

Conclusion

The study concludes among other things that there is male dominance in Ghana's District Assembly system. Few women play key roles at the District Assembly level, and their substructures. Among the revenue collectors it became clear that most collectors do not have an appreciable level of education and that is a clearly manifested in their ability to keep adequate financial records for Accounting and Auditing purposes.

The study also concluded that most of the revenue collectors were old and required replacement if the District Assembly wants to increase revenue generation. Also, the study further revealed that apart from revenue collection, most of the revenue collectors are engaged in different activities/occupations that might not allow them to carry out revenue collection as a full-time activity and this has serious implication on revenue flow.

The study revealed that there are no revenue task forces at the Area Council level to assist revenue collectors generate revenue and to monitor the activities of those collectors. The revenue collectors require constant monitoring and supervision by the Area Council task force to ensure timely payment to the District Assembly or Area Council all revenues collected.

The task force through its monitoring is expected to identify non-performing collectors for replacement and to make appropriate recommendations for implementation. Therefore, the absence of these revenue task forces at the Area Council level is the cause of the poor performance of most of the revenue collectors across the District.

The study further revealed that revenue collectors are not adequately resourced to perform their duties. Barriers or revenue check-points are not provided at designated places making it very difficult to stop vehicles for inspection and collection of conveyances fees.

Protective clothing such as wellington boots, raincoats and flashlights were not provided by the District Assembly as a way of protecting values books and the revenue collectors themselves since these collectors are compelled to work at night and during rainy times.

The revenue mobilization van with registration number GT 2404 U is very old and not properly maintained to enable it conduct monitoring across the District frequent breakdowns of this vehicle makes revenue mobilization very frustrating for officers of the revenue unit. To enable the revenue unit effectively carry out its mandate and to

ensure that revenue collectors work effectively. The District Assembly should provide adequate logistics to support the revenue unit and collectors in their revenue generation efforts.

It was very difficult to establish any relationship between training and the performance of revenue collectors since a few of them benefited from training. However, the study revealed that most of the revenue collectors were not trained emanating from inadequate funds and the frequent replacement of revenue collectors due to lapses in the bonding process and some level of political influence. The District Assembly should design a training package for the revenue unit and all revenue collectors to enable the revenue unit perform their supervisory services effectively and the revenue collectors collect adequate revenue for the District Assembly.

The study further revealed that the District Assembly ceded “difficult to collect taxes” to the Area Councils making it difficult for them to generate enough revenue at the Area Council level. It is important that areas of ceded revenue must be flexible enough to enable the Area Council generate some amount of revenue to sustain their operations.

In fact, this is one of the major bottlenecks facing the smooth operations of the Area Council as administrative units and hence affected revenue performance. It is very important to note that the Area Councils and Unit Committees form the basic Administrative Units of the District Assembly system. The inability of these units to be self-sustaining emanating from inadequate funding resulting in the functional and operational challenges, require a concerted effort to resolve.

Revenue mobilization at all levels of the District Assembly system is important to the success and independence of our decentralization system. Since the external sources of funding such as the District Assemblies Common Fund (DACF) often delays or suffer huge deductions at source.

Adequate institution and regulatory framework should be worked out by all stakeholders in our decentralization system to ensure that District Assemblies generate adequate revenues through efficient tax administration regimes to ensure the sustainability of these Assemblies and their substructures.

Recommendations

Based on the analysis and findings of the research, the following recommendations were made to ensure that Sub-District Structures are able to perform their functions effectively in Ghana’s Decentralization process.

- ❖ Females should be encouraged to participate in Local level elections
- ❖ Government should ensure that 50% of government appointees to the Assemblies are female
- ❖ Formation of vibrant revenue task forces at all the Area Council Centre’s
- ❖ Quarterly refresher training should be provided to the revenue collectors
- ❖ Replacement of old and non-performing revenue collectors
- ❖ Provision of logistics to aid revenue mobilization
- ❖ The District Assembly should take steps to equip and support the operationalization of all the Area Councils to become administratively functional so that they could;
 - Collect ceded revenue
 - Enforce bye laws (generates revenue)
- ❖ Recruitment of revenue collectors should be streamlined
 - Setting benchmarks such as basic qualification
 - Performance, compliance with regulation as basis for retention
 - Target setting
- ❖ Construct revenue check points to control vehicular movement and ensure effective revenue mobilization
- ❖ Value books, market tickets and General Counterfoil Receipts (GCR) should be made available to revenue collectors
- ❖ An effective and regular monitoring exercise is required – inspection of value books
- ❖ Procurement of a vehicle for the revenue unit to support revenue mobilization
- ❖ Motivation

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