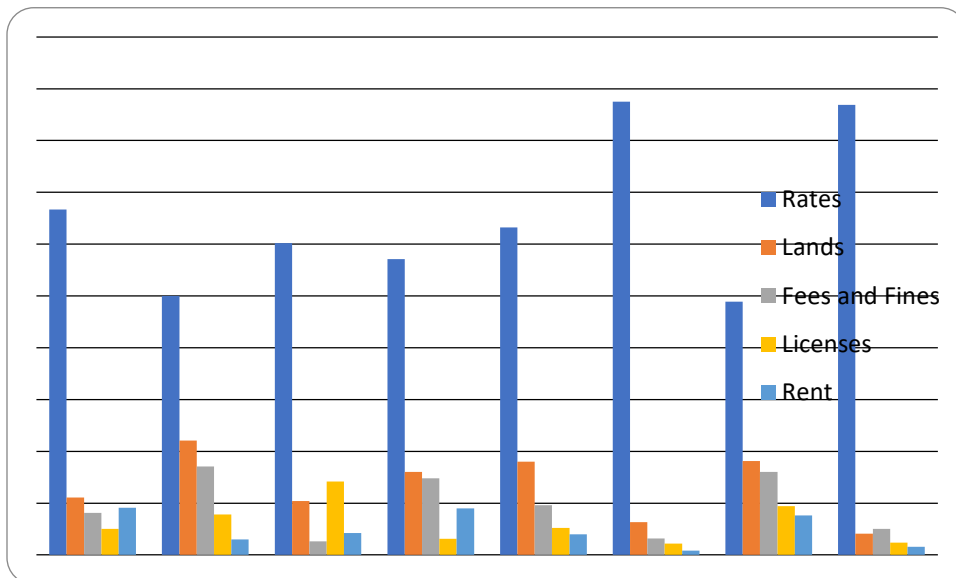


Figure 4



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.

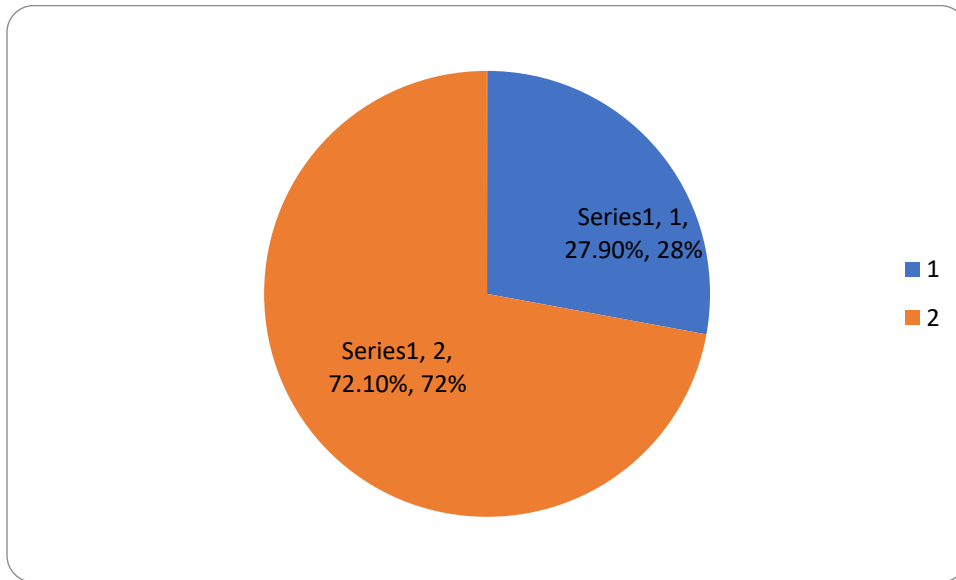
Formation of Revenue Task Force

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.
-

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 Wassa 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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