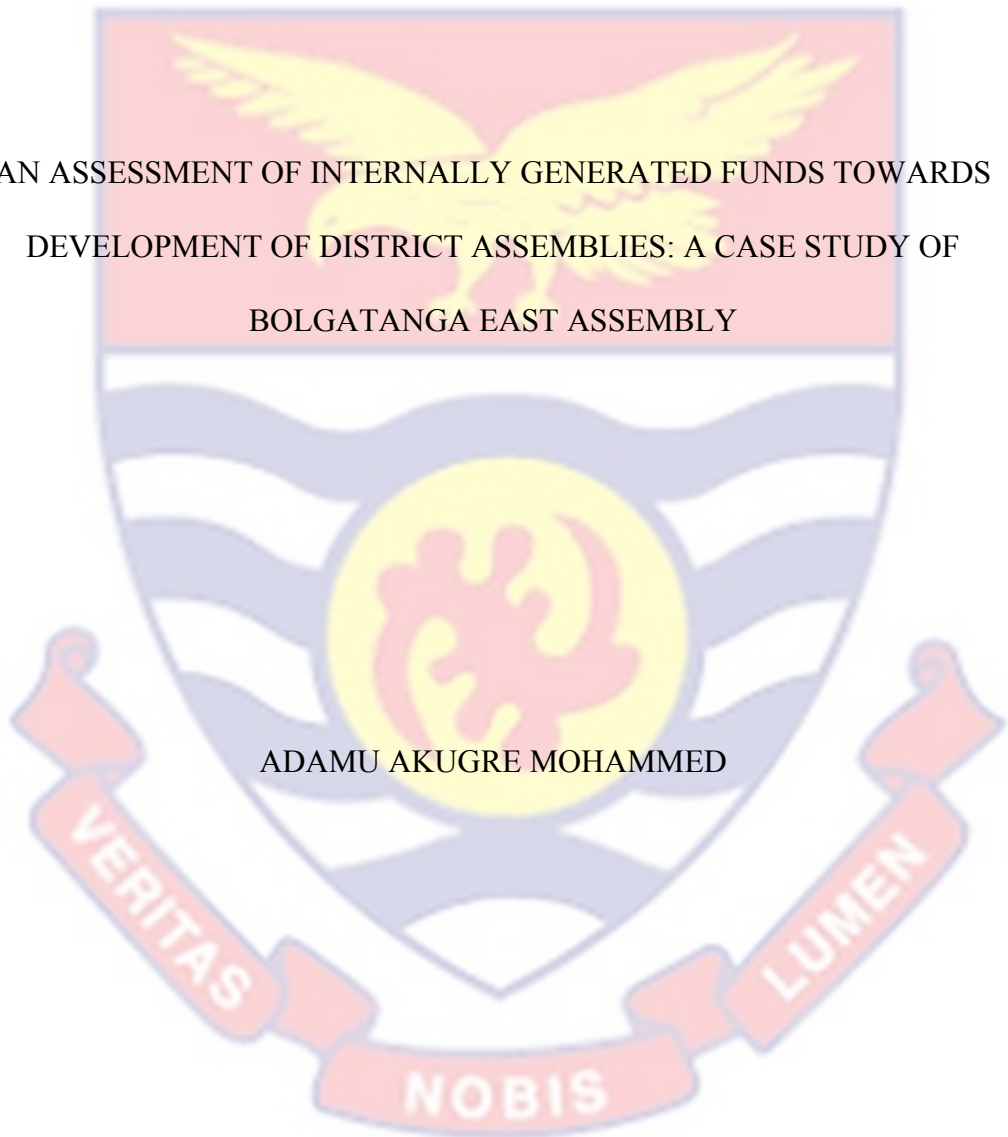


UNIVERSITY OF CAPE COAST

AN ASSESSMENT OF INTERNALLY GENERATED FUNDS TOWARDS
DEVELOPMENT OF DISTRICT ASSEMBLIES: A CASE STUDY OF
BOLGATANGA EAST ASSEMBLY

ADAMU AKUGRE MOHAMMED



2021

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BOLGATANGA EAST ASSEMBLY

BY
ADAMU AKUGRE MOHAMMED

Dissertation submitted to the Department of Accounting of the School of
Business, College of Humanities and Legal Studies, University of Cape Coast,
in partial fulfillment of the requirements for award of Master of Business
Administration in Accounting

NOVEMBER 2021

DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research work and that no part of it has been presented for another degree in this university or elsewhere.

Candidate Signature Date:

Name: Adamu Akugre Mohammed

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature Date:

Name: Mr. Evans Frimpong-Manso

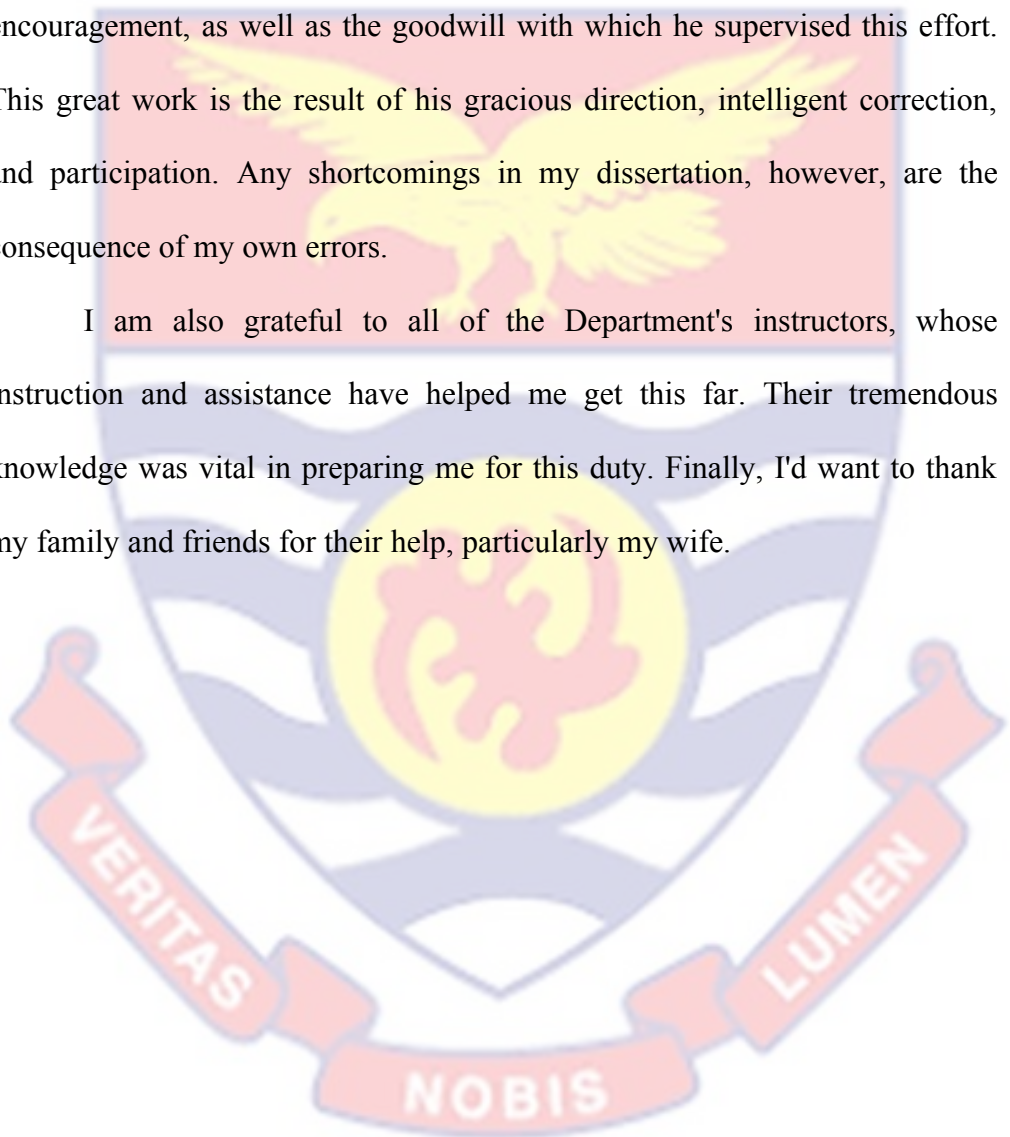
ABSTRACT

The aim of this research therefore is to assess the generation of IGFs towards development of Bolgatanga East District Assembly. Questionnaires were used to gather data from a sample of 39 respondents out of a total of 64 study population. For descriptive analysis, statistics such as frequency, mean, and standard deviation were used. We also employed ranking and trend analysis. The outcomes were presented using tables. According to the findings of the study, the district still relies on the traditional sources of Internal Revenue such as Lands, Rates, Fees, Fines, Rents and Licenses. Though, total IGFs is on an upwards trend, not sufficient was generated for the needs of the district. The findings revealed slow business activities, ineffective planning and strategies as some challenges to revenue collection. Nevertheless, the IGFs contributed in the area of education, health, agriculture among others to enhance the development of the district. The study recommends to the assembly to diversify its IGFs source away from only the traditional sources to proper rates, tourism, private partnership among others to help raise needed funds and speed up development in the area. Also, strategies for IGFs generations should redesigned and made more effective and measures put in place to encourage payment, accountability and transparency in revenue collection and utilization.

ACKNOWLEDGEMENTS

First and foremost, I would like to convey my heartfelt gratitude to my Supervisor, Mr Evans Frimpong-Manso of the School of Business's Department of Accounting, for his professional direction, advise, and encouragement, as well as the goodwill with which he supervised this effort. This great work is the result of his gracious direction, intelligent correction, and participation. Any shortcomings in my dissertation, however, are the consequence of my own errors.

I am also grateful to all of the Department's instructors, whose instruction and assistance have helped me get this far. Their tremendous knowledge was vital in preparing me for this duty. Finally, I'd want to thank my family and friends for their help, particularly my wife.



DEDICATION

To my entire family and guardians.



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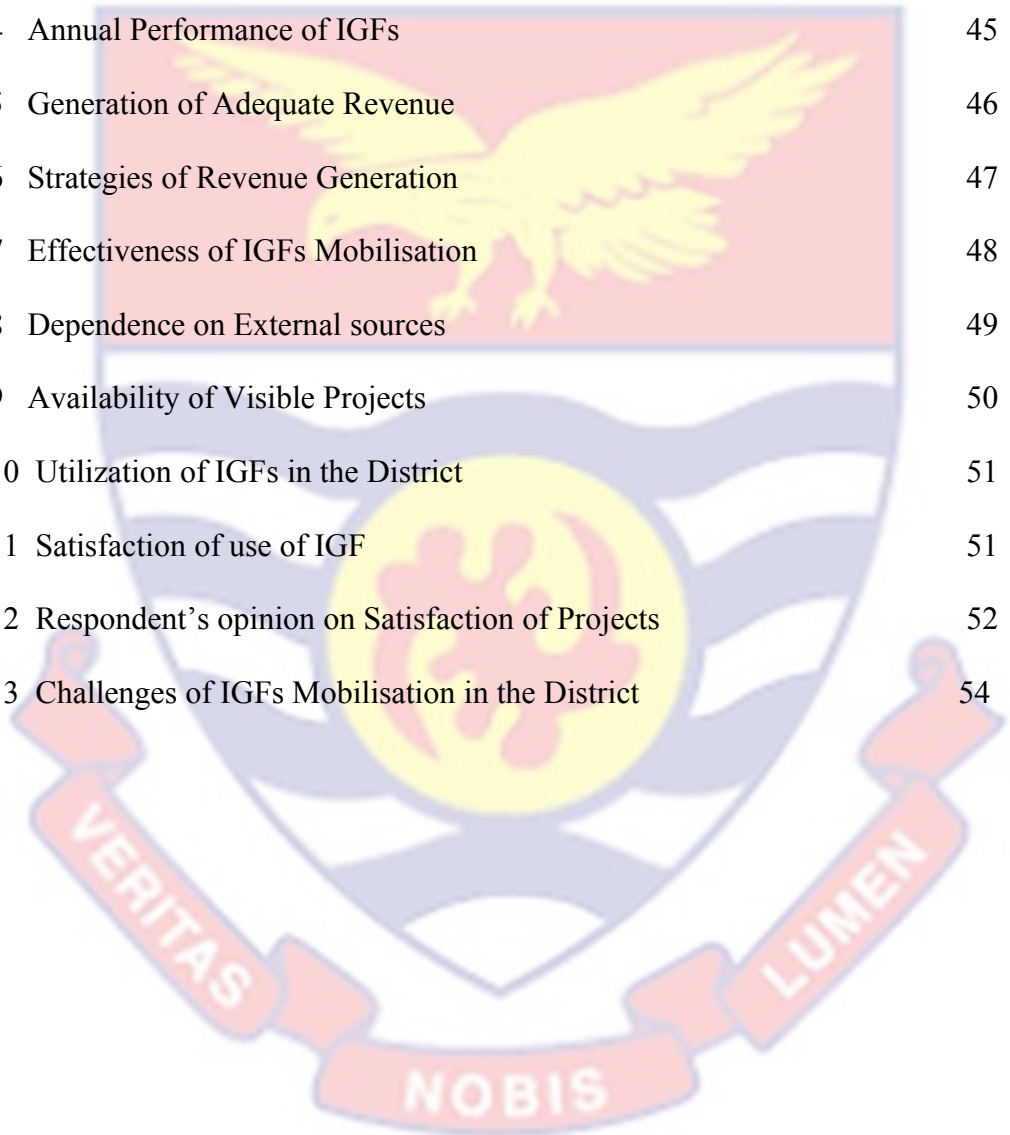
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LIST OF ACRONYMS

BEDA	Bolgatanga East District Assembly
CSO	Civil Society Organisation
DA	District Assembly
DACF	District Assembly Common Fund
DDF	District Development Facility
GoG	Government of Ghana
IGFs	Internal Generated Funds
MLGRD	Ministry of Local Government and Rural Development
MMDAs	Metropolitans, Municipal, District Assemblies
OECD	Organisation for Economic Co-operation and Development
PNDC	Provisional National Defense Council



CHAPTER ONE

INTRODUCTION

This chapter examines the study's history, problem statement, aims, research questions, significance, delimitation of the study, limitation of the study, and study organization.

Background to the Study

The role of decentralized bodies such as the Metropolitan, Municipal and District Assemblies (MMDAs) in community development has become of interest to the scholars, development partners and the public. Fiscal decentralization policy is seen as a tool for making these local authorities more effective in ensuring that the grassroots participate in the development process. It is based on this that the 1992 Constitution of Ghana grants power to District Assemblies to mobilise resources as given by article 240[2c] “There shall be established for each local government unit a sound financial base with adequate and reliable sources of revenue”. The spirit enshrined in the 1992 constitution is reflected in promulgation of the Local Government Act 2016 Act 936 (formally, Local Government Act 1992 Act 462) which recognises MMDAs as partners in development and therefore mandate them to mobilise adequate resources to provide developmental projects and programmes comparable to the desires and aspiration of the resident and ensure advance in the value of life at the community level (Adu-Gyamfi, 2014; Akorsu, 2015; Puopiel and Chimsi, 2015).

Several studies such as Akudugu (2013), and Puopiel and Chimsa, (2015) recognized the crucial role of economic resources in empowering the local authorities to put their abilities and competencies into development.

These facts highlight the importance of the financial provisions of the local government structure, which are outlined in Section 27 of the Local Government Law 1988, Parts IV and VIII of the Provisional National Defense Council (PNDC) Law 207, and Articles 245 and 252 of the Republic of Ghana's 1992 Constitution (MLGRD, 2010). The various sources of revenues for decentralized authorities (MMDAs) under the provisions are generally grouped into central government transfers (DACF, ceded revenue and donor grants), monies raised from within (IGFs) and District Development Facility (DDF) grants.

As part of central government allocations the District Assemblies Common Fund (DACF) was introduced where 7.5% of the national revenue is set aside as minimum constitutional allocation to districts with the aim of providing a sound financial base required for local development (Mahama, 2013; Akudugu, 2013; Puopiel & Chimsa, 2015; Ahwoi, 2010,). In recent times the DACF and other central government transfer has not only become inadequate for ever-increasing needs and development challenges facing many of the districts but also unreliable and hence affecting implementation of districts' development projects. Funds are released late and insufficiently to satisfy the ever-increasing financing demands of local governments. This situation has had a negative impact on the Assemblies' administrative, social, economic, and infrastructural development, necessitating authorities to review their budgetary and revenue mobilization techniques and activities in order to identify effective and long-term revenue sources for infrastructural and other projects for development in the Assemblies. The Local Government Act of 2016 (936) sought to equip MMDAs to gather resources locally for the

purpose of executing development projects instead of relying on assistance from central government and external sources of finance. This statutory provision enables them to devise suitable revenue mobilization plans and put in place revenue leakage mitigation strategies.

According to Puopiel & Chimsa, (2015), MMDAs have been unable to properly exploit financial potential, with the central government and donor partners still accounting for more than 60% of MMDA income. The majority of MMDAs in Ghana rely heavily on central government allocations (especially the DACF) and other external sources to support their development projects, which causes MTDPs to be delayed (Zakaria, 2015; Puopiel & Chimsa, 2015). Financing is sometimes insufficient to meet budgeted needs, resulting in unfinished development projects ahead of schedule or outright abandonment. As a result, MMDAs must seek out additional sources of funding on a local level to assist in the implementation of development programs without relying on the federal government or development partners.

Nonetheless, the IGF environment is riddled with structural, administrative, and systemic inefficiencies that limit MMDAs' capacity to maximize local income potential (Asante et al., 2014; Dick-Sagoe and Djimatey, 2015). Despite the fact that the predicament for MMDAs is widespread, it is largely severe in northern zone of the country where Bolgatanga East District is located. IGF statistics for the past years has been consistently on a deficit due to low generation capacity. The Bolgatanga East District Assembly (BEDA) was created with the obligation to superintend on development on a local level of the Bolgatanga East area. This can only be

achieved if the Assembly is able to effectively collect enough money from within sources as supplement to the external and statutory allocations.

Statement of the Problem

Despite the authority granted to DAs by the Local Government Act (Act 936, 2016) to raise funds within through stated sources such as licenses, taxes, levies, and fines, studies (Azeko, 2012; Akudugu & Oppong-Pepurah, 2013; Owusu, 2012) have open up that most DAs' IGF appears to be much lower than expected, making it hard for DAs to carry out their mandates (Water Aid, 2012; Government of Ghana, 2009a; Deku, 2015; Government of Ghana, 2010a). Adu-Gyamfi, (2014) describes the problem of inadequate finances by Municipal, Metropolitan and District Assemblies (MMDAs) as chronic explaining that DAs have consistently fail to raise enough local assembly money from their jurisdictions. Dick-Sagoe and Djimatey (2015) added that, District Assemblies simply look up to central government transfers and other external hand-outs which should rather be seen as complement to the Internally Generated Funds (IGFs) for development and poverty reduction programmes.

In light of this, numerous studies in Ghana (Azeko, 2012; Akudugu & Oppong-Pepurah, 2013; Owusu, 2012; Armah, 2014; Alupungu, Appiah, Mpeanin, Owusu, & Orgen-Woode, 2012;) have focused on mobilization of Internally Generated Funds (IGFs) in particular MMDAs. Azeko (2012), for example, investigated IGF mobilization in Bolgatanga Municipal Assembly; Akudugu and Oppong-Pepurah (2013) investigated local government revenue mobilization and management in Asante Akim South District Assembly; Owusu (2012) investigated revenue mobilization and its impact on Kpando

Municipal Assembly's development; and Armah (2014) evaluated IGF contribution to community development in Greater Accra.

Nevertheless, none of these studies paid attention to the Bolgatanga East District in the Upper East Region of Ghana who's budgeted IGF for 2019 was GH¢146,400.00 but realized only GH¢27,773.64 representing 18.8% (Composite Budget, 2020). As one of the newly created districts very little literature exist on the subject of assessment of IGF generation by the assembly which necessitated this research. The research therefore evaluates the internally generated funds towards for District Assemblies' Development: A Case Study of Bolgatanga East Assembly.

Purpose of Study

The study's goal is to evaluate the locally generated revenues for development in the Bolgatanga East District from 2018 to 2020. This will illustrate the present state of affairs and the Fund's impact on the Assembly's socioeconomic development.

Research Objectives

The study's overall goal is to analyze how IGFs are being mobilized for development in the Bolgatanga East District. The study aims to do the following:

- i) To assess the sources of IGF for the Bolgatanga East District Assembly
- ii) To assess the success of assemblies' revenue-generating efforts at the Assembly
- iii) To examine the contribution of IGF on the District Assembly's development.

- iv) To explore the obstacles experienced by the assembly in generating the funds they require.

Research Questions

The research makes efforts to answer the following questions:

- i. what are the sources of internally generated funds for the Bolgatanga East District Assembly?
- ii. How effective are the District Assembly efforts in rising revenue from these sources?
- iii. What are the contributions of IGF to developments in the district?
- iv. What are the challenges confronted in mobilising the needed funds?

Significance of the Study

The study lies on the constitutional mandate of Metropolitan, Municipal and District Assemblies in the provision of essential infrastructure and programmes that meet the needs of citizens. Due to the unpredictability of other sources of funding, such as District Common Funds, Internally Generated Financing (IGFs) has become the primary source of funds for day-to-day operations of MMDAs. Given the importance of IGFs and Bolgatanga East as a newly created district, there is the need to assess the district's ability to generate funds internally for development purposes.

The study identifies and examines the various internal sources of funds and strategies employed to mobilise funds from the sources. This exposes the weaknesses and strengths of the strategies and help to identify other potential sources available for exploration in the District. The Bolgatanga East District Assembly has seen little study on the subject resulting inadequate literature

and data. The study therefore serves as source of literature and data base for future studies.

Lastly, the study provides recommendations on how to improve revenue mobilization which if implemented will enhance the financial base of the district. This will also guide other districts authorities and policy makers in a bit to build a sound financial system for effective projects implementation.

Delimitation of the Study

Theoretically, the study covers literature on general IGFs strategies, the types and nature of IGFs generations and projects and programmes funded by IGFs in the district. Geographically, the study covers Bolgatanga East District of the Upper East Region.

Limitations of Study

The study is limited by the following:

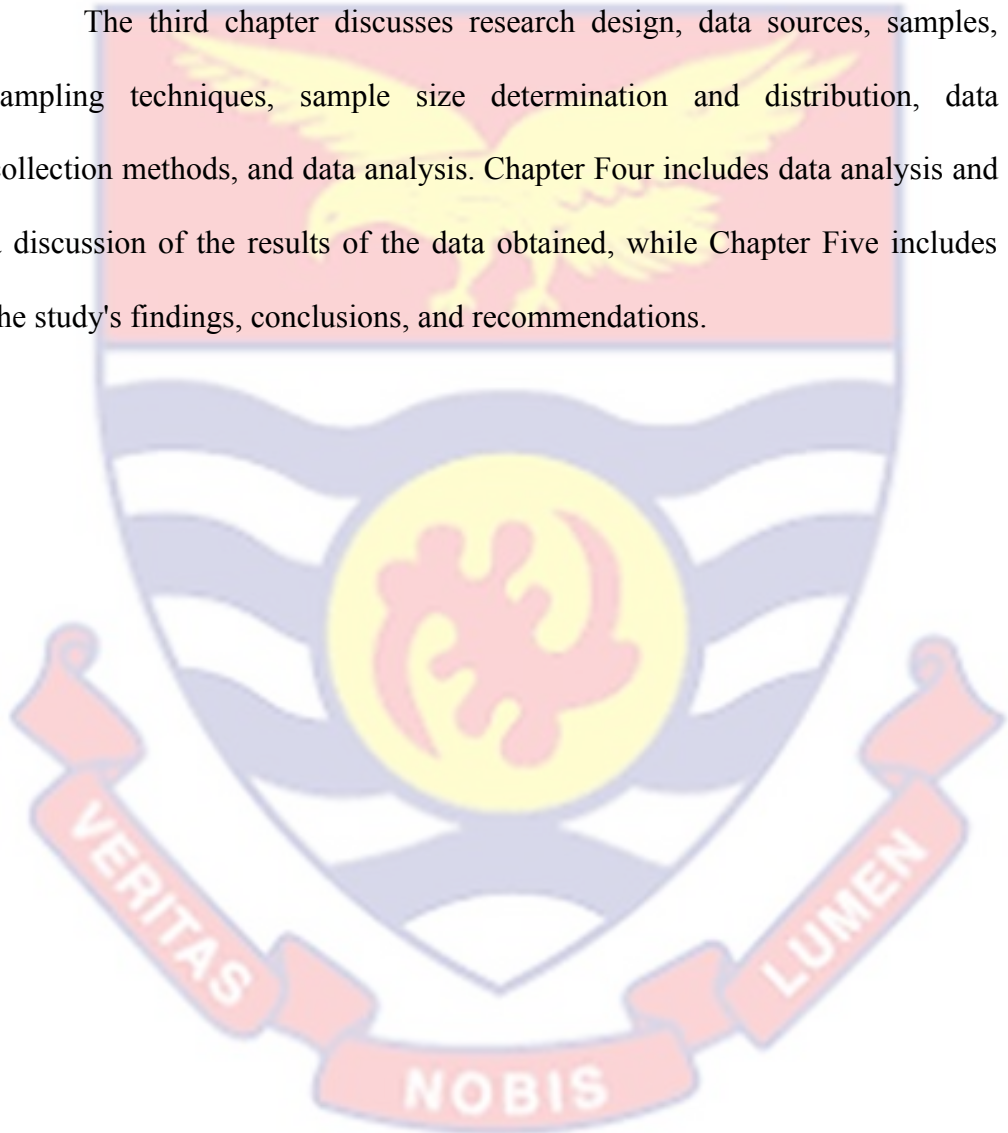
- The Bolgatanga East District Assembly is relatively new hence the study was restricted to just three years raw information for the analysis.
- The difficulty in ascertaining data on financial issues was a limitation. The researcher however assured respondents of confidentiality which reduced the problem.
- Although the researcher implemented efforts to reduce respondents' biases in the final outcome of the study, the possible biases of respondents who were purposefully selected were also a restriction.

Organization of the Study

The investigation is divided into five components. The first chapter provides the study's background, problem statement, research questions, research aims, significance of the investigation, and study organization.

The second chapter contains a review of the literature, which includes the introduction, theories underlying the study, conceptual framework, and definitions of basic words, as well as an overview of decentralisation and the notion of local revenue in Ghana. The IGF concept, IGF mobilization tactics, and IGF mobilization problems

The third chapter discusses research design, data sources, samples, sampling techniques, sample size determination and distribution, data collection methods, and data analysis. Chapter Four includes data analysis and a discussion of the results of the data obtained, while Chapter Five includes the study's findings, conclusions, and recommendations.



CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter focuses on literature review concerning Internally Generated Funds and its contribution to development in the district. That is, with limited resources of district assemblies coupled with numerous development functions there is need to put in effective strategies to mobilize enough revenue internally which can be complimented by external fund to improve development.

Theoretical Review

Some of the theories underpinning the study include: Fiscal decentralization theory, resource mobilization theory and resource dependency theory.

Fiscal decentralization theory

The theory of fiscal decentralisation lays out a broad framework for transferring responsibilities to several levels of government, as well as the appropriate fiscal instruments to carry out these responsibilities. It refers to intergovernmental fiscal relations in which the central administration or advanced stage of government delegate some tasks, constitutional and statutory powers of expenditure, taxation, and budgeting to lesser stages of government for program and project accomplishment (Ozmen, 2014; Worldbank.org, 2016). Fiscal decentralisation, according to Falleti (2004), is a set of measures aimed at giving subnational governments more financial authority (Ozmen, 2014). Fiscal decentralization involves the allocation of financial resources with powers to generate revenues, including budgetary and

financial decision-making authority, to decentralized entities like MMDAs, as well as delegation of office roles and/or local level appointment by central government or other elected leaders. Decentralised functions of local government bodies, according to Rondinelli (1989), can only be effective if they have enough funds transmitted from the central government including the ability to undertake decisions on spending (Ozmen, 2014).

According to a 2005 UNDP study quoted by Kwateng (2012), fiscal decentralization is defined as giving local governments more authority and responsibility over the use and administration of their financial resources. Because local governments can more readily assess customer preferences and supply goods and services that suit those desires under a fiscally decentralized system, resources are used more effectively and productively. Also, local administrations are straightforward held liable by the populace (Durmus cited in Ozmen, 2014). The theories therefore lay before MMDAs the responsibility to mobilise and manage their finances in a manner that ensures the availability of funding for projects and programmes for local development.

Resource dependency theory

Pfeffer and Salancik (2003) as cited by Wassenaar (2014) defines the foundations of resource dependence theory explaining it as “The key to organizational survival is the ability to acquire and maintain resources”. That is organization rely on resources held by others in the environment and according to Pfeffer and Salancik (2003) these resources can be monetary and physical resources, information or social legitimacy. As a result, the theory says that organizations are not independent entities since those who own these resources may impose power and influence over others who need them

(Wassenaar, 2014). The environmental conditions of scarcity and uncertainty can make things difficult and worsen the level of dependence hence organization can manage this dependence by making efficient use of any little resources they acquire. As a result, the capacity to regulate and manage the flow of resources is critical to an organization's existence and success (Fadare, 2013).

According to Hatch (2013), the dependence of a district on its surroundings is a consequence of the desire to obtain resources to deliver the services required. The resource dependency theory, as defined by Canella, and Paetzold (2000), focuses on the assembly's responsibility of raising the guaranteed vital resources the district need via its interconnections with the outside world, such as the central management and development associates. The district's growth and development are, to a considerable part determined by the available resources. This idea is based on a few simple concepts. To begin with, the district requires resources in order to realize its growth goals. Also, local assemblies can acquire resources from its immediate environment or, basically from other entities. Assembly members can use resource dependency theory to compare different strategies, focusing on both short-term coordination costs and long-term district growth and development prospects.

Fadare (2013), on the other hand, believes that the district will be unable to grow due to the inability to provide the ongoing flow of resources required for development. Sheppard (1995) observed a robust, constant positive links between district development and the existing district's resources, impacts of providers of resources and the solidity of the

atmosphere. In light of this, significant efforts are being undertaken to assure the accessibility of resources essential for the district's growth and development (Wassenaar, 2014).

The Resource dependency theory offers managers important direction and advocate for local assemblies to explore all available opportunities for IGF generation as this will intend reduce the level of MMDAs dependency on the central government for resources needed for local development. (Matthews & Shulman, 2005).

Conceptual Review

Overview of decentralization

The term decentralization has several meanings, it is due to the several of meanings associated to it and the setting in which it is used and the features of the person or organization using it. Decentralization is largely stated to as “the transfer of power, authority, responsibility, and resources from the central government to lower-level government institutions in a political, administrative, and territorial hierarchy” despite the word's complexity, which is characterized by a variety of definitions (Larson & Ribot; Rondinelli & Cheema cited in Owusu-Amposah, 2017). The shift of power, authority, and resources from one stage of government to another stage is also known as decentralization. It is also known as any act in which government at the national level officially ceded authority to organization and officers at lower levels of a political, managerial, or geographic pyramid.

For the past couple of decades, decentralization has been a prominent subject in development thought and practice. According to Work, the phrase gained popularity in the 1950s and 1960s, when British and French colonial

governments devolved tasks and programs to local authorities in order to equip colonies for independence. Decentralisation, coupled with a renewed worldwide focus on human-centered governance methods to human advancement, rose to the forefront of advancement agenda in the 1980s (Mensah, 2015). Decentralisation initiatives are being pursued by both developed and developing nations today. Work argues in Mensah (2015) that Western civilization views decentralisation as an option to offering more cost-effective public services. On the contrary, developing nations, are pursuing decentralisation measures to combat economic inefficacies, macroeconomic volatility, and inefficient governance, according to him. Decentralization is seen as a normal phase in the transition to market economy and democracy in post-communist transition nations, while it is seen as a political necessity in Latin America. In Africa it is conceive as a pathway to regional harmony. It is centered on these many perspectives that makes decentralisation a broad term subject to varying interpretations and are executed in a assortment of ways contingent on the conditions that exist in a given environment (Mensah, 2015).

Fiscal decentralization and local development in developing countries

According to Ribot (2001), fiscal decentralization is the devolution of public finances and authority over moneies mobilization, and also budgets and monetary verdicts, to decentralized bodies and national government officials or chosen politicians. According to Smoke (2001), fiscal decentralisation is important for developing countries for 3 motives: central governments' lack of preparation for increase in economic growth, changing regional and global economic situation and reconstruction and development programs intended to

advance public sector efficiency, that have caused severe fiscal hitches for developing countries, and influence economic climates promoting the development of monetary independence in developing countries.

The findings suggest that even at the community scale, fiscal decentralization has partisan, financial, and social ramifications (Smoke, 2001 cited in Inanga & Osei-Owusu, 2004). The government that executes this policy, according to the discussions on fiscal decentralisation, will reap various benefits. Progresses in the amount and superiority of local services, new revenue bases, well corresponding of local services to local constituency needs, and enhanced accountability are just a few of the benefits. The Constitution guarantees citizens' partaking in local government decision-making. Citizens, on the contrary, are typically unsatisfied with Ghana's local government system's level of public engagement and accountability. Residents should be as involved in the political process as possible when it comes to crucial choices that affect their life in the community (GoG, 2010a). Residents should be involved in decisions made by the local government, such as taxation and how these revenues should be used to enhance people's lives.

Non-state actors like traditional local governments and civil society organizations should be included in policymaking (CSO). Traditional authority is apparent in the communities, supporting the assembly's varied operations in various ways. The traditional authority also help the assembly flourish in terms of infrastructure, security, revenue production, land resource provision, and community mobilization for development programs (GoG, 2010a). Other research has gone beyond a general study of decentralisation's overall impact on economic growth to focus on precise ways Fiscal

decentralisation has the potential to affect macroeconomic stability over time (Tanzi, 1995). Many criticize the fact that local assembly in many states run shortfalls and rely on central government funding to make up the deficit; Local governments fail to repay central government loans, requiring the latter to dig into public finances to settle debts owed to global development agencies such as the World Bank (Tanzi, 1995).

There is a need to be particularly worried about the degree to which local assembly battle for tax bases with the center, also compete with one another by enacting rules that may impact on the company; local assembly tend to be far more unethical than central authorities, resulting in corrupt expenditure decisions and misappropriation of government resources (Tanzi, 1995).

Decentralization in Ghana

In the early 1980s, Ghana embarked on the public administration reforms with the main object of decentralizing the governance system. It took various forms of devolution, deconcentration, and delegation of power. According to Ahwoi (2010) various governments had formulated different but related policies towards democratizing the local government structures of which functions and powers of central government are to be decentralized in a bid to achieving national development. Under Ghana's decentralization programme the ultimate destination was the Metropolitan, Municipal and Districts Assemblies (MMDAs). Ahwoi (2010) states that the policies seek to transfer functions, experiences and abilities in political, administrative, and decentralized design to shift logistics via a fiscal decentralization program.

Decentralized tasks and responsibilities are currently not being completely matched by concomitant transfers of financial resources, resulting in limited and ad hoc implementation of District Development Plans in many regions. According to Kazentet (2011), decentralisation in Ghana has a robust legal framework that aims to encourage and assure its continuation throughout time. Article 35 (6d) of the 1992 constitution states that a country must make democracy a realism by decentralising administrative and functional governance tools to regions and districts and giving all available chances for citizens to partake in making decision at various levels of governance and national life. Since then, Chapter 20 of the 1992 constitution has defined the goals and composition of decentralized subnational administrations.

Local governance and administration should be decentralized to the fullest extent practicable, according to Article 240 (1 and 2e), and functions, authorities, duties, and resources must be transferred to local authorities by national government. Article 240 further recognizes the independent function of local governments with unrestricted rule at the grassroots level (b). The article suggests that steps be made to improve local assembly authorities' ability to develop, create, organize, and implement rules impacting local residents. In terms of the principle of involvement and accountability, article 240 (2e) states that, in order to maintain transparency of municipal officers, citizens of particular localities must be given the chance to partake effectively in their governance, as far as feasible.

District assemblies and local development in Ghana

The President of the Republic of Ghana can create districts and form District Assemblies (DAs) under the 1992 Constitution and the Local

Government Act of 1993 (Act 462). According to Ghana's Constitution, the DA is the district's highest political authority, with deliberative, executive, and legislative powers. In Ghana, local government is known as DA, and it is separated into three categories: district, municipal, and metropolitan (Local Government Act, 1993). When forming districts, criteria such as population size, economic feasibility of the locality, and geographical continuity are all considered. A district, municipality, or metropolis should each have a population of at least 75,000, 95,000, or 250,000 people.

The location must be economically worthwhile in order to advance its own resources for expansion. In other words, the capability of a district, municipality, or metropolitan region to meet elementary infrastructural, economic, social, and other developmental demands from fiscal and many other resources created in the area is a critical requirement for its formation. The DA constitute the following members: elected members representing electoral districts, members of parliament, the District Chief Executive (DCE), and the president appoints no more than 30% of all DA members (Constitution of Ghana, 1992; Local Government Act, 1993). The DA's tasks are defined in Article 245 of the Ghanaian Constitution as "formulating and executing plans, programs, and strategies for the purpose of mobilizing resources for the development of the district." The DA is also answerable for charging and collecting taxes, rates, charges, and fees.

The following are the tasks of the DA as specified under the Local Government Act, Act 1993 (Act 462): responsible for the general advancement of the area and guarantees the formulation and submission of the district's advancement plan to the commission and budget to the minister of

finance for approval; in charge for effective resource raising by developing and implementing plans, programs, and strategies that promote development; and responsible for effective resource mobilization by formulating and implementing policies, programs, and strategies that promote development; answerable for the growth, enhancement, and administration of human habitat and the setting in the district; Security and public well-being in the district are maintained through collaboration with competent national and local security agencies; the district's courts and public tribunals are open to the public for the advancement of justice; any study that may be required for the performance of any of the functions conferred by the Local Government Act of 1992 or any other enactment is initiated, supported, or carried out; and any other functions that may be provided for are performed (Constitution of Ghana, 1992; Local Government Act, 1993).

The DA's core mandate of supporting and encouraging advancement at the local level is demonstrated by the functions listed above. Finance is one aspect of carrying out this commitment that sticks out. Finance provides the means for an organization's existence, and it is thus the lifeblood of the organization. Finance's importance in organizations cannot be overstated, whether it is mobilized domestically or transferred externally (Boachie-Danquah, 2007). As a result, money mobilization by the DA is critical if the DA is to fulfill its objective of overall district development. Local governance has gained prominence, according to the OECD (2007), national plans alone are insufficient to solve the extensive and rising economic gaps across regions and communities within OECD nations, and local advancement is a crucial concern. The local authority is a means for accelerating economic growth.

This is due to the fact that local government facilitates quick and long-term growth at the grassroots level. To put it another way, local government supplies and keeps basic infrastructure while also supporting the economic operations of other forms of government (Mamman, 2006). Regardless of the literature arguing for a significant role for local governments in local advancement, which would improve public services and the quality of life in local communities, this can only happen when communities are financially stable and can raise resources within for their communities' advancement rather than basing on outside sources.

Local government revenue

The Accounting Manual for MMDAs (2011) defines local government income as the Assembly's profits for a certain accounting period. Revenue is generated when funds or services associated with a transaction are transferred to the Assembly. Revenue is reported for cash dealings when payments are received. Income is reported for other dealings when it is obtained by law (i.e., non-tax revenues) or when the Assembly supplies items or services under a contract (Asante et al., 2014; Dick-Sagoe, 2012; Puopiel and Chimsi, 2015; Dick-Sagoe and Djimatey, 2015). The monies recorded or earned by local governments from both internal and external sources, such as the DACF and donor financing, are used to calculate local government revenue.

An internally generated fund, according to Kazentet (2011), consists of money raised solely by or for local authorities. Internal Generated Funds are monies obtained directly by local authorities from regions under their rule, hence the only revenue that they completely regulate (Adu-Gyamfi, 2014; Dick-Sagoe, 2014; Akorsu, 2015; Puopiel and Chimsi, 2015). Revenue that is

not earned domestically but comes from outside sources, such as a central government allocations, is known as externally generated revenue. The District Assembly is the planning authority, responsible for the total development of the district, according to the Local Government Act 462 of 1993. As a result, all districts must create District Medium-Term Development Plans (DMTDP). The Medium-Term Expenditure Framework (MTEF), The district budgets explain the local government body's policy goals and how they will be supported. It is a mechanism for assigning economic resources for the execution of the district plan, and its performance is tied to the plan's success. Articles 245 and 252 of the 1992 Constitution, as well as Section 34, Part VII and Part VIII of Act 462, establish local government budget provisions. Asante et al., 2014; Adu-Gyamfi, 2014). Internal revenues, such as investments, licenses, fees and fines, and property taxes, as well as external money, such as DACF and donor funding, are used.

Sources of local government revenue

Decentralization's financial and income aspects are critical (Akudugu, 2015; Akorsu, 2015; Zakaria, 2015; Puopiel and Chimsa, 2015). However, in Ghana, it has remain a key issue for decentralization (Aryee 2006). Central government income transfers (external sources) and locally produced money are the two types of revenue that local governments get (internal sources). Revenue transfers from the federal government to local authorities are known as central government revenue transfers (Akorsu, 2015; Akudugu, 2012; Tanzi, 2000; Nkrumah, 2000). Though, Decentralized aspects of financial and income are critical (Akudugu, 2015; Akorsu, 2015; Zakaria, 2015; Puopiel and Chimsa, 2015), however, in Ghana, it has remained a key issue for

decentralization (Aryee 2006). Central government income transfers (external sources) and locally produced money are the two types of revenue that local governments get (internal sources).

Recurring expenditure transfers, DACF, ceded revenue and the District Development Fund are among the central government revenues distributed to local authorities in Ghana (Puopiel & Chimsa, 2015). The recurring spending comprises the accountability for wages, operations and organizational costs of public officials, and other compensations, such as DA personnel pensions and wages paid to locally hired staffs such as revenue staff (Puopiel & Chimsa, 2015; Zakaria, 2015). Ceded income come from a few specific revenue streams that were previously accessed by the central government via its revenue agencies. However, in an effort to decentralize its functions even more, the federal government has delegated authority of this revenue stream to the Metropolitan, Municipal, and District Assemblies (MMDAs). Casino income under the Casino Revenue Tax Decree 1973 (NRCD 200), Income Tax Law 1986 (PNDCL 177), and advertisement tax under the Advertisement Tax Decree 1976 (SNCD 50) are all included sources.

Specific allocations including timber royalties, mineral development money, stool land and earnings from lottery operators arising from the Weekly Lotto Amendment Law, 1990 are among external funding streams accessible to MMDAs (PNDCL 233). Gratuities are often paid by other entities working in the municipalities as a sign of excellent corporate engagement with the districts (Ofei-Aboagye, 2008; Osei Kufour, 2010; Ghana Government, 2018). According to Adu-Gyamfi (2014), at the District Assembly level, property tax reform combined with more unrestricted user pricing will be necessary to

improve local service delivery. The substitution of surcharges for personal income tax shares, on the other hand, offers by far the most potential for enhancing fiscal independence. This might be especially useful for higher levels of local government, which now lack taxation authority (Kuusi, 2009).

Rates, land, fees, licenses, trade services, and other sources of revenue are the six primary sources of locally produced money. However, according to Ahwoi (2010), Ghana's primary local income sources have included grants, user charges, basic rates and loans. Municipal revenue sources tend to be unreliable and unpredictable. As a result, there is a lack of growth at the grassroots (Smoke, 2001). Articles 245 and 252 of the 1992 Constitution identify MMDAs as the exclusive ranking authority at the community stage and enable them to charge and gather taxes in order to improve their revenue generating powers. The 6th Schedule of Act 462 specifies the rating criteria, categories of properties to be rated, and general income sources that must be raised locally by MMDAs (Mahama, 2013; Ahwoi, 2010). MMDAs must consequently mobilize enough funding for community development through fees and taxes, rent, royalty, registrations, and licensing.

Rates, particularly license, fees as well as property rates account for the majority of local revenue in most Assemblies, whereas fees, particularly licenses and market fees account for the majority of local revenue mobilized by the District Assemblies (Bandie, 2003). As previously indicated, the 1992 Constitution specifies that 7.5 percent of Ghana's total income be paid to local assembly using annual formula determined by the assembly. Internally Generated Funds (IGFs) are comprised of rate and fees, rentals, penalties and licenses, investment, and revenue from business operations, shown in the table

below. Local assembly in Ghana, on the contrary, still rely greatly on central government allocations, owing to capacity limits in domestic income mobilisation, inefficiency, and corruption.

Justification for IGF for District Assembly development

For purposes of development, DAs cannot depend largely on external funding sources. External funding for DA development is fraught with difficulties. External sources of money, such as those from the DACF, have become unpredictable, unreliable, and slow to reach the appropriate DAs. The DACF for the fourth quarter of 2015 and its receivables were paid in 2016, and this backlog in the DACF's disbursement might impede progress of local assemblies. The most affected ones are those that rely heavily on outside sources (GoG, 2011a). It has been noted again that due to the fact the monies come from a national level rather than the assembly, the allocation will never be equitable for all districts, and the poorest districts would suffer the most. Some districts' lower scores were attributed to, among other things, source deductions made in accordance with legislative obligations. Internal financing sources, on the other hand, are easily accessed and collected, as well as reasonably straightforward to forecast, and no deductions are made anywhere. There are also no limitations on how these money can be used.

Strategies for improving local government revenue mobilization in Ghana

The collection of low tax monies, along with local authorities' misuse of resources, has been a cause of worry, particularly for the central government (Adu-Gyamfi, 2014; Akorsu, 2015; Puopiel & Chimsi, 2015). Recognizing that income shortfalls are a barrier to local development,

MMDAs are authorized to use a variety of initiatives to improve local government revenue collection. Revaluation of fixed Assets rates; reasonable rise in payment stages; establishment of an efficient income task force to enforce tax payments; and strengthening of revenue mobilization campaigns and educations are among these methods (Ayee, 2003; Bandie, 2003; Akorsu, 2015; Dick-Sagoe & Djimatey, 2015; Puopiel & Chimsi, 2015).

These methods, if successfully executed, would aid in the growth of diverse local governments. To MMDAs, Kokor (2001) proposes the following strategies: Payment of rates, fees, licenses, and other payments by corporate entities, dealers, and among other property owners, is the subject of public education. Revaluation of immovable properties in order to reflect their real earnings values new business operating licenses are being introduced. Private revenue collectors are hired. Payment of fees, licenses, and other obligations is enforced through the use of a task force and the police. (Akorsu, 2015; Adu-Gyamfi, 2014). These measures must be implemented in order to generate sufficient money to raise the economic well-being of the locals living in the several jurisdictions. These techniques for improving local government income collection in Ghana have also been highlighted by Puopiel and Chimsi (2015), Asante et al., (2014); Akorsu (2015); Adu-Gyamfi, 2014; Dick-Sagoe and Djimatey (2015). Traditional leaders could be encourage to assist local assembly income mobilisation agencies in improving their income base to back the establishment of infrastructure such as markets, roads, hospitals, and schools in several communities, they stated, because traditional rulers are able to gathering folks for a variety of purposes.

The district assembly should hire individuals who will stay longer at work and encourage them sufficiently to retain them, as revenue payers are more likely to trust people they know. Providing revenue collectors with transportation logistics to enable them to visit unreachable parts in the Assemblies (Dick-Sagoe, 2012; Bandie, 2003; Puopiel and Chimsi, 2015; Dick-Sagoe and Djimatey, 2015;). Revenue collectors require transportation logistics to enable them to reach parts of the district where they have previously been unable to do so.

Because most tax payers complain that they do not know what the tax income gathered is utilized for, the cash raised should be used to carry out local stage advancement programs. This would encourage many individuals to fulfill their income responsibilities (Bandie, 2003; Adu-Gyamfi, 2014; Akorsu, 2015). As a result, they are hesitant to pay since they do not see the necessity to pay while their circumstances remain same. The performance of the district's tax collectors should be monitored and evaluated by the district assembly. Periodic evaluations of their performance should be conducted so that those who are performing well can be encouraged.

Central government regulations: Local gave little authority over money generated from their own sources. Their sovereignty is limited to establishing rates within certain parameters. (Thompson and Shah, 2004). The central government of Ghana utilizes plans to control LG's income collection. Local Government and Rural Development Ministry is in-charge of establishing rules for rate-setting. This serves as a guidance for MMDAs when approving fee-fixing resolutions (Kazentet, 2011).

Another source of worry is the municipal revenue base, which is weakened owing to a lack of tax authority and management (Boschmann, 2009). Local governments inability to expand their tax base by exploring other possible local sources of revenue. The collection of economic activities and assets that are taxed is referred to as a tax base (African economic outlook, 2010). There is virtually nothing to tax in each district, despite the fact that it covers a large geographical region with activities and properties to tax. Service revenue continues to be a stumbling block. All taxes are not collected, levies and rates are extremely low, and not all taxes are required. Local assemblies' own income streams are crucial in supporting and maintaining local public infrastructure. Furthermore, it lays the groundwork for local governments to enjoy budgetary autonomy. Their capacity to tap into local revenue streams is critical to successful financial management at the local level (Boschman, 2009). As a result, appropriate procedures must be put in place to add, grow, and profit from other possible local revenue streams.

Local level development

According to Oyugi (2000), the concept of development is hard to define in general terms because it is related with a varied series of definitions and understandings. For instance, most non-judgmental economists describe success in relation of economic advancement and quantitative measurements such as GDP growth or per capita income growth (Dick-Sagoe, 2012; Dick-Sagoe & Djimatey, 2015; Puopiel & Chimsi, 2015). In the Ghanaian context, development can be defined as a social action process in which residents or local residents at the district, locality, and mass stage organize, plan and take action in collaboration with the government to advance the community's

political and socioeconomic situations (Akorsu, 2015; Adu-Gyamfi, 2014; Sharma, 2008). Thus, instead of quantitative characteristics of economic growth and the state economy, the attention is mostly on the level of social welfare and general worth of life as represented in human life or non-economic indices.

Many Ghanaians connect development with transformation, the attainment of services, amenities, and infrastructure, such as clean and safe water, education, health facilities and roads, as well as citizen engagement in local decision-making (Puopiel & Chimsi, 2015; Dick-Sagoe and Djimatey, 2015; Dick-Sagoe, 2012). As a result, there is no consensus on what the term "local" means. For the purposes of this research, a local may be defined as a region made up of relatively consistent and confined by social elements that are localities, with some reputable forms of transferring, economic exchange, and social interrelations, as well as some perceptions of common interest and some capacity for collective action (Dick-Sagoe, 2012; Akorsu, 2015; Adu-Gyamfi, 2014). Local level space in Ghana is defined by the Metropolitan, Municipal and District Assemblies. This is due to the fact that citizens in the locality have some direct or indirect interaction with each other through intermarriage, transaction relationships, religious festivals, and partaking in local government activities. As a result, assembly level advancement can be characterized as a change method that ensure that citizens in a certain community to take control of their own fates and reach their full talent.

This type of advancement necessitates the application of social, economic, high-tech, and organizational method in order to instill in locals the confidence, skills, assets, and freedom they need to realize their advance goals

(Puopiel & Chimsi, 2015; Dick-Sagoie & Djimatey, 2015; Dick-Sagoie, 2012). This is referred to as "development from below," meaning that it is achieved mostly through the efforts of the people themselves, rather than by goodwill gestures from those with an undue monopoly of decision-making authority and properties, and it is the foundation of local part. The basic feature of the new development blueprint is that it must be human-centered, originating from inside rather than being levied from without. According to Fekade (1994), local level growth is related with the following qualities. These emerge from within a locality or area, provide the fundamental means of the populace, are environmentally sustainable, culturally precise provide access to means and the chance to use one's energy, and allow for outside, non-local participation in the within-driven process.

Public debt, expenditure, revenue and financial administration are the four categories (Dolton, 1955). Taxes, fees, fines, special assessments, and commercial profits from public activities are all examples of public income, which is often referred to as public revenue. Government purchases of products and services for immediate use and future benefits, such as infrastructure investment, are common examples of public expenditure. The problem of public debt emerges when government expenditures considerably outnumber government revenues. To bridge this deficit, the government frequently borrows. Finally, financial administration considers the public expenditure, revenue, and debt control systems and operations. Budget preparation, execution, and audits are also included (Jhingan, 2006).

According to the definitions of 'local level development' and 'finance,' financing local level development is the act of managing funds for the purpose

of improving the lives of a community people who live in a small space, share a common identity, and share common resources and issues. It comprises mobilizing resources, allocating resources, and managing expenditure (resource use) in order to achieve local level development. The essence of financing local level development is best defined by considering the numerous techniques to financing local level development.

Strategies to finance local level development

The different ways in which local government seeks to raise resources for assembly level development are the focus of financing strategies at the local assembly. This comprises resource mobilization techniques, as well as the opportunities accessible to local governments in terms of revenue creation and financing issues, as previously addressed. Strategies for obtaining resources mobilization of resources is a fundamental of financing local level development. To accomplish so, a plan for mobilizing these resources to finance development must be devised. "A supply of something that a country, an organization, or a person has and may use, especially to boost their wealth," according to the Oxford Advanced Learners Dictionary (2007).

Mobilization, according to this definition, is the act of local governments locating and utilizing resources in order to meet developmental goals. In management terminology, a strategy is defined as a broad plan of actions to attain a company's purpose, according to Spulber (2009:5). He went on to say that a successful strategy must go through five steps before it can be implemented in an organization. Formulating a purpose, doing a thorough internal and external examination of the firm, discovering a competitive

advantage, formulating a competitive plan, and structuring the establishment are all examples of these tasks. A resource mobilization strategy is thus an idea of accomplishment put in place by local authorities to illustrate the way to find and deploy means in order to achieve developmental goals. According to Chawla and Berman (1996), a resource mobilization strategy must include a vibrant mission, a set of longstanding aims within the task that will be attained, and a plan of action detailing how the purpose and aims will be realized. Governments shall again need to use a variety of systems to finance service delivery in a form that is impartial, resourceful, workable, see-through, and improves service delivery.

According to Ahwoi (2010), in order to maximize the resources available to local assemblies, they will require both professional and untrained labor, as well as imaginative and creative resolutions. Sera and Beaudry (2007) made a similar argument, writing that while developing a resource mobilization plan or strategy, a creative attempt should be made to use local assets to obtain financial support for the organization. The technique to improve resource mobilization, according to RTI International (2006), is based on two primary challenges. These are the identification of existing and new sources' potentials. This will require identifying specific sources of revenue, improving nominal rolls, upgrading rates, improving billing, increasing collection efficiency, lowering arrears, and implementing a good financial management system. Fjeldstad (2006) argued that when constructing municipal revenue systems, the cost effectiveness of income raising, direct income administrative expenses, and general economic costs, which include cost obedience to tax payers, should all be prioritized. Local governments, he

added, must also reduce resource mobilization losses caused by corruption and tax evasion.

Local governments, according to Boschmann (2009), as part of their resource management, they must strengthen their financial management system in mobilization plan in order to mobilize additional resources, particularly income. Serious steps must also be done to increase taxpayer compliance as well as tax collectors' and councilors' accountability. Local governments, according to Kellam and Kehaw (2004), can strengthen their accounting system as an approach for income mobilization. This will necessitate implementing accounting principles such as the accrual approach, in which incomes are recognized when they are generated rather than when they are paid for, and expenses are recorded when they are incurred rather than when they are paid for. This will aid in enhancing the information on all assets as well as the costs associated with their use.

Chapter Summary

The study relied on the fiscal decentralization, resource mobilization and resource dependency theories to explain the bases and need for internally generated funds for the district assemblies and Bolgatanga East district in particular. Also, relevant literature covering financial decentralization in Ghana, decentralization and local development, local government revenue, revenue mobilization concepts, internal revenue sources, techniques of internal revenue mobilization were insensitively reviewed.



CHAPTER THREE

RESEARCH METHODS

Introduction

This part presents the methodology that was adopted for the research. This included research design, the sample and sampling techniques, data collection tools and methods for data analysis and presentation.

Research Design

A descriptive study design was explored to conduct the study. According to Creswell as cited in Salisu (2017) the descriptive survey tries to recognize and enlighten present situations, activities or structures based on the responses and impressions of the respondents of the research. Descriptive design was therefore appropriate for this study since the method was used to identify existing sources of internal revenue and describe the strategies explore by the Assembly to generate revenue. From the interaction with respondents, the study was able to gather data pertaining to the effectiveness of strategies in raising need funds for development.

Study Area

Bolgatanga East District is a new District among the Upper East Region's fifteen (15) Municipalities and Districts. It's in the Upper East Region's south-eastern corner, with Zuarungu as the district capital. It is bounded to the north by the Bongo District, to the south and east by the Talensi and Nabdam Districts, and to the west by the Bolgatanga Municipality. According to the 2010 Population and Housing Census, the Bolgatanga East District has a population of 76,307 people, with males accounting for 37,370 and females for 38,916. The Zuarungu Market is the main market in the Bolgatanga East District. The central market in Zuarungu is the focal point for all commercial operations including the exchange of products and services.

The District's only form of transportation is by road. There are approximately 64 settlements, the most of which are rural, with an unpaved road network that makes vehicular transportation difficult, especially in the rainy season, and dusty throughout the lengthy dry season. Improving the road network is thus critical to lowering transportation costs and linking the District's rural and urban economies in order to eliminate poverty. The Bolgatanga East District has 98 educational institutions, including 39 kindergartens (19 of which are public), 36 primary schools (half of which are public), 20 junior high schools (15 public and 5 private), 2 public senior high schools, and 1 public nurses training college. However, there are no vocational or technical schools in the District.

The Bolgatanga East District Assembly aims to raise people's living conditions in a safe environment through effective and efficient resource

mobilization, coordination, and management, resulting in increased production and development.

Population

Frankfort & Nachmias (2012) and Kothari & Garg (2014) describes the target population as the unit of analysis in any study and total elements containing the desired information. Based on the definition, the target population for the study included the Assembly administration staff and revenue collectors of the Bolgatanga East District Assembly (BEDA). Consequently, all 64 management staffs and revenue collectors of the assembly constituted the population for this study. The study collected data by administering a questionnaire to staff of BEDA.

Sample Size

The sample size for the study was obtained from the staff of the assembly who work as administrator of the revenue mobilization in the District. Base on this, the formula below is used to establish the sample for the study:

$$n = \frac{N}{1 + (N e^2)}$$

Where n denote sample size, N is the sampling frame (total study population) and e is the margin of error. For this research, the margin of error used was 10 percent. With a total study population of 64, the sample size is calculated to be 39.

$$n = \frac{64}{1 + 64 \times 0.1^2}$$

The computed sample size of 39 is chosen by purposive sampling and random sampling techniques.

Sampling Procedures

Sampling is the process of choosing an appropriate number of members or units from a particular population in order to study the sample and comprehend the properties or features of the sample subjects in order to generalize the population's characteristics (Cavana, Delahaye, & Sekaran, 2001). To choose the sample for data collection, the study used simple random and purposive sampling methods. Purposive sampling, according to Berg and Ayikwei (2016), permits researchers to utilize their experience or expertise to comprise individuals or respondents in the sampled population. Notwithstanding the fact that purposive sampling saves time, money and effort it allows the investigator to obtain a targeted sample swiftly depending on the study's objective and population's expertise. The Purposive sampling was used to choose key staffs and players due to the role they play including key members of the District Planning and Coordinating Unit (DPCU) which includes the District Finance Officer (DFO), District Budget Analyst (DBA) and District Planning Officer (DPO). The remaining 36 was selected by a simple random sampling by balloting comprising 26 administrative and 10 revenue collectors. Simple random sampling is a sampling technique where every element in the population has an equivalent probability of being chosen for the sample (Berg cited Ayikwei, 2016).

Source of Data

In order to analyze, discuss, and present information, this study employed both primary and secondary data. Questionnaires were used to collect primary data from respondents on the ground. The districts' reports included secondary data, primarily yearly reports and financial statements.

Data Collection Instrument

The study employed mainly the questionnaire to collect primary data for the analysis.

Questionnaires: The questionnaire was structure in response to the objectives set for the study. The question was structured as follows; Section A took at information of the demographic characteristic of the respondent. Section B contained questions on source of IGFs in the District and Section C sought information on strategies adopted to mobilise the funds. Section D looked at the contribution of IGFs to developments while Section E considered the challenges confronting revenue generation in the Bolgatanga East. In general, the questionnaire includes a modified 5 – point Likert scale with response options of Strongly Agree (SA), Agree (A), Moderately Agree(M) Disagree (D) and Strongly Disagree (SD) weighted 5, 4, 3, 2 and 1 respectively.

Data Collection Procedure

The information was taken from primary sources. Primary data was acquired through the use of questionnaires distributed to respondents. Appendices contain the questionnaire. The District Finance Officer (DFO), District Budget Analyst (DBA), and District Planning Officer (DPO), as well as 36 other administrative and revenue collectors, were the intended respondents.

Ethical Consideration

The study takes into account all ethical concerns, particularly throughout the data gathering phase. The appropriate protocols and administrative processes were followed in the administration of the questionnaires and the conduct of the interview to avoid any administrative

failures. As a result, the participants were asked to sign a permission form that explicitly described the study's goal. The privacy, non-expose, and anonymity of respondents' replies to the questionnaires and secondary data were also guaranteed.

Data Processing and Analysis

The completed questionnaire was first of all cleaned by checking for consistency and completeness of each response. Multiple choice responses will then be coded using numbers for easy analysis. For instance, the response choices Strongly Agree (SA), Agree (A), Neutral (N) Disagree (D) and Strongly Disagree (SD) will weighted as 5,4,3,2 and 1 respectively. The methods used for the data analysis were based on the precise study questions elevated in this research.

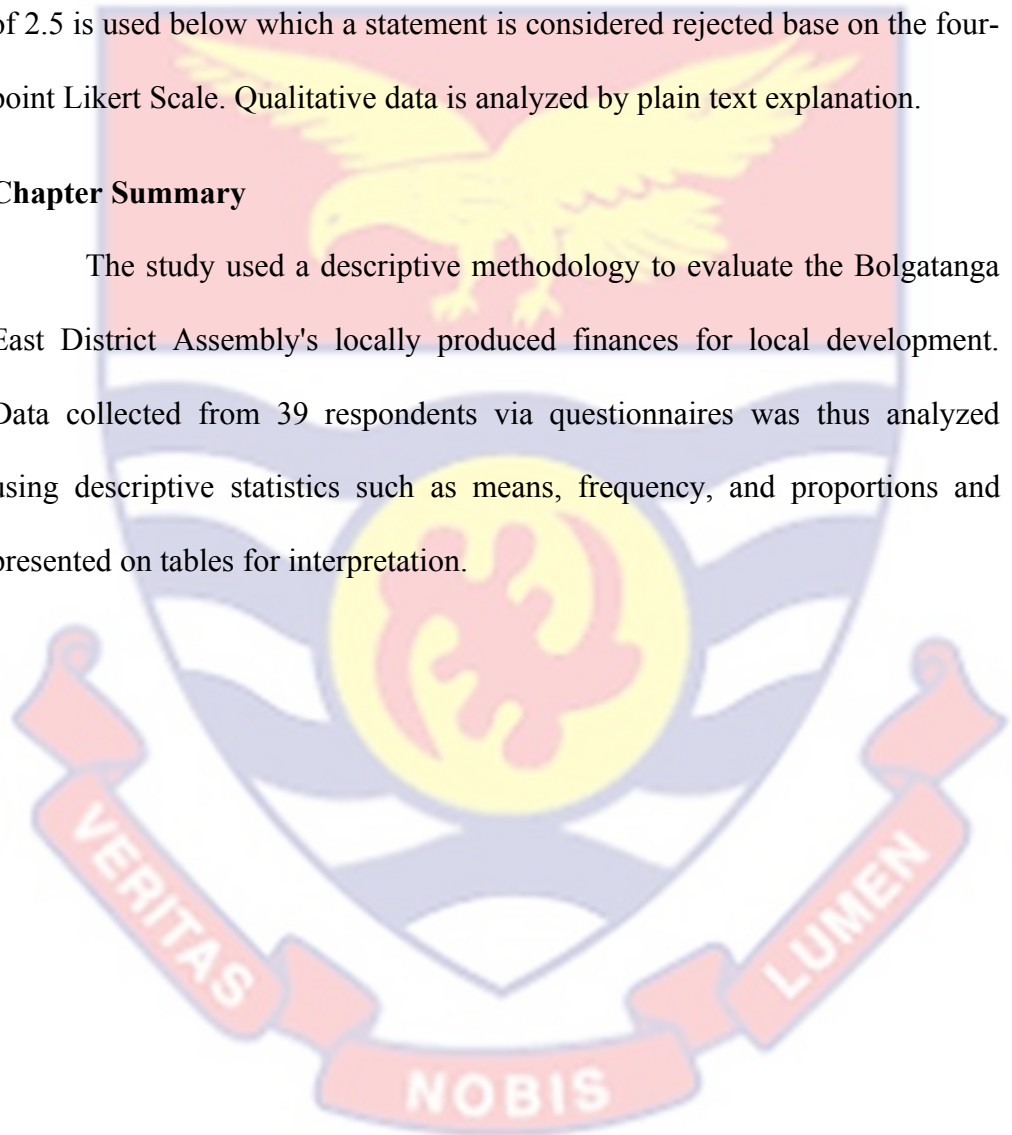
For the first objective, which is to examine the sources of funding to the Bolgatanga East District Assembly, a group of diverse data analysis measures was used. Frequencies and percentages were employed as descriptive statistics were used to show the percentage to total internal revenue by the assembly. Objective two is to assess effectiveness of strategies adopted to mobilise fund to the assembly. In a bid to determine this, the study used frequency and mean to analysed data collected by a likert-scale questionnaire. The objective three examine the contribution of IGFs to advancement of the district. Once more descriptive statistics in the form of proportions will be use in analysing this objective.

The contribution of each source of funding to development projects is ranked according to determine which source contribute more to development. The last objective explores the challenges of IGFs mobilization. This was

analysed with frequency and mean values of likert-scale questionnaire. Descriptive explanation was also used to analysed opened-ended questions. In general, the study used of SPSS (version 23) for analysis of the data. Descriptive statistics such as the mean, standard deviation, frequency, proportions are presented on tables and figures charts. A mean cut-off points of 2.5 is used below which a statement is considered rejected base on the four-point Likert Scale. Qualitative data is analyzed by plain text explanation.

Chapter Summary

The study used a descriptive methodology to evaluate the Bolgatanga East District Assembly's locally produced finances for local development. Data collected from 39 respondents via questionnaires was thus analyzed using descriptive statistics such as means, frequency, and proportions and presented on tables for interpretation.





CHAPTER FOUR
RESULTS AND DISCUSSION

Introduction

This chapter discusses the study's data collection, analysis, and interpretation. The information gathered was analyzed in accordance with the research goals outlined in Chapter one. The data offered in this section functioned as debate starters.

Demographic Features of Respondents

Background information on the sample was collected to help the researcher gain more insight on the background features of respondents. The kind of respondents and their level of homogeneity are revealed. This included their gender, age, educational qualification and the years spent working at the District Assembly.

Age of Respondents

The results show a mean respondent’s age of 35.64 with a minimum and maximum age of 25 and 52 respectively. This is displayed in Table 2.

Table 1: Age Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Age of Respondents	39	25	52	35.64	10.548
Valid N (listwise)	11				

Source: Field data (2021)

Respondent’s Gender

Out of the 39 respondents, 92.3percent are males while 7.7percent represented female. Even though both genders are represented, males dominates the assembly’s staff as revealed in the Table 3 below.

Marital Status

The study pursued to know respondents’ marital standing. The results indicate that majority (53.8%) were married while 46.2percent were single. Details are showed on Table 3 below.

Level of Education

The educational level of the employees is an essential factor for the success of every organisation. It provides the basis for both academic and professional development and has influences on their knowledge and ability to formulate policies for effective internal revenue mobilisation. 38.5percent of the respondents had a polytechnic or college certificate with undergraduates

forming 23percent of the respondents while 38.5percent had a Masters or PHD. Table 3 below shows the details

Level of Work Experience

Length of service of the participants demonstrates the respondents’ appreciation and familiarity with the financial performance of the organisation and therefore ability to comment on it succinctly. Majority (53.8%) of the respondent had 1- 4 years of experience. This is followed by 23.1percent who have between 5-10years and above 10years of work experience. The information is presented in Table 3 below.

Table 2: Demographic features of respondents

	Frequency	Percent
Sex of Respondent		
Male	36	92.3
Female	3	7.7
Total	39	100.0
Marital Status		
Single	18	46.2
Married	21	53.8
Total	39	100.0
Educational Level		
College/Polytechnic	15	38.5
Undergraduate	9	23.0
Masters/Phd	15	38.5
Total	39	100.0

Work Experience

1-4 year	21	53.8
5-10 years	9	23.1
Above 10 year	9	23.1
Total	39	100.0

Source: Field data (2021)

Source of Funding

The first aim of the study was to categorize the avenues of internal incomes for the Bolgatanga East District Assembly. In Ghana, local assembly establishments are legally mandated by the Local Government Act 2016 (Act 936) to generate income for local advancement. There are two core trims of revenue for the District assembly namely the internally generated funds (IGFs) and the externally income raised (Akorsu, 2015).

Internal sources of funding for the Bolgatanga East District

Respondents were asked to state the internal sources of income accessible to the Assembly. The sources of internally raised income listed included Rates, Fines, Fees, Licenses, Rent and Investment. The sources of funding at the district level acknowledged by the respondents and the Assembly’s financial statements were identical to those outlined in the Local Government Act (2016) as well as those discovered by other researchers (Puopiel and Chimsi, 2015; Dick-Sagoe and Djimatey, 2015; Adu-Gyamfi,

2014; Asante et al., 2014). Table 4 below shows the major sources of IGFs for the Bolgatanga East District Assembly. The table gives an item-wise analysis of the IGFs figures from 2018 to 2020 based on available data.

Table 4 shows that revenue from miscellaneous sources was the highest in 2018 amounting to GH¢20,000 despite a budgeted value of only GH¢200. It is thus the only source that performed beyond expectation in the year. Licenses followed with an amount of GH¢5,223. Fees and land recorded values of GH¢2,754.50 and GH¢203 respectively. There were amounts realized from property rates, fines and rent despite the budget for these sources. In 2019, licenses recorded the highest amount of GH¢29,666 as against a budgeted value of GH¢15,500 which is closely followed by land amounting to GH¢21,691.68. Fees and property rates recorded significant gains, fees tripling its 2018 figure. Miscellaneous however dropped significantly recording only GH¢2,617.00 below its budgeted figure. Fines, rent and investment though expectant are yet to record any revenue to the assembly. In 2020, revenue from land top the list with amount of GH¢37,023.73. Licenses dropped to GH¢18,296.00 to become second major source in 2020 followed by fees with an amount of GH¢12,306.00. Property rate increased significantly from GH¢230 in 2019 to an amount of GH¢7,478.00 in 2020. Rent and fines also recorded revenue for the first time while investment yet to register any revenue.

Table 3: Sources of Internally Generated Funds for the Bolgatanga East District

	2018		2019		2020		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
IGFs								
Property rates	17,550		75,550	230	25,500	7,478	118,600	7,708
Fees	4,750	2,754.50	15,250	8,763	15,250	12,306	35,250	23,824
Fines	500	-	500	-	100	200	1,100	200
Licenses	10,300	5,223	15,500	29,666	25,400	18,296	51,200	53,185
Land	12,000	203	20,600	21,691.68	25,100	37,023.73	57,700	58,918
Rent	1,500	-	15,800	-	500	35	17,800	35
Investment			1,500				1,500	0
Miscellaneous	200	20,000	1,500	2,617	1,000	600	2,700	23,217
Total	46,800	28,180.50	146,400	62,967.68	92,850	75,938.73	285,850	167,087

Source: Field Data (2020)



Performance of total IGF for the period

According to Gill (2000), one of the key revenue performance indicators is to measure budgeted against actual revenue collected. Although that does not address future tax payer coverage, it is widely employed in Ghana and most developing countries. Table 5 below shows the revenue performance from 2018 to 2020. The highest performance of 81.79percent is recorded in 2020. The year 2019 recorded the lowest of only 43.01percent of total budgeted revenue realized.

Table 4: Annual Performance of IGFs

Year	Budgeted	Actual	Revenue performance (%)
2018	46,800	28,180.5	60.21
2019	146,400	62,967.68	43.01
2020	92,850	75,938.73	81.79

Source: Field data (2021)

Adequacy of Internal Revenue Generated.

The capability of the assembly to raise adequate sum of revenue is a prerequisite for sustainable local development. The study wanted to know the capabilities of the assembly to generate sufficient revenue to enhance local development. Table 6 below displays the results. Majority (69.2%) indicated the inability of the assembly to generate adequate revenue. This backs with the observations of Osei-Akoto et al. (2007) and Appiah Agyekum et al. (2013) that MMDAs were not able to raise the funds required to fund development projects internally.

Table 5: Generation of Adequate Revenue

	Frequency	Percent
Yes	12	30.8
No	27	69.2
Total	39	100.0

Source: Field data (2021)

Trends of Bolgatanga East budgeted and Actual IGFs for 2018 to 2020

The figure below shows the trend in both the budgeted and actual internally generated funds (IGFs) for the period 2018 to 2020. Budgeted revenues surge rapidly in 2019 but dropped again in 2020. Actual revenues however rose marginally in 2019 and 2020. The trend shows a consistent growth in total internally generated revenue.

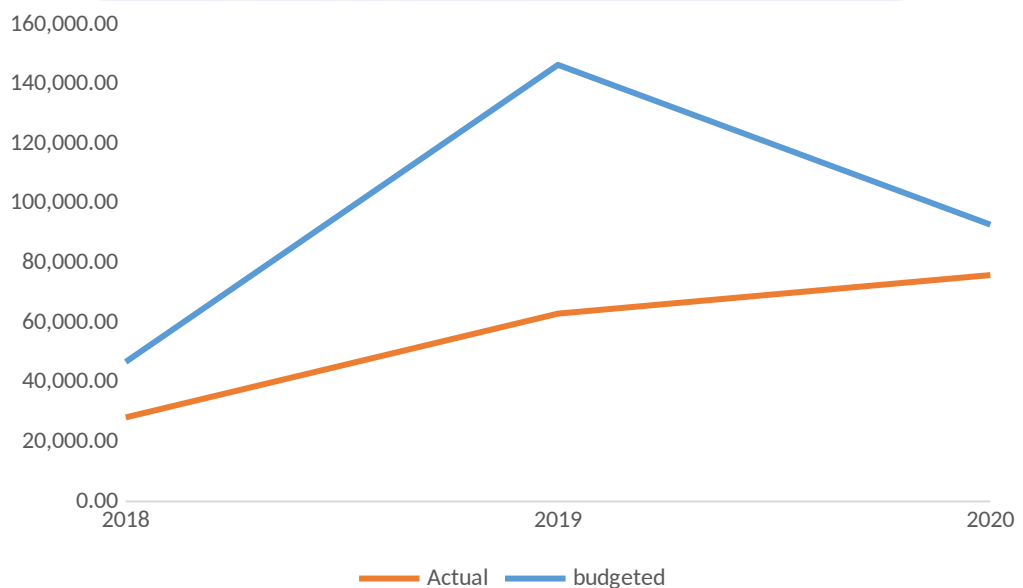


Figure 1: Bolgatanga East IGFs Trend for 2018 to 2020

Source: Field data (2021)

Effectiveness of the Strategies for Mobilizing Internal Revenue

The local community development in Ghana like any other developing nation is highly dependent on the effectiveness of IGF mobilisation. The implementation of effective tools and strategies and efficient methods is

essential for adequate financial resources generation at the local assemblies. Accordingly, the second aim of the study evaluates the effectiveness of the Bolgatanga East Assembly's various techniques for raising internal finances for development.

Strategies for IGFs Generation

The study wanted to know the strategies kept in place to effectively mobilise internal revenue. Out of a total of 39 respondents, 38.5percent said the assembly educate the populace on the importance of paying pay tax. The same number indicated that a task force and the police enforcement should be used to ensure payment of revenue. Only 15.4percent thinks that the revaluation of immovable properties is a good strategy to improve revenue. Details are shown on the Table 8 below.

Table 6: Strategies of Revenue Generation

	Frequency	Percent
Public education on payment	15	38.5
Revaluation of immovable Assets	9	23.0
Use of security to enforce payment	15	38.5
Total	39	100.0

Source: Field data (2021)

To further examine the effectiveness of IGFs mobilization of the assembly, the study asked respondents to show the extent of agreement to the following statement. The results are displayed in the Table 9 below.

The table shows that the mean responses ranges from 2.38 to 3.69 with a grand mean of 3.34 which is above the mean criterion of 2.5. This implies that there is an acceptance of all the statements except “the Assembly meet its

revenue targets” that the Assembly is able to effectively mobilise internal revenue. This confirms the figure in Table 4 as most of the actual amounts of revenue sources are far below budget estimates. In the table, the average value of “Assembly have monitoring system for revenue collection” from a sample of 39 is the mean value of 3.38 with a degree of variability from the standard deviation of 1.39. The point “Revenue collectors are professionally trained to do out their duties” has an average value of 3.69 and a variability of 1.03. The mean value of “the Assembly set targets in its attempt to mobilize internal revenue” is 3.62 and a degree of variability of 1.33. also, the average value and variability value of “The assembly meet its revenue targets” is 2.38 and 1.39 respectively. Finally, “the public is educated on the need to pay taxes” has an average value of 3.62 with a degree of variability of 1.33.

Table 7: Effectiveness of IGFs Mobilisation

Statements	N	Mean	S. Dev
The Assembly have monitoring system for revenue collection	39	3.38	1.39
Revenue collectors are professionally trained to do out their duties	39	3.69	1.03
The Assembly set goals in its attempt to raise internal revenue	39	3.62	1.33
The assembly meets its revenue targets	39	2.38	1.39
The public is educated on the need to pay taxes	39	3.62	1.33
Total		3.34	0.15

Source: Field data (2021)

The Dependence of the Assembly on External sources

The respondents were told to indicate the extent of reliance of the district assembly on external avenues of funds such as central government allocations and support from donors. As shown in the Table 10 below 69.2percent of the respondents indicated a high reliance by the assembly on external sources of funding. 23.1percent said the dependence is on the average while on 7.7percent indicated that there is a low dependence on external funding.

Table 8: Dependence on External sources

	Frequency	Percent
Low	3	7.7
Average	9	23.1
High	27	69.2
Total	39	100.0

Source: Field data (2021)

Contribution of IGF to the development of the district

The Local Government Law, which establishes and regulates the operations of the Metropolitan, Municipal, and District Assemblies (MMDAs), grants the MMDAs the authority to levy funding from domestic sources to fund projects in their jurisdictions. The Local Government Act stipulates the avenues of income for MMDAs. Tolls, Property Rates, Licenses, and Permits are just a few of the revenue sources available. In looking into the financial sources of the Bolgatanga East Assembly, the researcher wanted to see what role IGF performed in the Assembly's development.

The study asked respondents whether IGFs has been used to undertake projects and programmes in the district. This can be seen in table 11 below

61.5percent of respondents indicated that they are visible projects and programmes which the assembly has undertaken using internal generated funds. 38.5percent however said IGFs have not been used to fund any projects or programmes in the district.

Table 9: Availability of Visible Projects

	Frequency	Percent
Yes	24	61.5
No	15	38.5
Total	39	100.0

Source: Field data (2021)

The Assembly has embarked on construction of infrastructure in the area of education, health, sanitation. Sensitization programmes have also been undertaken in the communities to help improve sanitation, personal hygiene and healthy living, prevention of bush fires and environmental conservation among others. The Assembly also spends most of the revenue to pay salaries to Assembly staff. The Assembly has also granted scholarships to needy but brilliant students to help the educational growth.

Table 12 below shows the contribution of IGFs to the various departments and sectors of development of the district. From the table, more than half (52.12%) of the total IGFs was spent on central administration such as salaries of casual workers, allowances, stationary, transport and many other expenses. This is followed by education (9.7%), finance (7.87%), works (6.98%), health (6.76%). Disaster prevention and management recorded the lowest expenditure of 0.4%. According to Akudugu (2013), district assembly' internally generated funds are expected to be used for both routine and capital

expenditures. The trend in the results below is similar to that of Asante Akim South District (Akudugu, 2013), where much over 50% of the district's internally generated funds (IGFs) was used for recurring expenditure.

Table 10: Utilization of IGFs in the District

Department	Amount	Percentage
Central Administration	45, 115.31	52.12
Agriculture	5, 245.28	6.06
Social welfare and community development	4, 560.85	5.27
Works	6, 042.27	6.98
Physical planning	4, 190.00	4.84
Finance	6, 813.18	7.87
Education	8, 397.74	9.70
Disaster prevention and management	350.00	0.40
Health	5, 850.02	6.76

Source: Field data (2021)

Satisfaction of the use of Internally Generated Funds

The study required respondents to indicate whether they are satisfied with the use of funds generated. Out of the total respondents, 61.5percent said they are satisfied with how the IGFs are utilized by the assembly. 38.5percent however said they are not satisfied with use of the funds. Details are shown in the Table 13 below.

Table 11: Satisfaction of use of IGF

	Frequency	Percent
Yes	24	61.5
No	15	38.5
Total	39	100.0

Source: Field data (2021)

The study pursued to find out motives for respondents’ opinion on the use of the internally generated funds. Out of those who said they are satisfied with the use of the IGFs, 15 representing 62.5percent indicated that the project meets their needs. 25percent said the projects are implemented timely while 12.5percent said the projects executed meets quality standards. 38.5percent said they are not satisfied with the use of the IGFs. According to them community members are not involved in projects selection (53.3%) and that projects do not meet their needs (46.7%). Details are displayed in the Table 14 below.

Table 12: Respondent’s opinion on Satisfaction of Projects

Reasons for Satisfaction	Frequency	Percent
Projects are executed on time	6	25
Project meets their needs	15	62.5
Projects are featured by excellent works	3	12.5
Total	24	100.0
Reasons for Not Satisfaction		
Community members are not involved in projects selection	8	53.3
Projects do not meet their needs	7	46.7
Total	15	100.0

Source: Field data (2021)

Challenges of IGF mobilisation in the District

The study's fourth goal is to assesses the challenges confronting the effective mobilization of IGFs in Bolgatanga East District Assembly. Challenges are obstacles or factors that are beyond the capabilities of a District Assembly thereby thwarting development efforts (NDPC, 2006). To help

explain the challenges, descriptive statistics for each the statements were calculated. The mean and standard deviation was calculated using the data for each of the study indicators on a scale of 1 to 5 (Koomson, 2017; Mohammed, 2017; Tweneboah-Koduah, 2017).

Table 15 shows that from the sample of 39 respondents, the mean value of the indicators are greater than 2.50 except “restrictions imposed by government on the type of revenues to collect” and “corrupt practices at the local level” with mean value of 1.92 and 2.23 respectively. The standard deviation indicates a high rate of variability ranging from 1.09 to 1.77. The analysis of individual indicators show that “revenue collectors are dishonest in terms of rendering accounts to the Assembly” [Mean=3.38], Poor revenue planning strategy [Mean=2.69], Tax payers’ not able to pay due to low-income earn by tax payers [Mean=2.92], Lack of education concerning the payment time, method of payment and the actual money paid [Mean=2.92], Inadequate of information/education on the relevance of paying revenue to Assembly [Mean=2.85], Businesses in the area unwilling to pay the right money as levy to the Assembly [Mean=2.69] greatly affects IGFs mobilization in the district. The grand mean of 2.83 which is above 2.5 shows that all the factors as a whole poses a challenge to effective generation of internal revenue in the district. The above results conform to findings of a number of earlier literature (Uremadu, 2000; Uremadu & Ndulue, 2011; GoG, 2009a; Mahi, 2002; Kessey, 1995; Painter, 2005;)

Table 13: Challenges of IGFs Mobilisation in the District

Statements	N	Mean	S. Dev
Government restrictions on the types of revenues that can be collected.	39	1.92	1.26
Revenue collectors are fraudulent in terms of accountability to the Assembly	39	3.38	1.26
Corrupt practices at the local level	39	2.23	1.09
Poor revenue planning strategy	39	2.69	1.25
Tax payers' not able to pay due to low-income earn by tax payers	39	2.92	1.44
Lack of education concerning the time of payment, the method of payment and the exact amount to be paid	39	2.92	1.50
Lack of information/educations on the significance of paying local government revenue to Assembly	39	2.85	1.77
Businesses in town are unwilling to pay the right amount as tax to the Assembly	39	3.69	1.11
Total		2.83	1.31

Source: Field data (2021)

Chapter Summary

The chapter analyses the results obtain from respondents through the questionnaire administered. The analyses covered areas such as the background information of respondents, source of funding, effectiveness of the tactics for mobilizing income within, contribution of IGF to the development of the District and challenges of IGF mobilization in the District.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter encapsulates the summary of major findings, the conclusions drawn from the research as well as recommendations for key policy intervention. This chapter summarizes the principal findings, as well as the study's conclusions and recommendations for crucial policy interventions.

Summary of Key Findings

The study assesses the mobilization of IGFs towards development in the Bolgatanga East District with specific focus in assessing the sources of IGF to the Bolgatanga East District, analysing the effectiveness of the techniques used by local authorities to generate finance internally, examining the role of IGF to the development of the district and looking the obstacles that the assemblies face in raising the funding they require. The questionnaire was administered to 39 respondents comprising staff of finance department, members of DPCU, revenue collectors and staff of other departments.

The study's goal was to figure out where the assembly's money came from. The study found out that the core sources of the IGFs to the assembly include Lands, Rates, Fees, Investments, Licenses, Fines, Rents, and miscellaneous. Out of these, three of the sources namely land, fees and license performed extremely well haven grew consistently over the period.

The second objective assessed the effectiveness of strategies employed to mobilise revenue in the district. Findings specified that the tactics and tools employed by Assembly did not yield the needed results and as a result, unable to raised enough revenue to meet the total projected targets of only land, fees

and miscellaneous. Despite the highest revenue performance of 81.79percent recorded in 2020, the assembly fail to meet its target for the entire period creating a persistent financing gap. The Assembly is primarily reliant on externally generated finances such as central government allocations (District Assembly Common Fund [DACF] and District Development Facility [DDF]) and donor contributions due to the funding gap between the predicted IGF and the actual IGF. The results also indicated that 69.2percent of participants believes that the assembly relies heavily on external source of funding due to the Assembly's failure to raise sufficient funding for the district's development on its own.

In analyzing the role of IGF to the development of the district which is third objective, the study found that the Assembly has used the IGF to support a number of development in the locally. These are projects and programmes in the area of education, agriculture, water and sanitation, health among others. It must be stated that over 50percent of the total IGFs is used in the assembly's overall management.

The study's final goal is to examine the challenges of IGF mobilisation in Bolgatanga East District. The results show that, Revenue collectors are fraudulent in terms of rendering accounts to the Assembly; Taxpayers' incapacity to pay due to low income levels of tax payers; Poor revenue planning approach Inadequate information on the due date, the method of payment, and the actual amount to be paid; inadequate information or education on the importance of paying local government revenue to Assembly; Businesses in the locality are not eager to pay the suitable amount as tax to the Assembly poses a major hindrance to effective IGF mobilisation in the district.

Conclusions

The study can derive the following conclusions based on its findings.

The study concludes that assembly relies on the traditional sources and tools such as fees, fines, rent, land, licenses, rates and investments for the mobilization of IGFs which has generally been ineffective in generating the needed revenue. Large amount of the IGFs mobilization is used for administration purposes of the Assembly in the form of recurring expenditure hence denying the district funds for development and critical needs of citizens.

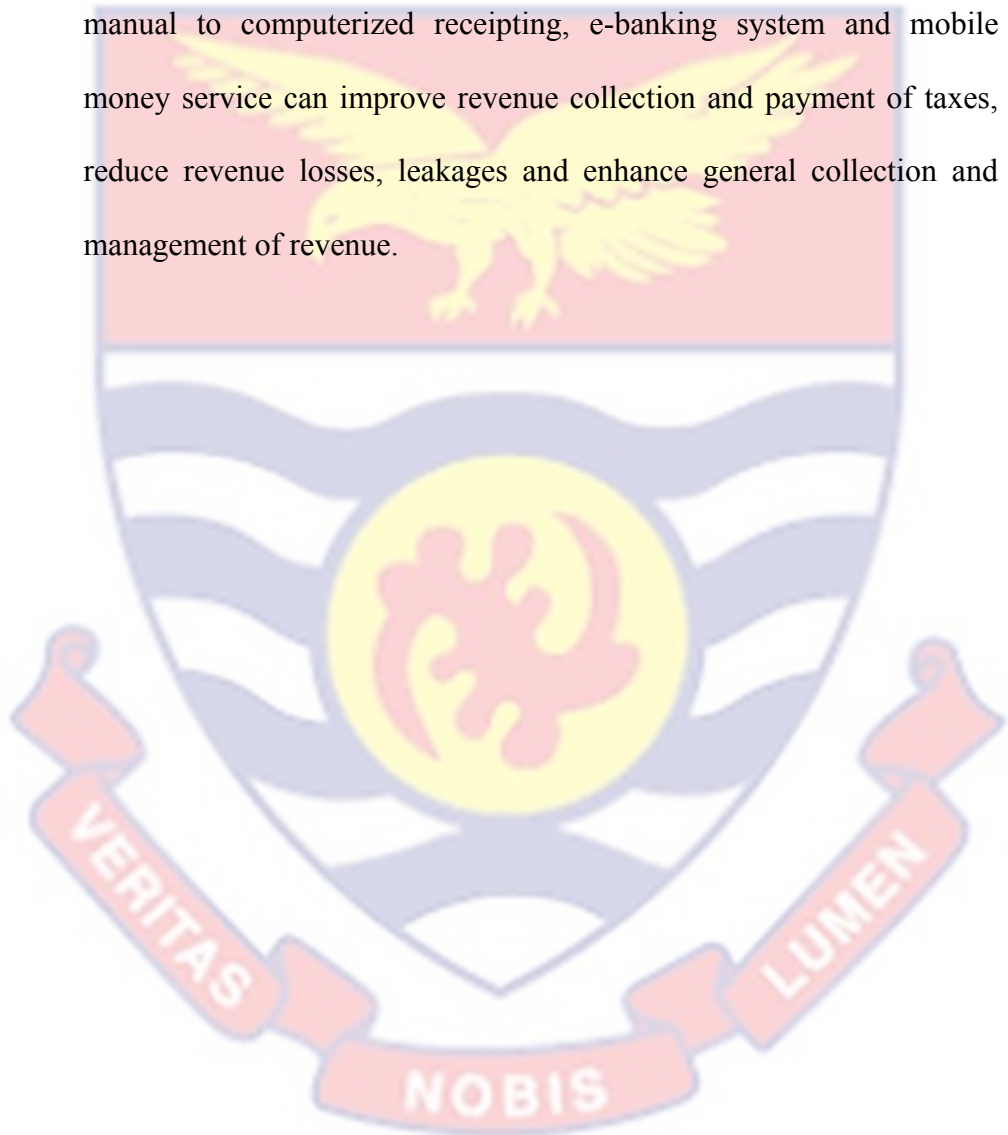
Recommendations

The following recommendations were made based on the study's results and conclusions to help improve mobilization of IGFs for the Assembly.

- The study recommends the diversification of the revenue base of the Assembly instead of relying on traditional sources of revenue. New revenue sources such as property rates, private partnership, municipal bonds, tourism attractions should be seriously considered and explored. Despite the potentials of these sources, the Assembly is yet to explore into them to raise funds internally. The Assembly in partnership with the land valuation board will be able to properly value assets in the Municipality for the right levy to be applied. The property rates alone could increase revenue given rising value of properties in the Municipality.
- Efforts should be made to explored the revenue potentials of IGFs such as licenses, lands and fees. The Assemblies should enhance revenue collection efforts by energizing and equipping revenue collectors with

appropriate logistics. The support of community-based organizations, market associations and traditional institutions should be galvanized to enhance the mobilization of revenue.

- The Assembly should take into consideration the use modern know-how in the raising and management of their income. Moving from the manual to computerized receipting, e-banking system and mobile money service can improve revenue collection and payment of taxes, reduce revenue losses, leakages and enhance general collection and management of revenue.



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APPENDICES

UNIVERSITY OF CAPE COAST

COLLEGE OF HUMANITIES AND LEGAL STUDIES

SCHOOL OF BUSINESS STUDIES

DEPARTMENT OF ACCOUNTING

RESEARCH QUESTIONNAIRE FOR RESPONDENTS

Dear Respondent,

I am a final year student of the University of Cape Coast in the Department Business Studies pursuing Master of Business Administration (Finance). I am undertaking this study to **assess the IGFs towards development in the Bolgatanga East District**. Your participation is much valued and appreciated and your responses shall be kept with strict confidence and your anonymity is guaranteed. Kindly take some time off your busy schedule and fill out this questionnaire honestly. Thank you.

Please indicate by ticking (✓) or providing the right answer where applicable.

Section A: Background Information

1. Sex. [] Male [] Female
2. Age.....
3. Position:
4. Marital status: Single [] Married [] Widowed [] Divorced []
5. Level of education: SSS/Vocational/Technical []
College/Polytechnic [] Undergraduate [] Masters/PhD []
Professional [] Specify others
6. Years of experience: below 1 year [] 1- 4 years [] 5 -10 years []
above 10 years []

Section B: Source of Funding

7. Does the Assembly generate adequate revenue for local development? [] Yes [] No

8. What are the sources of Internal revenue to the Assembly?

9. How will describe the sources of funding
 [] depleting [] growing [] stagnant [] no idea

10. Indicate the budgeted and actual amount for the various sources for the year 2017 to 2020.

IGFs	Year							
	2017		2018		2019		2020	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Rates								
Lands								
Fines/Fees								
Licenses								
Rents								
Investment								
Others								

Section C: Effectiveness of the strategies for mobilising internal revenue

11. Which of these strategies should the Assembly adopt to facilitate the efficient and effective mobilization of local government revenue in the District?

- A. Public education on payment []
- B. Revaluation of immoveable properties []
- C. Use of task force and the police to enforce payment []
- D. Introduction of new business operating permits []

E. Engagement of private revenue collectors []

12. What other strategies can the Assembly adopt to facilitate the efficient mobilization of local government revenue for local level developmental purposes?

.....

13. Each of the following statement relates to the effectiveness of IGF mobilisation in BEDA. Please indicate the extent to which you agree using the following scale: 5: Strongly Agree 4: Agree 3: Neutral 2: Disagree 1: Strongly Disagree

Statements	1	2	3	4	5
The Assembly have monitoring system for revenue collection					
Revenue collectors are professionally trained to do out their duties					
The Assembly set targets in its attempt to mobilize internal Revenue					
The assembly meet its revenue targets					
The public is educated on the need to pay taxes					

14. How do you measure the dependency rate of the district on external revenue sources?

a) Low b) Average c) High d) Others.....

15. If your answer to question four is c, can you explain why the assembly depends so much on external revenue

source?

.....

Section D: Contribution of IGF to the development of the District.

16. Are there visible projects/programmes undertaken by the Assembly from IGFs? A. Yes [] B. No [] C. Do not know []

17. If yes to the question 16, can you kindly list some of the projects/programmes funded by the IGF in the District since 2017 to 2020.

Sector	Project/Programme	Cost	Year	Remarks
Education				
Health				
Water and				
Administration and other				
Development sectors				
Agriculture				
Enterprise Development				

1. Are you satisfied with the use of the IGF in the District? a. Yes b. No
2. If 'yes' as in 19 above select any one of these which most preferably reason below.
 - a. Projects are implemented timely
 - b. Project meets their needs
 - c. Projects are characterized by quality works

- d. Community members are involved in selection of projects
3. If ‘no’ as in 19 above select any one of these which most preferably describe your most desirable view.
- a. Projects over duly delays
 - b. Community members are not involved in the selection of projects
 - c. Projects do not meet their needs
 - d. Projects are characterized by shoddy works

Section E: Challenges of IGF Mobilisation in District

4. Each of the following statement relates to the factors that affect IGF mobilisation in BEDA. Please indicate the extent to which you agree using the following scale: 5: Strongly Agree 4: Agree 3: Neutral 2: Disagree 1: Strongly Disagree

Statements	1	2	3	4	5
Restrictions imposed by government on the type of revenues to collect.					
Revenue collectors are dishonest in terms of rendering accounts to the Assembly					
Corrupt practices at the local level					
Poor revenue planning strategy					
Tax payers’ inability to pay due to low-income levels of tax payers					
Inadequate education regarding the time of payment, the way of payment and the exact amount to be paid					
Lack of information/educations on the significance of paying local government revenue to Assembly					
Businesses in town are not willing to pay the appropriate amount as tax to the Assembly					

5. What are some of the major challenges that mostly hinder the effective mobilization of internal revenue for local level development in the District?

Thank you for your time

