

Final report



**IGC**  
International  
Growth Centre

# Survey of local government taxation capacity, 2017

Findings and policy  
implications

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# Preface and Acknowledgements

This document reports the findings of a survey on revenue mobilisation capacity across the 216 Metropolitan, Municipal and District Assemblies (MMDAs) in Ghana. The survey began out of discussions with the Ministry of Finance and the Ministry of Local Government and Rural Development. The survey instruments were also informed by the government's strategy document titled *"Internally Generated Revenue Strategy and Guidelines: Maximising Internally Generated Revenue Potentials for Improved Local Level Service Delivery"* developed by the Ministry of Finance and the Ministry of Local Government and Rural Development. The authors are therefore very grateful to both Ministries for their interest, ideas and support which has made the survey possible.

The survey was undertaken in collaboration with the Office of the Head of Local Government Service (OHLGS) and the authors are deeply grateful for the full support and cooperation received from OHLGS, in particular for the assistance and useful suggestions from Dr. Nana Ato Arthur, Dr. Charles B. Kessey, Mr. Joseph Dasanah, Mrs. Eunice Osaе, and Mr. Frank Asante. The authors would also like to express their profound appreciation to Mr Joseph Antwi and other officials at the Fiscal Decentralisation Unit of the Ministry of Finance as well as to Mr Jonathan Azasu (Deputy Director at the National Development Planning Commission - NDPC) for their vital inputs and comments. The authors are also grateful to Mr Gregory A. Addah, Ing. Mabel A. Adjaottor and Mr Kyaw Myaing for their helpful directions at the very early stages of developing the proposal for this study.

The authors also appreciate the time spent by Hon. Eric Kwakye Darfour, the Eastern Regional Minister, and the officers from the 10 Regional Coordinating Councils with the research team in Koforidua during the training of the enumerators. The authors would like to sincerely thank all the survey respondents across the 216 districts for their precious time, particularly the Chief Executives, Coordinating Directors, Finance Officers, Budget Officers, Physical Planning Officers, IMS Officers and Revenue Officers in the MMDAs. The authors are forever grateful to the team of enumerators who travelled across the country to undertake the survey, and to DataPlas Ltd, in particular Mr. Kojo Mensah Sedzro and Mr. Martin Agbozi, for their effective management of the data-collection process.

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# Executive Summary

The 2017 Survey of Local Government Taxation Capacity provides the first comprehensive set of statistics on revenue mobilization capacity, and covers each of Ghana's 216 Metropolitan, Municipal and District Assemblies (MMDAs). The survey was conducted between September and December 2017 and consisted of an in-depth survey of MMDA officials and revenue collectors, and a random sample of private citizens. The statistics collected cover each aspect of the revenue collection process, including property valuations, use of revenue management software and databases, billing and collection procedures, enforcement, cost of collection, and resident knowledge of local government revenue collections and expenditures.

The survey data confirm many of the hypotheses and conclusions of the Government of Ghana's 2014 report on Local Revenue Mobilization (Government of Ghana, 2014). In particular, use of revenue management software and electronic databases is low in most MMDAs and exhibits substantial variation across districts. Many properties eligible to pay property rates are not even sent a bill, and the key reasons for a lack of billing are an out-dated property valuation list and a lack of electronic databases of property owners. Among property owners sent bills, the majority do pay but collections still present substantial challenges for most MMDAs. Enforcement is constrained by lack of resources, political will and legal capacity.

The data also present new insights about revenue mobilization in Ghana. First, the cost of collection is quite substantial, particularly among salaried revenue collectors. For the median salaried revenue collector, their monthly salary is about 60 percent as high as revenues collected. Around one out of four revenue collectors earns a monthly salary that is greater than their revenues collected. This compares unfavorably to commissioned collectors, who earn commission rates ranging from 10 percent to 30 percent. Second, having recent property valuations is strongly correlated with revenue collections. Third, most residents are quite uninformed about local government revenue collections and expenditures. Less than 10 percent of residents aged 30 or older know what the fee-fixing resolution is, and less than 2 percent had attended a fee-fixing resolution meeting in their MMDA. Around one third of Ghanaian residents could name a local government project, such as road or school building project, in their district.

The findings of the survey suggest that to increase the amount of revenue available to MMDAs, at least four steps should be taken. First, it is crucial that all MMDAs

obtain recent property valuations in the coming years. Second, MMDAs need to adopt improved revenue management software as soon as possible, so as to improve billing and collection procedures. Third, MMDAs need to reduce cost of collection by moving away from revenue collector compensation based on a fixed salary, to adopting an incentive-based system, where revenue collector compensation depends on the total revenues collected, among other outcomes. Finally, districts need to do a better job of engaging and informing local residents about fee-fixing resolution, and about the use of revenues collected in local development projects.

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# Chapter 1

## Policy and Academic Contribution

Ghana is one of the most developed and stable democracies in Sub-Saharan Africa. Yet, as in other developing countries, Ghana's tax collection capacity remains inadequately low. Nowhere is the inadequacy of tax collection capacity more apparent than in local governments, which collect a negligible fraction of local income in taxes. According to Ghana's District Assembly Common Fund (2014), local revenue collections total less than two percent of GDP. Moreover, the low levels of local taxation are widely acknowledged to be a constraint on growth and development by the Ghanaian government. In particular, local governments provide inadequately low levels of public goods – such as roads, schools and electricity – which are crucial inputs in order for developing countries to achieve structural change and economic growth. Unfortunately, policymakers do not agree on how best to promote greater revenue collections (Government of Ghana, 2014).

A key constraint in determining the best course of action to raise local government revenues in Ghana is the lack of comprehensive data on revenue collection practice and outcomes across Ghana's 216 local governments. This survey seeks to help fill this gap by providing the first such database. The statistics arising from this survey will be useful in identifying the key constraints on Ghana's local government tax collection capacity, and will help policymakers to take the appropriate course of action to raise revenues and increase productive public expenditures in the coming years.

This survey builds on, and complements, a comprehensive report on "Internally Generated Revenue Strategy and Guidelines: Maximizing Internally Generated Revenue Potentials for Improved Local Level Service Delivery" produced by the Ministry of Finance and Ministry of Local Government in 2014 (Government of Ghana,

2014). That pioneering report drew on the expertise of the two ministries to characterize the recommended best practice for dozens of different revenue collection practices, from identifying revenue sources to collection and enforcement. The current study builds on the 2014 report by documenting how far from best practice each MMDA on each individual revenue collection practice. As such, this study provides hard data that can be used to quantitatively evaluate hypotheses about the constraints on revenue mobilization in Ghana's local government.

This survey also contributes to an academic literature on the determinants of revenue collections in the developing world. According to a large literature, the ability to collect tax revenues efficiently is commonly hypothesized to be a central component of the economic development process (Besley and Persson, 2014). By being able to raise revenues effectively, governments are better able to provide public goods like roads, ports, electricity and a rule of law, which allows businesses to raise their productivity and individuals to raise their standard of living. Unfortunately, many developing countries still have very inefficient revenue collection systems. According to Gordon and Li (2009), difficulties in government tax enforcement is the main cause of the large informal sectors that characterize developing economies. Jensen (2016) draws on data from 90 countries to document that the income tax exemption thresholds move down the income distribution as a country develops, tracking the share of employment in wage work, as opposed to self employment. These findings are consistent with the theory that governments are strongly constrained to collecting income tax revenues only when the cost of collection is low, as it is with wage workers.

The academic literature is similarly lacking in concrete conclusions about how developing economies can raise revenues more effectively. One promising recommendation is incentive-based pay for revenue collectors. A recent experimental study from Pakistan by Khan et al. (2016) demonstrates that incentive-based pay systems for revenue collectors, rather than fixed salaries, leads to higher revenues collected. Moreover, taxpayers are no less satisfied with the revenue authorities with incentive-based pay schemes than with fixed-salary schemes, suggesting that incentive-based pay is a promising way of improving revenue collections. A second promising recommendation is third-party reporting of income. Kumler et al. (2015) draw on evidence from Mexico to document that workers often report far less wage income than employers do. Their empirical analysis shows that giving employers incentives to report income can be an effective way of increasing payroll-tax compliance.

There are other studies, but it is beyond the scope of the paper to provide a complete review of the related literature. As a whole, it is safe to conclude that there is still a lot to learn about how developing countries can best raise revenue collections and expenditures.

# Chapter 2

## Methodology

Plans for the survey started in May 2017 with a number of meetings with relevant stakeholders at the Ministry of Local government and Rural Development, Ministry of Finance, Office of the Head of Local Government Service, the Lands Commission, the National Development Planning Commission and Suhum Municipal Assembly. Following the stakeholder meetings, initial drafts of the questionnaires were tested at Suhum and Ga East Municipal Assemblies and also shared with some of the key stakeholders for their feedback. Specific questionnaires were prepared for each of the respondent categories which focused on their education and experience, as well as comprehensive questions on revenue mobilisation capacity (including resources), strategies, practices and constraints. Although the MMDAs have several sources of Internally Generated Funds (IGFs) (summarised as Fees & Fines, Rates, Licenses, Land and Royalties, Rent and Investment income), the survey places more emphasis on two main MMDA internal revenues sources - *Property Rates and Business Operating Licenses*. Questions were asked about billing, collection, enforcement, technology and database use, as well as revenue collectors' performance, salaries and commissions etc. In all there were about 14 questionnaires that were developed and harmonised into a single Computer-Assisted Personal Interviewing (CAPI) program, designed using CSPro, which filters the appropriate questions for each respondent category. The data was then collected using network enabled tablets which ensured real time upload and synchronisation of the data to a single location for daily examination.

The survey targeted about 13 officials in each of the 216 MMDAs in Ghana as at October 2017. The officials included Chief Executives, Coordinating Directors, Finance Officers, Budget Officers, Chair of the Finance and Administration Sub-Committee

(and in some cases the Presiding Member), Physical Planner, Revenue Accountant, MIS/IT Officer and 5 Revenue officers (which includes revenue supervisors and superintendents as well as salaried and commissioned revenue collectors). In addition, 15 randomly sampled adult residents in all the district capital towns were also interviewed. The residents were sampled using the Ghana Statistical Service (GSS) Enumeration Areas (EAs). All the EAs surrounding the EA in which the district assembly office is located were first selected. Out of these, one EA was randomly sampled. The fieldworkers then selected 15 residential or commercial structures at random from the sampled EA in each district. Randomness was achieved by selecting every *n*th structure, where *n* represents the day of the week in which the interview was conducted, beginning from the EA base (i.e., the landmark point from where the description of the EA begins). For instance, Monday is the second day of the week; hence, the fieldworkers selected every second structure beginning from the EA base. One person was interviewed in each of the structures. Only residents aged 30 years and older were interviewed in order to maximise the likelihood of capturing property and business owners as well as people who know a lot about the district. The resulting dataset has about 6,000 respondents with approximately 28 respondents per district.

The survey was undertaken in collaboration with the Office of the Head of Local Government Service (OHLGS) and with the help of a team of about 50 field enumerators, data technicians, and statisticians. The enumerators, were divided into 9 teams and 18 sub-teams spread across the country such that they covered all the regions simultaneously. Each sub-team covered 12 districts within 6 weeks. As part of steps taken to ensure data quality, field monitoring was undertaken by the data management team. As the survey was going on, the data was reviewed daily and respondents were randomly selected from each day's completed surveys by each enumerator. The randomly selected respondents were then contacted on the phone to thank them and confirm some of their responses. Inconsistent and data outliers were also flagged for confirmation and correction where errors were detected.

## Chapter 3

# Demographics, Experience and Days of Training

This chapter presents the demographic characteristics and experience of our respondents such as the educational level, where they were born, where they lived before the age of 18 and the average years of experience. The chapter also presents the number of days training received by the various categories of local government officials. In this chapter unless otherwise stated, politician means a chief executives (MMDCEs) and/or chair of finance and administration sub-committee of the assembly; managers/administrators consist of coordinating directors (MMCDs), finance officers, budget officers, physical planners, IT/MIS officers and revenue accountants; revenue supervisors/superintendents constituent revenue staff and residents are property and/or business owners who are 30 years and above.

We start of with the discussion of the demographic characteristics of our respondents. From table 3.1, majority (62 percent) of our respondents were males. Females were underwhelmingly represented in the local government setup with males dominating all categories of local government officials. Politicians had only 8 percent of females represented, managers/admininistrators had 9 percent and lastly revenue staff had 28 percent of females. However, the residents had more females than males as reported in table 3.1 below.

Table 3.2 gives the frequency distribution of the educational levels of the various categories of respondents surveyed; politicians, managers/administrators and revenue staff of the district assembly and residents. Relatively, the politicians and managers/administrators had higher levels of education than the revenue staff and

residents respectively. The managers/administrators edged the politicians closely in this regard as majority (almost 96 percent) of them have at least a post-secondary education including teacher/nursing training certificates and higher national diploma (HND). The rest of the managers/administrators which constitute about 4 percent had at least a basic education with none having no education. The politicians on the other hand had 95 percent of them having a post-secondary/college education while the remaining 5 percent have at least a basic education.

Table 3.1: Gender Distribution of Respondents

Category of respondents	Obs.	Males		Females	
		Freq.	Percent (%)	Freq.	Percent (%)
Politicians	388	358	92.3	30	7.7
Managers/administrators	1051	958	91.1	93	8.9
Revenue staff	893	643	72.0	250	28.0
Residents	3186	1473	46.2	1713	53.8
Total	5518	3432	62.2	2086	37.8

Note: This table reports the distribution of respondents' gender across all categories of respondents. Politicians consist of MMDCEs and Chair of Finance and Administration Sub-committee of the assembly; management includes the coordinating directors, finance officers, budget officers, revenue accountants, physical planners and MIS/IT officers; revenue staff is made of revenue superintendent/supervisors and revenue collectors both (salaried and commissioned); and residents are business and/or properties owners who are above age 30 and live within the district jurisdiction. Source: LTC survey

Moreover, most of the revenue staff, about 79 percent, have had up to secondary education which includes vocational/technical/commercial training. This means that, a relative majority of revenue staff have gone through primary school up to secondary school. Approximately 20.6 percent of the revenue staff indicated they have had post-secondary education. However, 5 (0.4 percent) of the revenue staff had no formal education. The residents were the least educated of all our respondents. About 18 percent of the residents had no formal education with 70.5 percent going through formal education from kinderarten up to secondary school level. Also 11.5 percent of the residents have post-secondary/college education.

Table 3.2: Educational Level of Respondents

Level	Category of Respondent				
	All	Politicians	Managers	Rev. Staff	Residents
No education	574	–	–	5	569
Basic education	2126	12	11	434	1669
Secondary education	885	8	27	270	580
Post-secondary education	1240	223	504	168	345
Post-graduate education	693	145	509	16	23
Total	5518	388	1051	893	3186

Note: This table reports the educational level of the various respondents interviewed during the survey. No education means the respondent has no formal education. Basic education means the person have had education from kindergarten to JHS/Middle school. Secondary education consist of all respondents who have had education up to secondary school level which includes vocational/technical/commercial institutes. Post-secondary education is made up of all respondents who have had diploma/degree certificate including nursing/teacher/agric training certificate. Post graduate education means the respondent has a master’s or high degree including professional certificates like ACCA, ACCE, etc. Source: LTC survey

Moving on, table 3.3 and figure 3.1 below illustrates the place of birth of the various respondents interviewed in the survey. Across all categories of respondents, most people had lived in the district before the age of 18 than being actually born there. In comparison to other respondents surveyed, most politicians are born in the district and have also lived in the district before turning 18 years. Approximately, 75 percent of politicians were born in the district; about 82 percent lived in the district before turning 18 years of age; and also, close to 70 percent of politicians were born and lived in the district before the age of 18 years. Only 14 percent of politicians were neither born in the district nor lived there before the age of 18.

However, a minority of managers in the district were either born in the district or lived there before the age of 18 years. Only 8 percent of managers/administrators of MMDAs were actually born in the district in which they are managers/administrators and 35 percent have lived in that district before turning 18 years. However, merely 6 percent of managers/administrators were born in the district and live there before the age of 18. Majority of managers/administrators, about 64 percent, were neither born in

the district or resided there before attaining the age of 18.

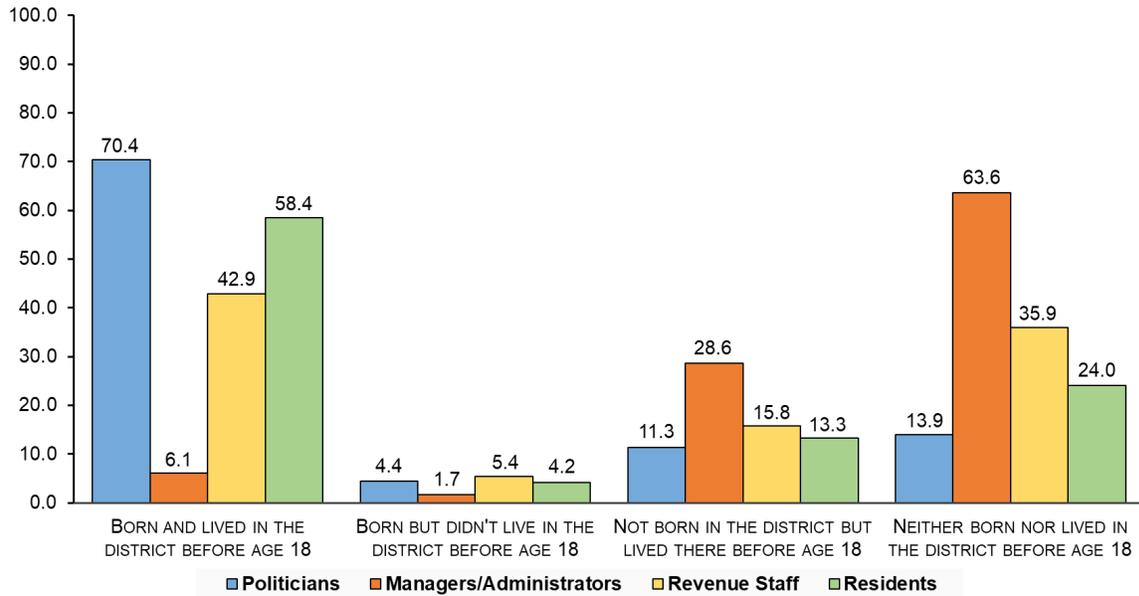
Table 3.3: Place of Birth of Respondents

Panel A: Politicians			
Variable	Obs.	Freq. (Yes=1)	Percent
Born in the district	388	290	74.7
Lived in the district before age 18	388	317	81.7
Panel B: Managers/Administrators			
Variable	Obs.	Freq. (Yes=1)	Percent
Born in the district	1051	82	7.8
Lived in the district before age 18	1051	365	34.7
Panel C: Revenue Staff			
Variable	Obs.	Freq. (Yes=1)	Percent
Born in the district	893	431	48.3
Lived in the district before age 18	893	524	58.7
Panel D: Residents			
Variable	Obs.	Freq. (Yes=1)	Percent
Born in the district	3186	1996	62.7
Lived in the district before age 18	3186	2287	71.8

Note: This table reports the place of birth of respondents of the survey. Source: LTC survey

Moreover, 48 percent of revenue staff were born in the district while 59 percent of them lived there before their 18th birthday. At the same time, 43 percent of the revenue staff were born and also lived in the district before attaining the age of 18 years. For residents, between 63 and 72 percent were born in the district and lived in the district before age 18 respectively. Nonetheless, 58 percent of residents surveyed indicated they were born and lived in the district before age 18. Lastly, 36 percent of revenue staff and 24 percent of residents respectively said neither were they born in the district nor lived there before they turned 18 years old.

Figure 3.1: Percent Distribution of Respondents Born in the District and/or Lived There Before Age 18



The Figure above depicts the place of birth of respondents and where respondents lived before the age of 18 years. Our definition of politicians, managers/administrators, revenue staff and residents are the same as before. Source: LTC Survey.

We therefore conclude that, among the local government officials (i.e. politicians, managers and revenue staff), politicians are more likely to relate more to problems and challenges of the district than managers/administrators and revenue staff since a large chunk of them are born in the district and/or lived there before age 18.

In table 3.4, the average years of working in the local government for officials of the various MMDAs is shown. Understandably, revenue staff have been at their position and also worked in the local government for longer years than politicians and managers/administrators. On average, a revenue staff have been at his/her current position for more than 6 years while they have worked for 14 years and 3 months in the local government services. On the other hand, managers/administrators have been at their current position for 2 years and 5 months. However, the average manager/administrator have worked in the local government service for about 12 years. Politicians are the least experienced of all local government officials since they are changed more or less every four years. A typical politician have been at his/her current position for a little over a year while on average a politician have worked in the local government government service for 6 years and some three months.

Table 3.4: Average Years of Experience of Respondents

Category of respondent	Obs.	Summary Statistics			
		10th	Median	Mean	90th
<b>Politicians</b>					
Number of years at current position	388	0.4	0.6	1.2	2.0
Number of years in local government	388	0.6	5.0	6.3	14.0
<b>Managers/administrators</b>					
Number of years at current position	1051	0.2	1.8	2.5	6.0
Number of years in local government	1051	4.0	10.0	12.2	23.0
<b>Revenue Staff</b>					
Number of years at current position	893	1.0	5.0	6.7	15.0
Number of years in local government	893	3.9	10.0	14.3	34.0

Note: This table reports the 10th percentile, median, mean and the 90th percentile of average years of experience of respondents of the survey. The respondents in this table excludes residents. Source: LTC survey

We now continue to the number of days training received by local government staff. As depicted in table 3.5 and in sharp contrast with the average years of experience of local government officials, revenue staff receive the least number of days training. An average revenue staff have have received approximately just 4 days of training in the last two years whereas politicians and managers/administrators have received an average of 10 days and 18 days of training in the last two years respectively. Also 10 percent of all respondent categories indicated that they have received no training in the last two years. On the other hand, 90 percent of politicians, managers/administrators and revenue staff indicated that they have received less than 30, 40 and 8 days of training in the last two years respectively.

Table 3.5: Average Number of Days Training Received in the Last 2 Years

Category of respondent	Summary Statistics				
	Obs.	10th	Median	Mean	90th
Politicians	388	0.0	5.0	10.4	30.0
Management	1051	0.0	10.0	17.9	40.0
Revenue Staff	893	0.0	2.0	3.7	8.0

Note: This table reports the 10th percentile, median, mean and the 90th percentile of average years of experience of respondents of the survey. The respondents in this table exclude residents. Source: LTC survey

# Chapter 4

## Revenue Collection Infrastructure

Property rates and business operating licenses are two of the most promising internal revenue sources for MMDAs. Availability of databases with geo-location information about properties and businesses within MMDAs is very important in ensuring effective revenue mobilization. The study therefore sought to find out the percent of properties that have official addresses assigned to them, the percent of properties on a street with official names and the years since Metropolitan, Municipal and District Assemblies (MMDAs) in Ghana last received a technical support from a development partner. Also the study investigated how many MMDAs have actually received technical support from a development partner. The relevance of these questions is to help the MMDAs to improve their development and services provided to the citizens. These information were enquired specifically from the Physical Planning Officers (PPOs) and MIS/IT Officers at the assembly because we were convinced they will have the right answers to these set of questions<sup>1</sup>.

Table 4.1 shows the regional distribution of properties in Ghana's local government with official addresses assigned to them. Nationally, there are about 24 percent of properties in Ghana that have official addresses assigned to them. A quarter of properties in Ghana have no official addresses assigned to them while three-quarters of properties in Ghana have less than 40 percent with official addresses assigned. MMDAs in Western, Greater Accra and Ashanti regions respectively had close to 43, 37 and 24 percent of properties in their districts having official addresses. This means that MMDAs in these regions, on average, have a higher percentage of properties with

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<sup>1</sup>The key respondent surveyed were the PPOs and when the PPO was unavailable the MIS/IT Officer was surveyed. As at the time of compiling this report we had data on only 176 PPOs or MIS/IT Officers from the various MMDAs.

official address assigned to them than the national average.

The region with the least percent of properties with official addresses is Upper West region which have 9.5 percent of properties with official address. The rest of the regions have percent of properties with official addresses below the national average. These include Volta which have 23.3 percent, Brong Ahafo have 22.5 percent, Central which have 21.7 percent, Northern with 20 percent, Eastern have 18.1 percent and Upper East with 10.2 percent of properties with official addresses assigned to them in that order.

Table 4.1: Percent of Properties with Official Address

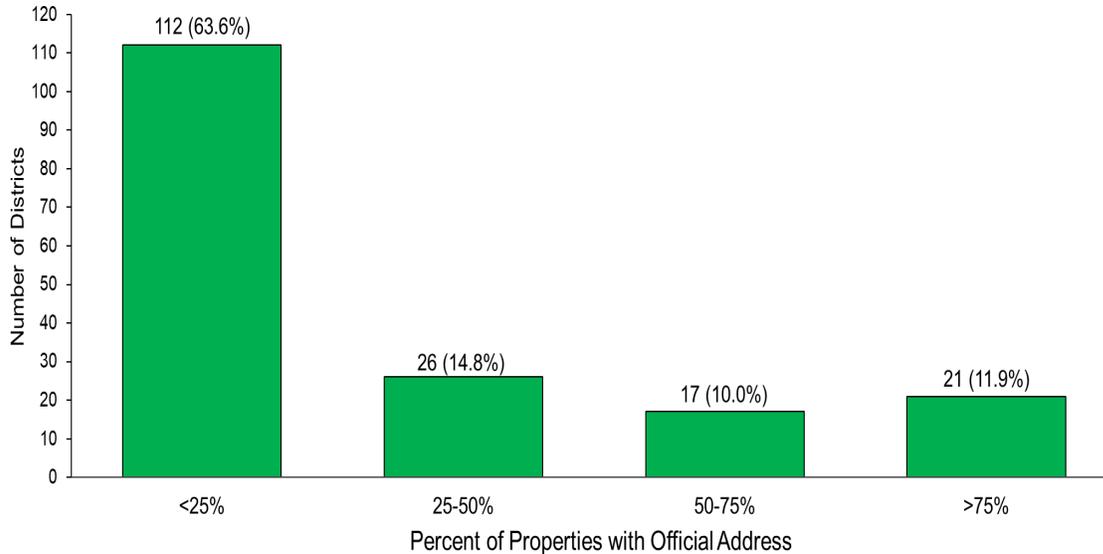
Region	Obs.	25th percentile	Median	Mean	75th percentile
<b>National</b>	<b>176</b>	<b>0.0</b>	<b>10.0</b>	<b>23.7</b>	<b>40.0</b>
Western	19	5.0	40.0	42.6	70.0
Central	15	0.0	20.0	21.7	40.0
Greater Accra	13	0.0	40.0	36.5	80.0
Volta	25	0.0	0.0	23.3	35.0
Eastern	24	0.0	0.0	18.1	15.0
Ashanti	24	0.0	15.0	23.9	35.5
Brong Ahafo	23	0.0	20.0	22.5	40.0
Northern	13	0.0	5.0	20.0	25.0
Upper East	11	0.0	0.0	10.2	20.0
Upper West	9	0.0	0.0	9.5	20.0

Note: This table reports the national and regional distribution of percent of properties with official address assigned to them in Ghana's 216 local governments. As at the time of compiling this reports, we had data on only 176 MMDAs in Ghana which were represented by Physical Planning Officers (PPOs). Source: LTC Survey

The survey revealed that about two-thirds of MMDAs have less than 25 percent of properties within their jurisdiction having official addresses assigned to them whereas close to 15 percent of MMDAs have between 25 and 50 percent of properties having official addresses as reported in figure 4.1. Also, from the same table one out of every ten MMDAs has between 50 and 75 percent of properties having official addresses. Only 12 percent of MMDAs have more than 75 percent of properties in the district having official

addresses assigned to them.

Figure 4.1: Percent of Properties with Official Address



The Figure above presents the frequency distribution and percent of properties with official address. Source: LTC Survey.

Also table 4.2 presents the regional distribution of percent of properties on street with official name in Ghana’s local government. In general, Ghana have approximately 26 percent of properties on street with official name with a quarter of MMDAs in Ghana having no property on street with official name while three quarters of MMDAs in Ghana have less than 48 percent of properties on street with official address. The top three regions with the highest percent of properties on a street with official name are Greater Accra, Western and Volta regions with approximately 47.5, 31.9 and 30.3 percent of properties in these regions on street with official name. These regions also have percent of properties on street with official name above the national average. Brong Ahafo, Ashanti, Upper East, Eastern, Central, Upper West and Northern followed suit in that order with 24.8, 24.7, 22.9, 22.7, 20, 18 and 15.9 of properties in these regions being on street with official name. Northern region has the least percent of properties on street that are officially named.

Furthermore, as shown in figure 4.2, almost 57 percent of the MMDAs indicated approximately less than a quarter of properties within their geographical area are on a street with an official name. However, approximately 18 percent of MMDAs have between 25 and 50 percent of properties in their district on a street with an official

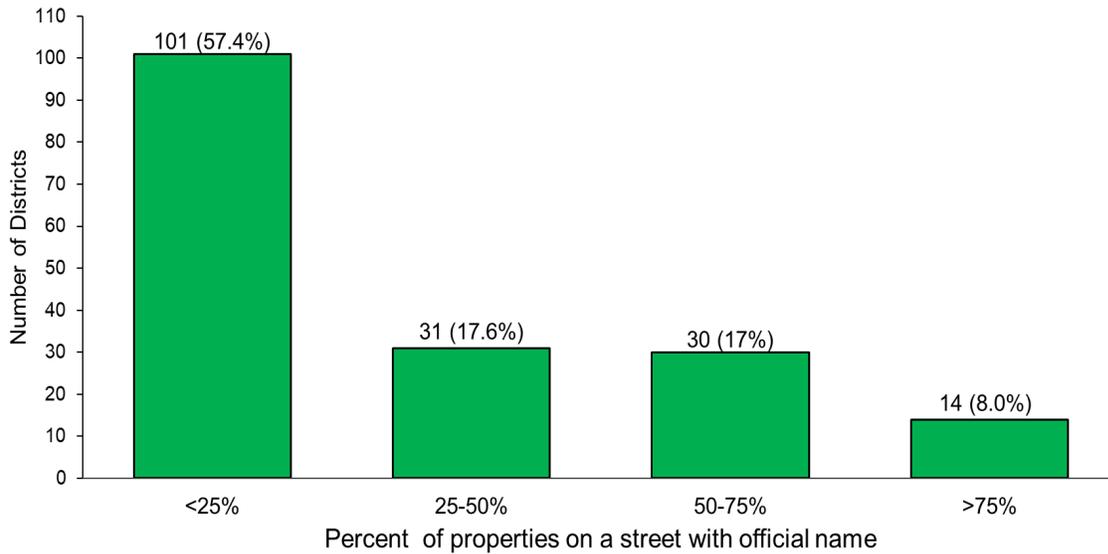
address while 17 percent of MMDA have more than 50 percent and less than 75 percent of properties in the district on a street with an official name. Only 8 percent of the MMDAs declared they have more than three-quarters of properties within the district on a street with an official name. In relative terms, the proportion of properties on street with official names are moderately higher than the general naming of properties in Ghana’s local government system.

Table 4.2: Percent of Properties on Street with Official Name

Region	Obs.	25th percentile	Median	Mean	75th percentile
<b>National</b>	<b>176</b>	<b>0.0</b>	<b>20.0</b>	<b>26.2</b>	<b>47.5</b>
Western	19	5.0	30.0	31.9	60.0
Central	15	0.0	20.0	20.0	35.0
Greater Accra	13	15.0	55.0	47.5	80.0
Volta	25	10.0	20.0	30.3	60.0
Eastern	24	0.0	10.0	22.7	37.5
Ashanti	24	2.0	17.5	24.7	45.0
Brong Ahafo	23	0.0	20.0	24.8	40.0
Northern	13	5.0	7.0	15.9	25.0
Upper East	11	0.0	10.0	22.9	42.0
Upper West	9	1.0	2.0	18.0	14.0

Note: This table reports the national and regional distribution of percent of properties on street with official name in Ghana’s 216 local governments. As at the time of compiling this reports, we had data on only 176 MMDAs in Ghana which were represented by Physical Planning Officers (PPOs). Source: LTC Survey

Figure 4.2: Percent of Properties on Street with Official Name



The Figure above presents the frequency distribution and percent of properties on street with official name. Source: LTC Survey.

Some development partners engage some of the assemblies in technical trainings to enable them mobilize the revenue effectively and to improve their system of revenue collection. This study therefore seize the opportunity to ask all the 216 districts if they have received any technical support from any development partner and the last time they received any of such trainings. Table 4.3 presents the national and regional distribution of MMDAs that have received technical support from a development partner.

In total 50 MMDAs admitted they have received a technical support from a development partner. Relatively, MMDAs in the Western region lead in this regard as 14 out of the 19 MMDAs surveyed indicated they have received technical support from a development partner<sup>2</sup>. In Central region, 6 out of 15 MMDAs answered yes when the question was posed to them on whether they have received a technical support from a development partner. Only one from thirteen MMDAs in the Greater Accra region indicated it has received technical support from a development partner. In the Volta and Ashanti regions, 5 out of 25 and 24 MMDAs respectively claimed they have received technical support from a development partner. Furthermore, 1 out of 24 MMDAs;

<sup>2</sup>This might the reason why MMDAs in Western region average the highest percent of properties with an official address and also properties on a street with official name.

of 23 MMDAs; 4 out of 13 MMDAs; 3 out of 11 MMDAs and 4 out of 9 MMDAs in the Eastern, Brong Ahafo, Northern and Upper East and West regions in that order indicated they have received technical support from a development partner.

Table 4.3: MMDAs That Have Received Technical Support from a Dev't Partner

Region	Obs.	Freq.	Percent
<b>National</b>	<b>176</b>	<b>50</b>	<b>28.4</b>
<i>Of Which</i>			
Western	19	14	73.7
Central	15	6	40.0
Greater Accra	13	1	7.7
Volta	25	5	20.0
Eastern	24	1	4.2
Ashanti	24	5	20.8
Brong Ahafo	23	1	4.3
Northern	13	4	30.8
Upper East	11	3	27.3
Upper West	9	4	44.4

Note: This table reports the national and regional distribution of MMDAs that have received technical support from a development partner. As at the time of compiling this reports, we had data on only 176 MMDAs which were represented by Physical Planning Officers (PPOs). Source: LTC Survey

Table 4.4 reports the development partners who have been providing technical assistance to MMDAs in Ghana. This table is on condition of receiving technical support from a development partner thus report on only fifty (50) districts. The development partner that have worked most with MMDAs in Ghana is the German Society for International Cooperation (GIZ). Out of the 50 MMDAs, 23 MMDAs which represent almost half of the MMDAs indicated they have worked with GIZ to offer some technical assistance to them. An additional 12 districts (22 percent of MMDA) claimed that they have received some technical advice from both the GIZ and the USAID. One MMDA each also reported to have received technical support from GIZ & CIDA and GIZ,

USAID & CIDA.

Moreover, three (3) MMDAs also claimed to have received assistance from USAID alone while one MMDA have worked with CIDA to provide them with technical support. 4 percent of the MMDAs report to have received their technical support from the Government of Ghana while 10 percent of the MMDAs indicated they received theirs from other development partners like JAICA, Netherlands Government, Amplify Governance and Global Community. Three of the MMDAs, however, indicated they do not know the development partner providing the technical support.

Table 4.4: Development Partner Providing Technical Support

Name of Partner	MMDA(s)	Percent
GIZ	23	46.0
GIZ & USAID	12	22.0
GIZ, USAID & CIDA	1	2.0
GIZ & CIDA	1	2.0
USAID	3	6.0
CIDA	1	2.0
Government of Ghana	2	4.0
Other Dev't Partners (e.g. JICA, Amplify Governance, etc)	5	10.0
Don't Know	3	6.0
<b>Total</b>	<b>50</b>	<b>100</b>

Note: This table reports the development partners who provide technical support to MMDAs. GIZ stands for 'German Society for International Cooperation', USAID means 'United States Agency for International Development', JICA is Japan International Cooperation Agency and CIDA is 'Canadian International Development Agency'. Source: LTC Survey.

Furthermore, it was important to also know the kind of technical support these development partners are providing for the MMDAs. As such, table 4.5 below presents the nature of technical assistance MMDAs in Ghana have received from development partners. The most common technical assistance received by MMDAs in Ghana from development partners is street naming & property addressing system. 36 percent of the MMDAs have received this kind of assistance. Street naming is the next type of technical

assistance given by development partners to MMDAs as 18 percent of MMDAs stated they have received such kind of support from a development partner.

Table 4.5: Nature of Technical Support Received

Type of Support	No. of MMDAs	Percent
Property Valuation	2	4.0
Street naming	9	18.0
Addressing	2	4.0
Logistics and training	8	16.0
Property Valuation & Street naming	1	2.0
Street naming & Addressing	18	36.0
Property Valuation, Street naming & Addressing	7	14.0
Don't Know	3	6.0
<b>Total</b>	<b>50</b>	<b>100.0</b>

Note: This table reports the nature of technical support received by MMDAs that answered yes to receiving technical support from a development partner. Only **50 MMDAs** reported they have received technical support from a development partner.

Logistics and training seem to be the third most usual sort of support given by development partners with 16 percent of MMDAs receiving such assistance. With 7 out of 50 MMDAs, property valuation, street naming & property addressing was the fourth highest number of technical support received by MMDAs. Two MMDAs said they have received property valuation and addressing system assistance respectively from a development partner. Only one MMDA have received both support from a development partner. 6 percent of the MMDAs stated that they do not know the kind of technical support received by their assembly.

Lastly, about 34 percent of MMDAs that have received a technical support from a development partner reported that the last time they received any such support was less than a year ago while 42 percent report the last technical support they received was between 1 and 3 years. Twenty-four percent (24%) of the MMDAs reports that it has been 3 years or more since the last technical support was received as depicted in table 4.6.

Table 4.6: Years Since Last Technical Support was Received

Variable	Obs.	Freq.	Percent (%)
Less than a year	50	17	34.0
Between 1 and 3 years	50	21	42.0
3 years or more	50	12	24.0

Note: This table reports the distribution of the last time (year) a technical support was received from a development partner in Ghana's local governments. Source: LTC Survey

# Chapter 5

## Valuation, Software and Databases

### 5.1 Lands Valuation

The Land Valuation Division (LVD) of the Lands Commission is the only institution mandated by law to value properties and thus are responsible for estimating property values in Ghana. They facilitate the identification of immovable properties which can be taxed to generate revenue for MMDAs. Due to inadequate planning schemes in most of the districts, there have been recorded cases where some properties and property owners are not registered accurately on the tax base. In view of this, most of the property owners evade paying their rates to the assemblies. The central government recognises inadequate property valuations by MMDAs as one of the key obstacle to improve revenue mobilisation at the local government level (Government of Ghana, 2014). Questions were therefore asked to determine the percentage of properties in the districts and Ghana at large that are currently unassessed by LVD and how long these assemblies have worked with LVD.

Panel A of table 5.1 reports MMDAs that have worked with the LVD, MMDAs that have properties that are currently unassessed by LVD and MMDAs that attempt to collect rates from unassessed properties. The survey reports that 75 MMDAs in Ghana representing about 35 percent have worked with the LVD to value some or all properties within their jurisdiction. Furthermore, 209 out of the 212 MMDAs representing approximately 99 percent of the MMDAs also indicated that there are properties in their districts that are currently unassessed by the LVD. This means that almost all MMDAs in Ghana have properties within their jurisdiction that are unassessed by the LVD. However, out of the MMDAs that have unassessed properties

within their coverage area, 66 percent of them attempt to collect property rates from these unassessed properties.

Table 5.1: Land Valuation in Ghana’s Local Government

Panel A				
Variable	Obs.	Freq.	Percent	
Worked with LVD	212	75	35.4	
MMDAs with properties that are currently unassessed by LVD	212	209	98.6	
<i>Of which...</i>				
MMDAs that attempt to collect rates from unassessed properties	209	137	65.6	

Panel B					
Variable	Obs.	Summary Statistics			
		10th	median	mean	90th
Year(s) since worked with LVD	75	0.0	1.0	3.2	10.0
Properties assessed by LVD in Districts in Ghana (%)	212	0.0	0.0	18.0	70.0
Unassessed properties MMDAs attempt collecting rates (%)	137	10.0	60.0	55.3	100.0

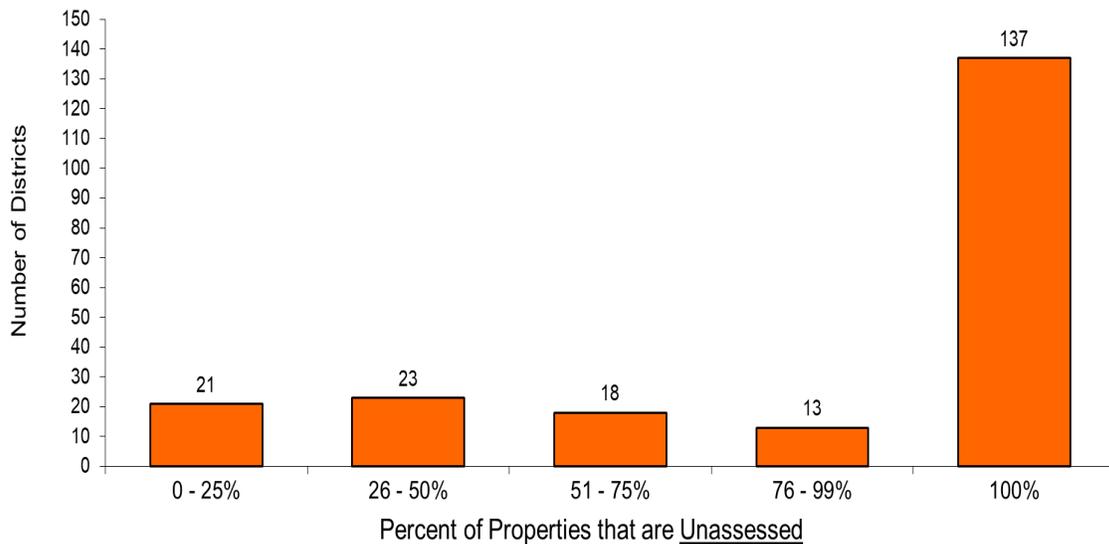
Note: This table reports the issue of Land Valuation in Ghana’s 216 local governments. Panel A reports MMDAs that have worked with LVD to value some or all properties in their district, MMDAs that currently have properties that are unassessed by the LVD and MMDAs that make attempts to collect rates from these unassessed properties. Panel B reports the years since MMDAs in Ghana have worked with the LVD, the percent of properties that are assessed by the LVD and lastly percent of unassessed properties that MMDAs attempt to collect rates. The first and third row of Panel B reports only MMDAs that have worked with LVD and MMDAs that make attempt to collect property rates from unassessed properties. Source: LTC Survey

Following on from panel A, panel B of table 5.1 reports the mean, median and the 10th and 90th percentile of the distribution of years since MMDAs have worked with LVD, percent of properties that are assessed by LVD and percent of unassessed properties that MMDAs attempt collecting property rates from. The mean number of years MMDAs in Ghana have worked with the LVD was approximately 3 years with a median of just a year. The 10th percentile had 0 years and the 90th percentile had 10 years. The median MMDA reports that zero percent of properties within its

geographical area are assessed by LVD. This implies that, half of the MMDAs indicated that zero percent of the properties in their jurisdiction are assessed by LVD. However, on average about 18 percent of the properties are assessed by LVD in all districts in Ghana. The 10th and the 90th percentiles reported 0 percent and 70 percent respectively.

Figure 5.1 presents the approximate percentage of properties within districts in Ghana that remain unassessed. 138 of the officers admitted that their districts do not have property assessments, whereas only 18 of them answered that at most 25 percent of the properties in their districts remain unassessed. 23 officers answered that more than half but less than three quarters of the properties are still unassessed, while 18 of them say that at least 75 percent of the districts properties are unassessed.

Figure 5.1: Percent of Unassessed Properties



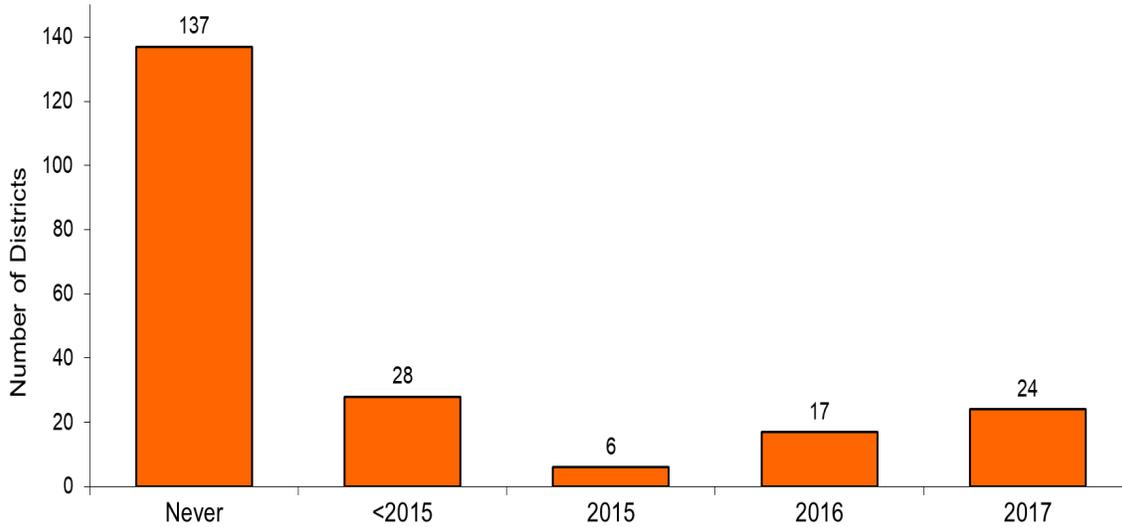
The Figure above presents the percent of unassessed properties in Ghana’s 216 local governments. Source: LTC Survey.

It was also revealed that MMDAs make attempt to collect rates from about 60 percent of all the unassessed properties in their districts as reported by the median. The mean reports that MMDAs attempt to collect property rates from almost 55 percent of unassessed properties. However, 10 percent of the MMDAs revealed that they attempt to collect rates from less than 10 percent of unassessed properties in the district while 90 percent of the MMDAs indicated that they attempt to collect property rates from less than 100 percent of the unassessed properties.

Figure 5.2 below presents the frequency distribution of the last time (year) MMDAs

in Ghana worked with the LVD. From the figure, 135 districts answered they had never worked with the division, whereas 30 of them did so prior to 2015. Only 7 officers declared working with the Division in 2015. In the subsequent two years, the number of districts working with the Division increased to 17 and 24 respectively.

Figure 5.2: Last (Year) Worked with LVD



The Figure above presents the frequency distribution of the year MMDAs last worked with LVD. Source: LTC Survey.

## 5.2 The Use of Electronics, Softwares and Databases in Ghana Local Government

### 5.2.1 The Use of LUPMIS

Land Use Planning and Management Information System (LUPMIS) helps to establish a spatial database for IGF as well as other operations. LUPMIS helps in gathering all relevant data including IGF data and other relevant data on properties. Some key officials of the MMDAs such as the MIS/IT officers, the physical planning officers, the revenue accountants and the finance officers were asked if they have ever used LUPMIS in gathering their data and if they still use it. They were also asked the extend to which the use of LUPMIS has helped to improve IGF in their assemblies. These questions were

administered to them to find out the assemblies that use LUPMIS and how it has helped in improving resource mobilization since they adopted its use.

To begin with, 102 MMDAs constituting almost 49 percent interviewed stated that they have used LUPMIS before. Out of this 102 MMDAs who have used LUPMIS before, approximately 85 percent (87 MMDAs) stated that they were still using the LUPMIS. However, about 42 percent of the MMDAs (43 out of 102 MMDAs) indicated that LUPMIS has helped them to improve their IGF<sup>1</sup>. In view of this, almost 60 percent (61 MMDAs) reported that LUPMIS has been important in automating billing. In an equal manner, approximately 57 percent (58 MMDAs) reported that it has been important in automating collection. Similarly, close to 59 percent reported that LUPMIS has been important in automating enforcement. Also, 57 MMDAs representing approximately 56 percent reported that LUPMIS has been very useful in helping them track unpaid bills and almost 53 percent (54 MMDAs) of them reported that LUPMIS has been important in reducing handling of cash by collectors.

Table 5.2: The Use of LUPMIS in Ghana’s Local Government

Variable	Obs.	Freq.	Percent
Ever used LUPMIS	210	102	48.6
Still use LUPMIS	102	87	85.3
LUPMIS has improved IGF	102	43	42.2
LUPMIS has been important			
... in automating billing	102	61	59.8
... in automating collection	102	58	56.9
... in automtaing enforcement	102	60	58.8
... in tracking unpaid bills	102	57	55.8
... in reducing handling of cash by collectors	102	54	52.9

Note: This table reports the Use of LUPMIS in Ghana’s 216 local governments. The respondents from row two onwards were dependent on the answer in row one. That is, the rest of the variables are dependent on whether the MMDA has ever used LUPMIS. Source: LTC Survey

<sup>1</sup>On average MMDAs in Ghana report that LUPMIS has helped them increase their IGF by some 38 percent.

From the previous paragraph, it was evident that LUPMIS is not widely used in most of the assemblies in Ghana<sup>2</sup>. It has also observed that, some MMDAs that adopted the use of LUPMIS have abandoned its use<sup>3</sup>. It is therefore imperative to know the reasons why most of these districts have not adopted the use of LUPMIS and why some of the assemblies who started utilising it have stopped using it. Panel A of Table 5.3 gives the reasons why some MMDAs do not use LUPMIS since its inception in the country and Panel B gives the reasons why some of the Assemblies have stopped using it after using for some time.

In Panel A, 108 MMDAs indicated they have never used LUPMIS before. Firstly, 31 MMDAs representing 29 percent stated that they were not using LUPMIS in their Assemblies because they have not heard about it. Moreover, 15 Assemblies which corresponds to almost 14 percent cited inadequate electronic database of addresses as the reason for not using LUPMIS while 3 of the Assemblies constituting about 3 percent indicated that they were not using LUPMIS because of inadequate property valuation. Another interesting reason revealed by some 15 MMDAs corresponding to approximately 14 percent was that they did not have adequate technical training to use LUPMIS. Additionally, one Assembly stated that they were already using other similar software, hence the reason for not using LUPMIS. However, 19 of the MMDAs representing about 18 percent also revealed that they had not adopted the use of LUPMIS because they did not have sufficient funds to implement it. Lastly, 22 percent which constitute 24 of the MMDAs indicated they don't know why their Assembly is not already using LUPMIS.

Panel B on the other hand reveals the reasons why some of the MMDAs who once used LUPMIS stopped using it. From the survey, 15 out of the 87 MMDAs who have ever used the LUPMIS have stopped using it. From this number, 3 of the MMDAs representing 20 percent stated that they stopped using it because it was not working properly for them. One Assembly reported that it stopped using LUPMIS because of inadequate property valuation whereas on the other hand 7 of the MMDAs (46.7 percent) stated that they stopped using it because of inadequate technical training to use LUPMIS. Lastly, 4 of the MMDAs (representing 26.7 percent) cited inadequate funds for the reason why they stopped using LUPMIS.

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<sup>2</sup>From table 5.2, 108 out 210 MMDAs claim they have never used LUPMIS before.

<sup>3</sup>Again, 15 out of the 102 MMDAs that have used LUPMIS before claim they have stopped using LUPMIS.

Table 5.3: Reasons LUPMIS is not Widely Used in Ghana’s Local Government

Panel A: Why NOT Using LUPMIS

Reason	Obs.	Freq.	Percent
Haven’t heard about LUPMIS	108	31	28.7
Inadequate electronic database of addresses	108	15	13.9
Inadequate property valuation	108	3	2.8
Inadequate technical training to use LUPMIS	108	15	13.9
Already using other similar software	108	1	1.0
Do not have sufficient funds to implement	108	19	17.6
Don’t Know	108	24	22.2
Total		108	100

Panel B: Why Stop Using LUPMIS

Reason	Obs.	Freq.	Percent
It was not working properly	15	3	20.0
Inadequate property valuation	15	1	6.7
Inadquate technical training to use LUPMIS	15	7	46.7
Do not have sufficient fund to implement	15	4	26.7
Total		15	100

Note: Panel A reports reasons why MMDAs in Ghana are not using LUPMIS and Panel B reports reasons why some MMDAs who adopted LUPMIS have stopped using it. In Panel A, 108 answered they have not used the LUPMIS before. In Panel B, 15 out of the 102 MMDAs who have used LUPMIS before indicated they have stopped using LUPMIS. Source: LTC Survey

## 5.2.2 Use of Softwares and Electronics

Availability of a database for MMDAs is very essential as it is a very important platform that is needed for an effective management of IGF operations. The database can be hard or soft copies. However, there are some challenges that some of the assemblies face when using the hard copies which may include inability to secure data, difficulty in accessing data among others. Over the years, some of the assemblies have moved from hard copy databases to soft copy databases which include either MS word/excel or some specialised databases. In investigating the challenges of municipal finance in Ghana, Asare (2015) identify lack of revenue databases and the absence of application of modern technology in revenue collection as the main constraints to IGF mobilisation.

Also, Adu-Gyamfi (2014) recognise lack of database of revenue sources as one of the counteracting efforts of district assemblies in revenue mobilisation. In view of this, staff of the various MMDAs such as the finance officers, revenue accountants, physical planning officers and MIS/IT officers were asked on matters relating to the use of softwares and electronics.

Panel A of table 5.4 gives a summary of all MMDAs with softwares for billing, payment and follow up. Starting with softwares for sending bills, a total of 38 MMDAs which constitute about 18 percent stated that they had softwares for all bills sent out. Also, 48 MMDAs representing 23 percent approximately also revealed that they had electronic softwares that help them when they receive payment for bills. In relation to following up on nonpayment of bills, 41 of the MMDAs which corresponds to 19 percent indicated that they had electronic softwares that aid them to follow up on all unpaid bills. Furthermore, 34 MMDAs constituting 16 percent had softwares for maintaining/updating valuation list of properties in their assemblies. On the other hand, out of 176 MMDAs interviewed<sup>4</sup>, 73 (close to 42 percent) indicated that they had a software for maintaining/updating street names and addresses.

Panel B gives the years since these MMDAs changed from manual to the use of softwares. At least half of the MMDAs revealed that it has been less than 3 years (as at the time of interview) since they changed from manual to the use of softwares for electronic billing, electronic payment, electronic follow-up and using software for maintaining/updating street names and addresses. The mean district report that, it has been 3 years and 5 months since they changed form manual to the use of softwares for billing, bill payment and nonpayment follow-up. However, the mean district reports that, it has been 3 years and 6 months and 3 years and 3 months since they changed from manual to the use of softwares for updating/maintaining valuation list of properties and street names and addresses respectively.

Moreover, 10 percent of the MMDAs surveyed stated that they changed from the use of manual to softwares for billing, payment of bills and follow-up on nonpayment less than a month ago. However, 90 percent of the MMDAs indicate it has been less than 6 years since they changed from manual to use of softwares for billing, payment of bills and follow-up on nonpayment of bills. Again, 10 percent of the Assemblies interviewed claim it has been less than two years since they changed from manual to the use of

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<sup>4</sup>This information was sought specifically from Physical Planning Officers and when the Physical Planning Officer is missing or not available, we replace him/her with the MIS/IT officer. As at the time of compiling this report, we had data on only 176 MMDAs.

softwares for updating/maintaining property lists and street names and address. On the other side, 90 percent of the MMDAs surveyed report it has been less than 5 years and 7 years since they changed from use of manual to softwares for updating/maintaining street names/addresses and property valuation lists severally.

Table 5.4: Use of Software in Ghana’s Local Government

Panel A: MMDAs with Softwares for Billing, Payment and Follow Up					
Variable	Obs.	Freq.	Percent		
Have software for					
... bills sent	213	38	17.8		
... bills payments	213	48	22.5		
... nonpayment follow up	213	41	19.3		
... maintaining/updating valuation lists	212	34	16.0		
... maintaining/updating street names & addresses	176	73	41.5		

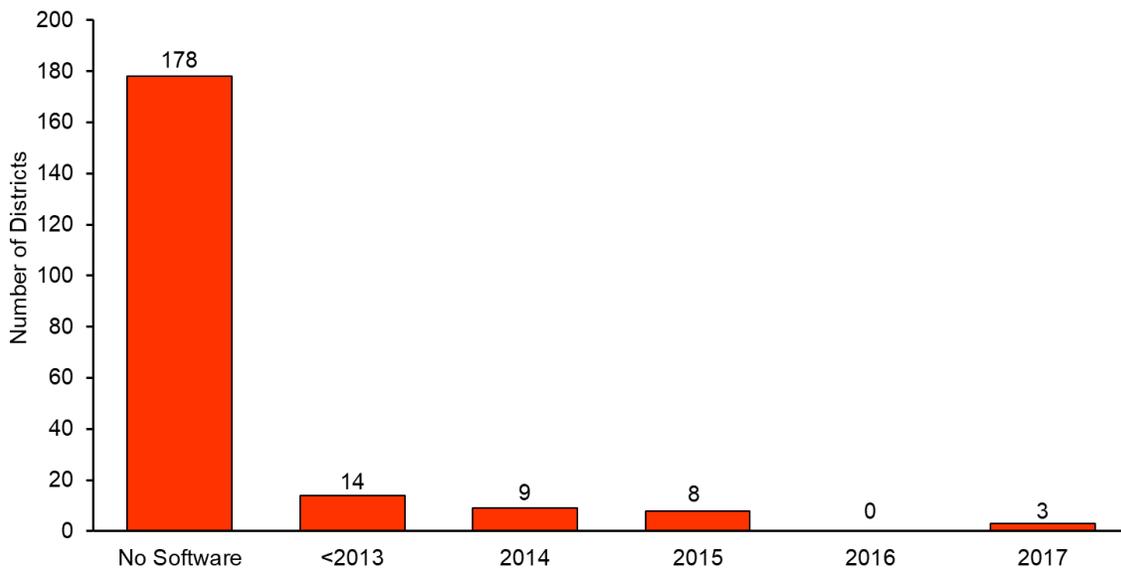
  

Panel B: Years Since Changed from Manual to Use of Softwares					
Variable	Obs.	Summary Statistics			
		10th	median	mean	90th
Year(s) since changed from manual to					
... electronic billing	38	0.1	3.0	3.5	6.0
... electronic payment	48	0.1	3.0	3.5	6.0
... electronic follow-up	41	0.1	3.0	3.5	6.0
... using software for maintaining/updating valuation lists	34	2.0	3.0	3.6	7.0
... using software for maintaining/updating streets names & addresses.	73	2.0	3.0	3.3	5.0

Note: Panel A of this table reports the use of softwares and electronics in Ghana’s 216 local governments while Panel B reposts the 10th percentiles, mean, median and 90th percentiles of the distribution of how long ago the change from manual to the use of software was made. The observations in Panel B is for only MMDAs who have softwares for billing, payments, follow-up and maintaining/updating property lists and street names and addresses. Source: LTC Survey

Figure 5.3 illustrates the year when the transition from the use manual to softwares for updating and maintaining valuation list of properties. Majority of the districts, comprising 178 (84 percent), indicated that they do not have softwares for updating and maintaining valuation lists of properties while 14 MMDAs claimed they changed from manual to softwares before 2013. However, 9 and 8 districts said the change happened in the 2014 and 2015 respectively. No district transitioned from manual to softwares for maintaining and updating valuation lists in 2016 whereas 3 did so in 2017.

Figure 5.3: Years Since Started Using Softwares for Updating/Maintaining Valuation List



The figure above presents the distribution of the number of years since MMDAs in Ghana started using softwares in updating/maintaining property valuation list. Source: LTC Survey.

Moving on, table 5.5 presents the use of electronic databases for businesses and properties in Ghana’s local government. Panel A reports MMDAs with electronic database of businesses and properties while panel B reports percent of businesses and properties that are in the electronic database. From the table, 33 percent of the MMDAs (71 in 213 MMDAs) reported that they have electronic database of businesses or properties. Also, the median MMDAs indicate that 70 percent of properties and businesses in the district are captured on the electronic database, however, the mean district reports that, close to 69 percent of businesses and properties in the districts are captured on the electronic database. Moreover, 10 percent of the MMDAs report less than 45 percent of businesses and properties within their jurisdiction have been captured on

Table 5.5: The Use of Electronics/Databases in Ghana’s Local Government

Panel A: MMDAs with Electronic Database					
Variable	Obs.	Freq.	Percent		
Have for either Business or properties	213	71	33.3		
<i>Of which MMDAs that have it for</i>					
... Business	213	67	31.5		
... Properties	213	55	25.8		

Panel B: Percent of Businesses & Properties in Electronic Database					
Variable	Obs.	Summary Statistics			
		10th	median	mean	90th
Businesses & properties in electronic database (%)	71	45.0	70.0	68.7	92.0
<i>Of which ... in electronic database</i>					
... businesses ... (%)	67	45.0	80.0	71.5	92.0
... properties ... (%)	55	30.0	70.0	67.5	95.0

Note: This table reports the use of electronic databases in Ghana’s 216 local governments. The First panel reports MMDAs that have electronic database of both businesses and properties while the second panel reports the percent of businesses and properties that are in the electronic databases. The observations in the second panel were for only MMDAs who have electronic database of businesses and properties respectively. Source: LTC Survey

the electronic database. Conversely, 90 percent of the MMDAs report that less than 92 percent of the businesses and properties are on their electronic database.

Furthermore, 67 out of 213 MMDAs which constitute 32 percent report they have electronic database of businesses. Also, the mean reports approximately 72 percent of businesses are found in the electronic database while the median reports 80 percent. The 10th percentile had 45 percent of businesses in the electronic database although the 90th percentile report 92 percent. Last but not least, roughly 26 percent which is 55 out of the 213 MMDAs indicate they have electronic database of properties. However, approximately 68 percent of properties are found in the electronic database while the median district reports having 70 percent of properties within its jurisdiction found in

the electronic database. Also, the 10th percentile had 30 percent of properties found in the electronic database and the 90th percentile had 95 percent.

# Chapter 6

## Billing, Collection and Enforcement

### 6.1 Billing and Collection

Billing and collection are two of the main components of revenue collection. The survey asked revenue superintendents, revenue supervisors and revenue collectors in all 216 districts about billing and collection procedures and challenges in their districts. On billing, some of the questions asked are whether the bills printed have a seal, whether they have both property number and rate payer number or they have just the property number or only the ratepayer's number. These are important items to include on a bill because they help prevent billing fraud and help with record keeping. Furthermore, MMDAs are unable to identify the tax base which makes it difficult for them to define the appropriate rate and fees payable to establish the revenue potential for collection. When this happens, they are unable to send bills to the appropriate rate payers. This section in addition to issues of leakages also seeks to address the issue of billing and collection of tax at the local government level in Ghana as regards to tax compliance, those who provide information on new revenue sources and enforcement of nonpayment of tax.

The survey revealed that about 70 percent of MMDAs in Ghana have their seal on property rate bills. However, almost one out of every two district in Ghana have both property and ratepayer number on bills issued. Also, close to 25 percent of the respondents indicated that they have only ratepayer's number on the bills they send out while only 2 percent of the respondents answered that they have only property number on bills issued. In total, approximately 76 percent of the MMDAs in Ghana have property and/or ratepayer's number on bills they issue.

Table 6.1: Features on Properties Rate Bills

Variable	Obs.	Freq.	Percent
Have Seal/Hologram on bills printed	198	139	70.2
<i>And also have</i>			
... both property and ratepayer number on bills	198	98	49.5
.. or only ratepayer's number on bill	198	49	24.8
.. or only property number on bills	198	4	2.0

Note: This table reports the distribution of features on property rate bills in Ghana's 216 local governments. Some 13 respondents indicated they are not tasked with the collection of property rates and hence were not able to respond to these set of questions. We had no data on 5 MMDAs namely La Dade Kotopon, Shai Osudoku, Adenta, Lambussie Karni and Nadowli Kaleo. Source: LTC Survey

The table below, table 6.2, reports the billing of taxes in Ghana's local government. To begin with, 31 out of the 213 MMDAs representing 15 percent report private companies print all their bills while 174 out of 213 MMDAs constituting 82 percent print all of their bills. Half of the districts that were interviewed also indicated that in a typical year, they send bills to 60 percent of the properties in the assemblies as presented in table 6.3. The mean is lower at 50 percent. The 10th percentile had 0 percent of properties that are sent a bill in a typical year while the 90th percentile had 95 percent. It was then enquired from the MMDAs why the rest of properties were not sent bills<sup>1</sup>.

Figure 6.1 reports distribution of percentage of properties that receive a property rate bill in a typical year. Seventy-one(71) of the respondents declared sending bills to less than 33 percent of the properties, 51 of the respondents declared sending them to between 33 and 66 percent of the properties and 81 of them declared sending them to more than 66 percent of the properties in their district.

<sup>1</sup>It must be noted however that 20 MMDAs indicated they send bills to all (100 percent) properties within their geographical boundary. Please refer to table 6.4 for the distribution of the reasons why some properties are not sent bills.

Table 6.2: Billing of Tax in Ghana's Local Government

Variable	Obs.	Freq.	Percent
MMDAs that have private company print all bills	213	31	14.6
MMDAs that print all bills	213	174	81.7

Note: This table reports billing of tax in Ghana's 216 local governments. Eight of the MMDAs reports that they share the responsibility of printing bills with private companies. Source: LTC Survey

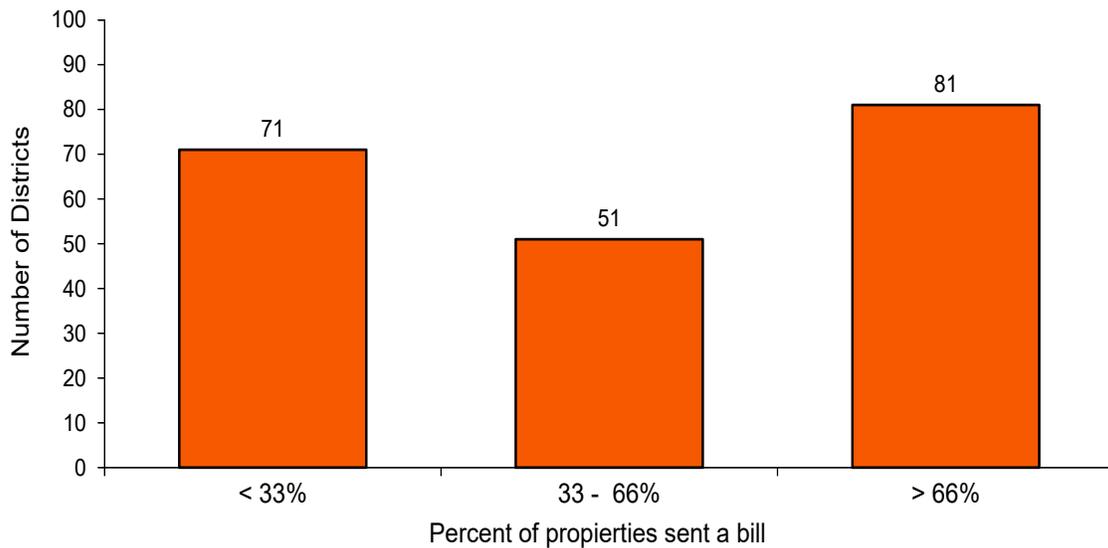
Also from table 6.3, about half of the assemblies receive about 80 percent of property rates payment in cash. On average, they receive 63 percent of property rates bills in cash. Although, 10 percent of the MMDAs report that 0 percent of property rates are paid in cash while 90 percent of the MMDAs say less than 98 percent of property rates are paid in cash.

Table 6.3: Collection of Tax in Ghana's Local Government

Variable	Summary Statistics				
	Obs.	10th	median	mean	90th
Properties that are sent bill in a typical year (%)	212	0.0	60.0	50.0	95.0
Property rates paid in cash (%)	212	0.0	80.0	63.0	98.0

Note: This table reports the 10th percentiles, mean, median and 90th percentiles of the distribution of collection of tax in Ghana's 216 local governments. Source: LTC Survey

Figure 6.1: Percent of Properties Sent a Bill



The figure above presents the distribution of percent of properties sent a bill in typical year in Ghana's 216 local governments. Source: LTC Survey.

In table 6.4 various reasons were given. From the table, approximately 16 percent of the MMDAs (30 MMDAs) stated that they could not locate property owners as the reason for not sending bills. Also, 4 percent indicated it is not worth the effort or it is economically not viable to send bills to those properties. Furthermore, 25 MMDAs representing 13 percent of the MMDAs say the area is too hard and/or difficult to collect property rates. The most common reason for not sending bills to property was the nonavailability of databases or record of properties. It was found that 29 percent of the MMDAs constituting 56 out of the 192 MMDAs cited lack of databases of properties as the reason for not sending bills. Another popular reason was the lack of property valuation as close to 20 percent of the MMDAs gave this reason for not sending bills to properties. Moreover, one in every 20 MMDAs that do not send bills to all properties within their jurisdiction claim lack of logistics as the main reason for not sending bills to properties. A considerable number of the respondents which is made of 13 percent of all the respondents gave a simple reason that they don't know or they are not sure why some properties are not sent bills.

Table 6.4: Reasons Why Some Properties are **NOT** Sent Bills

Variable	Obs.	Freq.	Percent
Couldn't locate property owners	192	30	15.6
Not worth it	192	8	4.2
Too hard to collect	192	25	13.0
No records/database	192	56	29.2
No property valuation	192	38	19.8
Lack of logistics	192	10	5.2
Don't Know	192	25	13.0
Total		192	100

Note: This table reports the reasons why some properties are not sent bills in Ghana's 216 local governments. However, twenty (20) of the MMDAs indicated that, they are able to send bills to all properties within their jurisdiction. Source: LTC Survey

Since the revenue collectors are mainly responsible for delivering bills in most district, they are mostly well placed personnel at the district level to know what percent of bills were addressed to the right person, what percent of property owners are located when delivering bills and lastly what percent of property owners are located when delivering bills. The questions help to address the challenges of locating property owners and serving them with the correct bills. More than half of the revenue collectors indicated that they are able to locate about 98 percent of the properties when they are delivering bills with 76.1 percent on average indicating that they are able to find the properties when delivering bills. Less than 1 percent of properties were located according to the 10th percentile rank while 100 percent of properties are located according to the 90th percentile rank.

Also from table 6.5, the median revenue collector reports that about 90 percent of the property owners are found when delivering bills with a mean of almost 80 percent. 10 percent of the revenue collectors surveyed declared that they are able to locate less than 50 percent of properties when delivering bills. In contrast, the 90 percentile stated that less than 100 percent of property owners are found when delivering bills. At least half of the revenue collectors report that they are able to deliver all their bills to the right

persons. That is, 100 percent of the bills are delivered to the right persons as reported by the median revenue collector. The mean however reports 94.2 percent of bills are addressed to the right person. The 10th percentile had 80 percent of bills addressed to the right person while the 90th had 100 percent of bills addressed to the right person.

Table 6.5: Challenges in the Delivery of Property Rate Bills

Variable	Summary Statistics				
	Obs.	10th	Median	Mean	90th
Properties that are located (%)	215	0.10	98.0	76.1	100.0
... and Property owners located (%)	215	50.0	90.0	80.0	100.0
... and Bills addressed to right person (%)	215	80.0	100.0	94.4	100.0

Note: This table reports the 10th percentiles, mean, median and 90th percentiles of the distribution of challenges in the delivery of property rate bills in Ghana's 216 local governments. This information were sought from revenue collectors who are tasked to collect property rates from all 216 MMDAs in Ghana. Source: LTC Survey

It was also necessary to know the challenges revenue collectors face when delivering business licenses. As shown in table 6.6, about half of the revenue collectors interviewed stated that they are able to locate about 99 percent of the businesses when they are delivering the bills. On average, they are able to locate about 91 percent of the businesses when they are delivering bills. The 10th and 90th percentiles report 75 percent and 100 percent respectively. Again, about half of the revenue collectors indicated that they are able to locate all the business owners when delivering the bill. However, they are able to locate on average about 90 percent of business owners when they deliver bills. The 10th and 90th percentiles also report 65 percent and 100 percent respectively. The median revenue collector revealed that all bills are addressed to the right businesses while on the average, about 96.1 percent of the bills are addressed to the right businesses. The 10th and 90th percentiles report 90 percent and 100 percent for the bills that are addressed to the right business respectively.

Table 6.6: Challenges in the Delivery of Business Licenses

Variable	Summary Statistics				
	Obs.	10th	median	mean	90th
Businesses that are located (%)	171	75.0	99.0	91.2	100.0
... and Business owners found (%)	171	65.0	100.0	89.8	100.0
... and Bills addressed to right business (%)	171	90.0	100.0	96.1	100.0

Note: This table reports the 10th percentiles, mean, median and 90th percentiles of the distribution of challenges in the delivery of business licenses in Ghana's 216 local governments. Again this information was enquired from revenue collectors who are tasked to collect business licenses only. Source: LTC Survey

The revenue collectors were interviewed to know the attitudes of the citizens towards the payment of rate and/or bills such as property rates and business licenses rates. This was to help determine the time it takes for the property and business owners to pay their bills when they are served. Questions were asked to know the percent of ratepayers who pay their bills immediately after the bills are delivered, ratepayers who pay within three months, ratepayers who pay at the end of year and the percent of those who are found to be defaulters. The result obtained is presented in table 6.7.

Panel A assessed compliance in both property rate and business licenses. At least 50 percent of the revenue collectors interviewed stated that 10 percent of both property and business owners pay their bills immediately they are delivered while on average 18.3 percent of them pay their bills immediately. At least half of the revenue collectors also revealed that 35.0 percent of the rate payers are able to pay their bills within three months while 70 percent are able to pay their bills at the end of the year. On average, 36.5 percent of ratepayers are able to pay their bills within three months. This rises to some 64 percent at the close of year. The collectors also indicated that though some of the rate payers are able to pay their bills at different time frames, there are others who do not pay at all. Hence, the median reports 30 percent of ratepayers default in paying their bills while on the average, 36 percent of them are found to be defaulters.

Table 6.7: Tax Compliance in Ghana's Local Government

Panel A: Compliance in Both Property Rates and Business Licences

Variable	Summary Statistics				
	Obs.	10th	median	mean	90th
Ratepayers who pay instantly (%)	298	0.0	10.0	18.3	50.0
... who pay within three months (%)	369	10.0	35.0	36.5	70
... who pay at the end of the year (%)	371	30.0	70.0	64.0	92.5
Default rate	371	7.5	30.0	36.0	70.0

Panel B: Compliance in Property Rates

Variable	Summary Statistics				
	Obs.	10th	median	mean	90th
Property owners who pay instantly (%)	217	0.0	5.0	16.0	50.0
... who pay within three months (%)	370	0.0	35.0	36.6	70.0
... who pay at the end of the year (%)	372	0.0	70.0	59.9	95.0
Default rate	372	5.0	30.0	40.1	100

Panel C: Compliance in Business Licenses

Variable	Summary Statistics				
	Obs.	10th	median	mean	90th
Business owners who pay instantly (%)	171	0.0	10.0	21.8	60.0
... who pay within three months (%)	371	0.0	35.0	36.3	75.0
... who pay at the end of the year (%)	372	10.0	80.0	68.1	95.0
Default rate (%)	370	5.0	20.0	31.9	90.0

Note: This table reports the 10th percentiles, mean, median and 90th percentiles of the distribution of tax compliance in Ghana's 216 local governments. Source: LTC Survey

Panel B however gives account on compliance in property rate only. At least half of the revenue collectors stated that less than 5 percent of the property owners are able to pay instantly after the bills are delivered and on average 16 percent of the property

owners are able to pay the bills instantly. It was also revealed that 35 percent of them are able to pay their bills within three months as reported by the median. On average, 36.6 percent of them are able to pay within three months. By the end of the year, about 70 percent of the property owners are able to pay their bills while the mean reports about 60 percent of property owners are able to pay at the end of the year. Similarly, 30 percent of the property owners are found to be defaulters as reported by the median while averagely, 40.1 percent of them are found to be defaulters.

Panel C gives account on compliance in business licenses only. As shown by the median, 10 percent of business owners are reported to be able to pay their business licenses immediately they are delivered. The mean however reports 21.8 percent of businesses are able to pay their bills instantly. Likewise, the median reports that 35 percent of them are able to pay their licenses within three months while on average 36.3 percent are able to pay their bills within three months. As indicated above, a greater portion of business owners are able to pay their bills when they are given enough time to do so. It was therefore recorded that 80 percent of business owners are able to pay their bills at the end of the year while on average, 68.1 percent of them are able to pay their bills at the end of the year. Again, the median report 20 percent of the business owners were found to be defaulters while on average there are about 32 percent of them who were found to be defaulters.

## **6.2 Enforcement**

To ensure compliance of tax obligations of citizens, the assemblies are empowered by existing laws in Ghana to enforce payment of taxes at the district level. When there is the issue of nonpayment, the law empowers the assemblies to take the necessary legal procedures to reclaim any rates payable (see the *Local Government Act 2016* s.158 & 159 (Gh) ). The *Local Government Act 2016* s. 156 (Gh) gives MMDAs the power to even sell properties of rate defaulters to defray their debts. There are various ways through which the ratepayer can be reminded of their liability. The three major precedures of communicating to the defaulters as stipulated in the Government of Ghana (2014), are sending reminder letters to the defaulters, giving them a telephone call to remind them of their liability and publishing the names of defaulters on the local radio or print media.

However, it was found that publishing the names of defaulters on the local radio was the most effective way of getting defaulters to pay their bills due to the public

ridicule resulting from the publication. Among the problems undermining the internal revenue mobilisation of local governments in Ghana is the lack of enforcement of revenue mobilisation by laws by MMDAs (Adu-Gyamfi, 2014). In view of this, the survey investigated the enforcement of nonpayment of taxes of both business licenses and property rates. Some of the things investigated are MMDAs that normally take ratepayers to court for nonpayment, ratepayers who receive court orders for nonpayment, ratepayers who are taken to court for nonpayment and percent of ratepayers who pay their rate after receiving court orders and/or demand notices among others.

Table 6.8: MMDAs That Take Tax Defaulters to Court

Region	Obs.	Freq.	Percent
<b>National</b>	<b>213</b>	<b>33</b>	<b>15.5</b>
<i>Of Which</i>			
Western	22	2	9.1
Central	20	2	10.0
Greater Accra	13	6	46.2
Volta	25	3	12.0
Eastern	26	7	26.9
Ashanti	30	10	33.3
Brong Ahafo	27	1	3.7
Northern	26	1	3.8
Upper East	13	1	7.7
Upper West	11	0	0.0

Note: This table reports the national and regional distribution of MMDAs that take ratepayers to court for nonpayment of tax in Ghana's 216 local governments. Greater Accra have sixteen MMDAs but as at the time of compiling this reports we had data on only 13 MMDAs in the Greater Accra. Source: LTC Survey

The survey revealed that MMDAs normally do not take ratepayers<sup>2</sup> to court in the case of nonpayment of tax. As shown in table 6.8 only 33 out of 213 MMDAs

<sup>2</sup>Ratepayers is used in this report to mean both property and business owners

corresponding to almost 16 percent claim they take tax defaulters to court. In relative terms, MMDAs in Greater Accra lead in this regard as approximately 46 percent of Assemblies in Greater Accra take tax defaulters to court. Expectedly, MMDAs in the Ashanti region followed as 33 percent of MMDAs in the region take tax defaulters to court. Next are assemblies in the Eastern region with 12 percent of MMDAs in the region taking ratepayers to court for nonpayment. Also, 10 percent of MMDAs in the Central region take ratepayers to court for nonpayment while in Western region 9 percent of assemblies there take tax defaulters to court. MMDAs in the Upper East, Northern, Brong Ahafo and Upper West regions followed in that order as 7.7 percent, 3.8 percent, 3.7 percent and 0 percent of MMDAs in these regions take ratepayers to court for nonpayment respectively.

Table 6.9: Reasons for not taking Tax Defaulters to Court

Reason	Obs.	Freq.	Percent
Economically not viable/Not Worth the Efforts	180	31	17.2
Political reasons or politically sensitive area	180	58	32.2
Lack of qualified legal personnel	180	21	11.7
Nongazetting of Fee Fixing Resolution	180	6	3.3
Nonexistence of Courts in the district	180	8	4.4
Pay after demand notices/courts sermons	180	3	1.7
Lack of database of defaulters	180	3	1.7
Use of diplomacy (eg. persuasion, negotiation, education, etc.)	180	12	6.7
Use of law enforcement agencies (eg. Police, district task force)	180	2	1.1
Don't Know/No Reason/No Idea	180	36	20.0
Total		180	100

Note: This table reports the distribution of reasons why MMDAs in Ghana do not take ratepayers to court for nonpayment in Ghana's 216 local governments. Out of the 213 MMDAs surveyed, only 33 claimed they send ratepayers to court for nonpayment. Source: LTC Survey

A number of reasons were given by the MMDAs for not taking tax defaulters to court. Chief among them was political sensitivity of the area involved or political reasons with 58 MMDAs which constitute 32 percent of all the MMDAs who do not take ratepayers to

court citing this reason. Another notable reason given was that it will be economically not viable to take ratepayers to court for nonpayment as further reasons such as high poverty levels and delay in court proceedings being the main obstacle in taking tax defaulters to court. A reasonable number of MMDAs, making up to almost 12 percent also gave lack of qualified personnel especially legal professionals as the main reason why they do not take ratepayers to court for nonpayment. Fjeldstad and Heggstad (2012) also cite the poor administrative capacity to enforce the payment of taxes as crucial impediment to the realisation of internal revenue mobilisation potential of local governments in Anglophone Africa. Another reason which was quite popular among the MMDAs was lack of district court. Almost 4 percent of MMDAs who do not take ratepayers to court cited this reason.

Furthermore, the nongazetting of fee fixing resolution which will not give any legal basis for taking ratepayers to court was also given as a reason for not taking ratepayers to court. About 3 percent of the MMDAs (6 MMDAs) cited this reason. Some MMDAs numbering 12 which correspond to about 7 percent said they use different approach such as persuasion, negotiation, education and so on to woo ratepayers to pay their rates. Also two of the MMDAs say they use the law enforcement agencies like the police or district revenue task force to collect any unpaid taxes while 3 MMDAs claim ratepayers pay after court order and/or demand notices have been served. Three (3) MMDAs reported that they lack database of defaulters to enforce the laws. A substantial number of MMDAs which is made up of 20 percent said they either don't know or have no reason or no idea as to why ratepayers are not taken to court.

We continue our discussion with MMDAs who take ratepayers to court. In all, 42 ratepayers receive court orders for defaulting in payment of either business license or property rate on average. The median district report that it issued court orders to only 11 ratepayers. The 10th percentile had 1 and the 90th percentile had 150 ratepayers who are given court orders for tax default respectively. In details, only 6 property owners are given court orders for nonpayment in a typical year as reported by at least half of the districts surveyed. On average, 29 property owners are issued court orders for nonpayment. The 10th percentile had no property owner given court order for defaulting in payment while the 90th percentile had 100 property owners who are issued with court orders for nonpayment. Moreover, about 13 business owners are given court orders for nonpayment on average. However, half of the district assemblies stipulated that only a single business owner is given a court order for nonpayment in a typical year.

Also, the 10th percentile had zero business owners given court orders for nonpayment whereas the 90th percentile had 50 business owners who are issued with court orders for nonpayment.

The median district reports 14 ratepayers are taken to court for nonpayment of taxes with a mean of 48. Ten percent of the MMDAs indicate that less than 2 ratepayers are taken to court for nonpayment. Additionally, 90 percent of the MMDAs say that less than 150 ratepayers are taken to court for nonpayment. In part, the mean reports 32 property owners are taken to court for nonpayment while the median report only 14. The 10th percentile had 0 property owners taken to court for nonpayment with the 90th percentile having 100 property owners taken to court for nonpayment. In the case of business owners, 16 business owners are on average taken to court for nonpayment of business licenses with a median of 1. Also, 10 percent of the MMDAs who take ratepayers to court report that no business owner is taken to court for nonpayment while 90 percent of them say they take less than 60 business owners to court for nonpayment.

Among the property owners who receive court orders, in total, the median reports only 10 percent of them honour their tax obligations after been served with court orders whereas on average, about 26 percent of them pay after been served with a court order. Furthermore, 10 percent of the assemblies that take tax defaulters to court report zero percent of property and business owners pay their bills (property rates & business licenses) after being served with a court order. However, 90 percent of the assemblies claim less than 75 percent of ratepayers pay their property rates and business licenses after being served with a court order. In detail, almost 32 percent of property owners on average who receive court orders for nonpayment pay their property rate while the median had 15 percent. Also, 0 percent is at the 10th percentile and 100 percent is at the 90th percentile. On the other hand, 50 percent of assemblies that take ratepayers to court for nonpayment report that less than 1 percent of business owners pay after been served with a court order whereas on average 20 percent of business owners pay after been served with a court order. It also had 0 percent at the 10th percentile and 90 percent at the 90th percentile.

Table 6.10: Enforcement of Nonpayment of Tax in Ghana's Local Government

Panel A: Ratepayers Who are Given Court Orders for Nonpayment

Variable	Obs.	10th	Median	Mean	90th
Overall	33	1	11	42	150
<i>Of Which...</i>					
Property owners	33	0	6	29	100
Business owners	33	0	1	13	50

Panel B: Ratepayers Taken to Court for Nonpayment

Variable	Obs.	10th	Median	Mean	90th
Overall	33	2	14	48	150
<i>Of Which...</i>					
Property owners	33	0	6	32	100
Business owners	33	0	1	16	60

Panel C: Ratepayers Who Pay After Been Issued With Court Orders

Variable	Obs.	10th	Median	Mean	90th
Overall (%)	33	0.0	10.0	26.1	75.0
<i>Of Which...</i>					
Property owners (%)	33	0.0	15.0	31.8	100.0
Business owners (%)	33	0.0	1.0	20.4	90.0

Note: This table reports the 10th percentiles, mean, median and 90th percentiles of the distribution of enforcement of nonpayment of tax in Ghana's 216 local governments. Panel A gives the number of ratepayers who are given court orders for nonpayment, Panel B reports number of ratepayers taken to court for nonpayment and Panel C reports percent of ratepayers who pay their rates after receiving court orders Out of the 213 MMDAs surveyed, only 33 claimed they send ratepayers to court for nonpayment. Source: LTC Survey

### 6.3 Information on Revenue Sources

Information on revenue sources is crucial for the revenue mobilisation potential of any economy. Both revenue collectors and ratepayers must feel obliged to report on new sources of revenue for the assemblies. According to Government of Ghana (2014), the extent to which MMDAs can identify new revenue sources by taking advantage of the growing economy will result in improved revenue generation for them. In this regard, this survey investigated which group of individuals give much information on new revenue sources. These group of individuals are the revenue collectors themselves, other assembly staff, traditional authorities, trade groups or business associations and property owners' associations. The findings from the survey are displayed in table 6.11.

Table 6.11: Information on Revenue Sources in Ghana's Local Government

Variable	Obs.	Freq.	Percent (%)
Revenue Collectors	213	197	92.5
Other Assembly Staff	213	163	76.5
Traditional Authorities	213	72	33.8
Trade Groups or Business Associations	213	72	33.8
Property Owners' Associations	213	60	28.2

Note: This table reports different groups of individuals who 'sometimes' give information on new revenue sources in Ghana's 216 local governments. Source: LTC Survey

From table 6.11, about 93 percent of the MMDAs surveyed indicated that revenue collectors sometimes report new revenue source which implies that revenue collectors are more likely to provide information on new revenue source. This was followed closely by other assembly staff as out of the 213 MMDAs interviewed, 163 of them corresponding to almost 77 percent report other assembly staff sometimes give information on new revenue source. Traditional authorities and trade groups or business associations followed in that order with 72 out of 213 MMDAs constituting approximately 34 percent also indicated traditional authorities and trade groups or business association sometimes report new revenue source to the assemblies. Property owners' association were the worse in reporting new revenue sources. Out of the 213

MMDAs surveyed only 60 of them report property owners associations report new revenue source to the assemblies. This represents a paltry 28 percent of the Assemblies surveyed.

# Chapter 7

## Operations of Revenue Collectors

### 7.1 Introduction

A revenue collector is a person or a firm who is tasked by a district assembly to collect revenues in terms of internally generated funds such as property rates, business licenses, fee & fines and among others on behalf of the assembly. There are three types of revenue collectors in Ghana's local government system. First, there is the salaried revenue collector who is employed full time by the assembly and is on central government's payroll. Second is a commission revenue collector who is employed by the assembly and paid by the assembly based on commissions. That is, the commissioned revenue collector is paid a fraction of the amount of revenues they are able to collect. Any revenue collector who is employed by an assembly either paid by the central government or by the assembly on commission and/or salaries is referred to as an internal revenue collector.

Lastly, the assembly can also outsource a specific revenue source or all revenue sources to a private firm to collect on its behalf and in turn the firm charges the assembly a commission. The commissions are normally in rates and it is calculated based on the amount of revenue collected by the firm. District Assemblies in Ghana use different approaches in their revenue mobilisation drive. Some combine all three types of revenue collectors in their revenue mobilisation; others use a combination of any two types and some use only the internal revenue collectors in mobilisation of revenue. Revenue collectors who are employed by an outsourced firm is an external revenue collector.

## 7.2 Daily Operations of Revenue Collectors

The revenue collectors were assessed on their daily activities to determine how well they perform in their various assemblies. In view of this, they were assessed based on how they are able to locate new revenue sources, those who are able to meet their supervisors and if they are given any target within a week. They answered these questions and some other key questions.

Table 7.1: Daily Operations of Revenue Collectors

Variable	Obs.	Freq.	Percent(%)
Set a specific goals/targets	286	231	80.7
... and given weekly specific goals/targets	286	97	33.9
Meet their supervisor weekly to discuss goals	446	266	59.6
Involved in surprised field check	521	304	58.4
Get spot checked 3-12 times in a year	304	260	85.5
Locate a new revenue source in a week	521	144	27.6

Note: This table reports the daily operations of revenue collectors in Ghana's 216 local governments  
Source: LTC Survey

Revenue collectors were assessed based on daily operations on revenue collection. There were 521 revenue collectors who were asked if they are set with specific goals. However Only 286 of them who were internal revenue collectors answered this question. The remaining ones who did not answer this question were external revenue collectors. Out of the 286 revenue collectors interviewed, 231 of them representing 80.7 percent of the total number indicated that they are given specific goals or targets by their supervisors. Furthermore, approximately 34 percent stated that they are always given weekly goals or targets. About 60 percent (266 out of 446) of the revenue collectors revealed that they always meet their supervisors every week to discuss their goals.

Three hundred and four (304) revenue collectors out of a total of 521 collectors representing 58.4 percent stated that they are involved in surprised field checks. However, out of this number (i.e. collectors involved in surprise field checks), 260 collectors representing 85.5 percent stated that they get spot checked between 3 and 12

times in a year. When they were assessed on their ability to locate new revenue sources, only 144 collectors (out of 521 collectors) representing 27.6 percent revealed that they are able to locate a new revenue source in a week and report to their supervisors.

Table 7.2: Management of Revenue Collectors (Internal)

Variable	Summary Statistics				
	Obs.	10th	median	mean	90th
Number of revenue superintendent	213	0.0	1.0	2.4	3.0
Number of revenue supervisors	213	0.0	1.0	2.4	3.0
Number of revenue collectors	213	1.0	6.0	9.8	20.0

Note: This table reports the 10th percentiles, mean, median and 90th percentiles of the distribution of management of internal revenue collectors in Ghana’s 216 local governments. Source: LTC Survey

Inadequate revenue collection personnel have been found as one of the main cause of low revenue collection by district assemblies in Ghana (Boamah, 2013; Adu-Gyamfi, 2014)<sup>1</sup>. The survey hence took the opportunity to examine the human resource base of those engaged in revenue collection in all 216 local governments in Ghana. Table 7.2 above reports the total number of revenue superintendents, revenue supervisors and revenue collectors in all the 216 MMDAs across the country. There were 213 Finance Officers/Budget Officers/Revenue Accountants/Revenue Superintendents across the various MMDAs who responded to these questions<sup>2</sup>.

At least half of the district assemblies stated that they have one revenue superintendent and revenue supervisors in their assemblies. Whereas on average, they have approximately 2 revenue superintendent and supervisors respectively in their assemblies. Ten percent of the assemblies claim they have no revenue superintendent and/or revenue supervisor. In addition, 90 percent of the MMDAs reports having less than 3 revenue superintendent and supervisors respectively. On the other hand, at least 50 percent of the MMDAs have revealed that they have 6 internal revenue collectors

<sup>1</sup>Boamah (2013) and Adu-Gyamfi (2014) research were not nationwide but a district specific study of Offinso South and Upper Denkyira East Municipal Assemblies respectively.

<sup>2</sup>The key respondent for this set of questions was the Finance Officer (FO). When the FO was unavailable, he is replaced by either the Revenue Accountant or the Budget Officer or the Revenue Superintendent or the Revenue Supervisor in that order

and on an average there are about 10 internal revenue collectors in the districts. Only one revenue collector was at the 10th percentile and 90th percentile had 20 revenue collectors.

Table 7.3: Management of Revenue Collectors (External-Outsourced Firms)

Variable	Summary Statistics				
	Obs.	10th	median	mean	90th
Number of revenue collectors	50	4.0	8.0	25.4	82.0
Number of revenue supervisors/managers	50	1.0	2.0	2.9	6.0

Note: This table reports the 10th percentiles, mean, median and 90th percentiles of the distribution of management of external revenue collectors in Ghana’s 216 local governments. Source: LTC Survey

Revenue collection firms were also interviewed in relation to the number of revenue collectors and revenue supervisors and/or managers they operate with. There were a total of 50 revenue collection firms that were interviewed in relation to this question. It was found out that about half of the firms interviewed had at least 8 revenue collectors and 2 revenue supervisors and/or managers. Averagely, they have 25 revenue collectors and 3 revenue supervisors/managers in the firm. The 10th percentile recorded 4 revenue collectors and 1 revenue manager whereas the 90th percentile had 82 revenue collectors and 6 revenue managers respectively.

### 7.3 Hiring of External Revenue Collectors

Some MMDAs in Ghana hire the services of private individuals and firms to help with some aspect of their internal revenue mobilisation. Most external revenue are engaged to collect a particular revenue source which the MMDAs deem it as ‘difficult’ to collect. This section is dedicated to the hiring of external revenue collectors, why they are hired, number hired, whether some are fired and why they are fired or their contracts are terminated.

Table 7.4 reports the hiring of external revenue collectors. From the table, 173 MMDAs (81.2 percent) indicated that they used the services of external revenue

collectors in 2016. The number of external collectors engaged increased slightly to 182 (85.5 percent) MMDAs. The average district employs the services of about 12 external collectors in both 2016 and 2017. However, about 11 external revenue collectors who were engaged in 2016 were also maintained in 2017. This means that approximately one revenue collector who was employed in 2016 was not engaged in 2017. This means that some revenue collector’s contracts were not renewed in 2017. An array of reasons were given for not renewing contracts of external collectors which are presented in table 7.5.

Table 7.4: Hired external collectors

Panel A: MMDAs that Use External Collectors					
Variable	Obs.	Freq. (Yes=1)	percent		
Hired external collectors in 2016	213	173	81.2		
Hired external collectors in 2017	213	182	85.5		

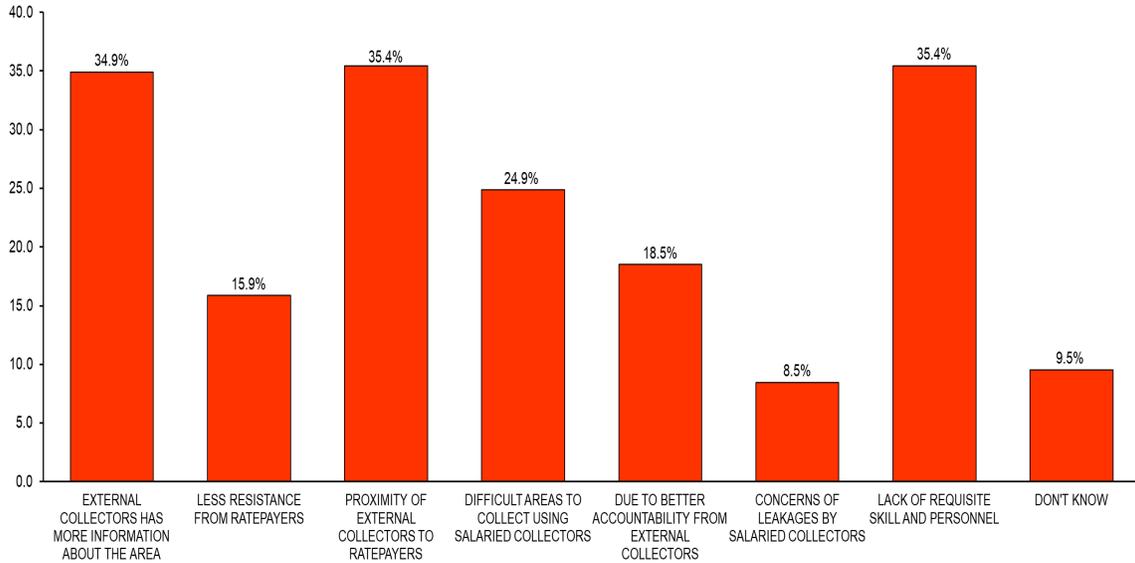
Panel B: Number of External Revenue Collectors					
Variable	Obs.	Summary Statistics			
		10th	Median	Mean	90th
Number of external collectors used					
... in 2016	213	1.0	9.0	12.3	26.0
... in 2017	213	1.0	10.0	12.1	26.0
... in 2016 and also 2017	213	1.0	9.0	11.3	25.0

Note: This table reports the reasons for not maintaining some external collectors. Source: LTC Survey

MMDAs employ external revenue collectors for varied reasons which have been presented in figure 7.1. The common reasons most MMDAs gave were proximity of external collectors to ratepayers, external collector have more information about the area and lack of requisite skill and personnel. Out of the 189 MMDAs who hire the services of external collectors to aid in internal revenue mobilisation; approximately 35 percent of them indicated they engage external collectors due to the nearness of external collectors to ratepayers, the comparative advantage external collectors has over information of the area and lastly the lack of requisite personnel and skill of salaried revenue collectors. Further reasons were less resistance from ratepayers when external collectors are used,

the difficulty of the area when using salaried collectors, better accountability from external collectors and concerns of leakages by salaried collectors. Approximately 16 percent, 25 percent, 19 percent and 9 percent of MMDAs who hire the services of external collectors respectively gave these reasons. However, an appreciable percent (about 10 percent) MMDAs said they do not know why they hire the services of external collectors.

Figure 7.1: Reasons for Hiring External Revenue Collectors



The figure above presents the percent distribution of reasons why MMDAs hire the services of external revenue collectors. In all, 189 MMDAs (88.7 percent of MMDAs) indicated that they have hired the services of external revenue collectors to help in internal revenue mobilisation. Source: LTC Survey.

Majority of the MMDAs that didn't renew the contracts of external collectors reported that the external collectors stop working with them on their own. That is, almost 58 percent of the MMDAs who chose not to renew the contracts of external collectors said that the external collectors resigned voluntarily. This findings must be further investigated as it seem strange that majority of external collectors resign voluntarily. Although some of the MMDAs cited reasons like some left to further their education, to seek other employment opportunities, some too were upgraded to salary workers and the rest for this occurrence. Also, close to 32 percent said they did not renew contracts of external collector because they did not meet the revenue targets set for them by the assembly. Additionally, 5.3 percent and 13.2 percent of the MMDAs indicated that they received from property and business owners complaints about treatment and

leakages respectively.

Table 7.5: Reasons for not renewing contracts of external collectors

Variable	Obs.	Frequency	percent
Did not meet the revenue target	38	12	31.6
Received complaint about treatment	38	2	5.3
Received complaints about leakages	38	5	13.2
Voluntary Resignation	38	22	57.9

Note: This table reports the reasons for not maintaining some external collector. Few MMDAs gave multiple reasons on why they did not renew contracts of external collectors. Source: LTC Survey

Table 7.6: Reasons for firing external collectors

Variable	Obs.	Frequency	Percent
Did not meet the revenue target	35	16	45.7
Received complaints about treatment	35	4	11.4
Received complaints about leakage	35	12	34.3
Voluntary Resignation	35	6	17.1
Political pressure	35	2	5.7

Note: This table reports the reasons for firing some external collectors during the past year. From the survey, 178 (83.6 percent) MMDAs answered that they have not fired external collectors in the past year which means that 35 (16.4 percent MMDAs) MMDAs said they have fired external collectors. Also, some officials gave multiple reasons for firing external revenue collectors. Source: LTC Survey

Some of the external revenue collectors who were working in some of the assemblies were fired. It was therefore necessary to find out the reasons why some of them were sacked or fired. In total 35 officials were interviewed in relation to this since only 35 MMDAs said they have fired external collectors<sup>3</sup>. 16 of the officials interviewed

<sup>3</sup>The survey revealed that only 35 out of the 173 MMDAs who hired external collectors in 2016 fired external collectors for various reasons.

(representing 45.7 percent) stated that some of the external collectors were fired because they did not meet the revenue target that was given to them. 4 of the officials (11.4 percent) stated that some of the external collectors were also fired because they received complaints from the households or businesses about how they were treated. 12 of the officials (34.3 percent) reported that those external collectors were fired because they received complaints about leakages where as 6 of the officials (17.1 percent) reported that some of the external collectors voluntarily resigned as most of them left to further their education among others. 2 officials (representing 4.2 percent) indicated that some of the officials were fired due to political pressure.

# Chapter 8

## Cost of Revenue Collection

District assemblies mobilise internal revenues from a range of sources including from property rate to business licenses among others to complement central government transfers and/or aids from development partners to carry out any developmental projects in their assemblies. However, a worrisome situation is that some of these assemblies are unable to collect enough internal revenues which is commonly known as IGF due to some constraints they encounter. According to Government of Ghana (2014), with the exception of land rate, MMDAs combined in 2012 could not meet their IGF budget of GH 146,405,677 but were only able to collect GH 126,234,107 representing a negative variance of 13.78 percent for that year. This has made them to over rely on the central government for a greater portion of their funding.

This study therefore sought to know the amount of revenues that these revenue collectors are able to collect or bring to their assemblies. In view of that, revenue collectors were asked to provide the average monthly revenue that were collected for the last 12 months, the amount of revenues collected in the best month in the last 12 months, the percentage of revenues that was collected from property rates, business licenses and fees & fines. It was also necessary to determine the percent of revenues that are collected from other sources of revenue aside the aforementioned sources. Moreover, the survey investigated the cost of collection by salaried and commissioned collectors.

## 8.1 Salaried Collectors

### 8.1.1 Revenue Collections by Salaried Revenue Collectors

The median revenue collector (internal) reported that the average monthly revenue collected for the last 12 months was Ghs 1,200 and the mean revenue collected for the last twelve months was Ghs 2,676. The 90th percentile recorded Ghs 5,000 as the average revenue collected in the last twelve months. In contrast, the 10th percentile recorded Ghs 340 as the monthly revenue collected in the last twelve months. The median revenues collected in the best month of the last 12 months was Ghs 2,000. Averagely, the revenues collected in the best month in the last 12 months was Ghs 3,897. Six hundred Ghana cedis (Ghs 600) was recorded at the 10th percentile and Ghs 7,250 was recorded at the 90th percentile. However, 50 percent of revenue collectors were able to collect less than Ghs 700 in the worst month while the mean was Ghs 1,229. Also, 90 percent of the collectors collected less than Ghs 2,000 in the worst month while 10 percent collected less than Ghs 150 in the worst month.

At least half of the revenue collectors reported that 0 percent, 20 percent, 10 percent and 0 percent of revenues they mobilise come from property rates, business licenses, fees & fines and other revenue sources respectively. The revenue collectors, however, recorded an average of 25.4 percent of revenue collected from property rates, 31.8 percent collected from business licenses, 26.4 percent collected from fee & fines and 16.4 percent collected from other revenue sources. 10 percent of the revenue collectors indicate that less than 0 percent of revenues they collect comes from property rates, business licenses, fee & fines and other revenue sources accordingly. Although, 90 percent of the revenue collectors surveyed report that less than 80 percent, 99 percent and 60 percent of revenues they collect are from property rates, business licenses, fees & fines and other revenue sources in that order.

Table 8.1: Salaried Revenue Collectors on Revenue Collection

Panel A: Revenue Collection in the Last 12 months					
Variable	Summary Statistics				
	Obs.	10th	median	mean	90th
Average monthly revenues (Ghs)	280	340	1,200	2,676	5,000
Revenue collected in best month (Ghs)	280	600	2,000	3,897	7,250
Revenue collected in worst month (Ghs)	280	150	700	1,229	2,000

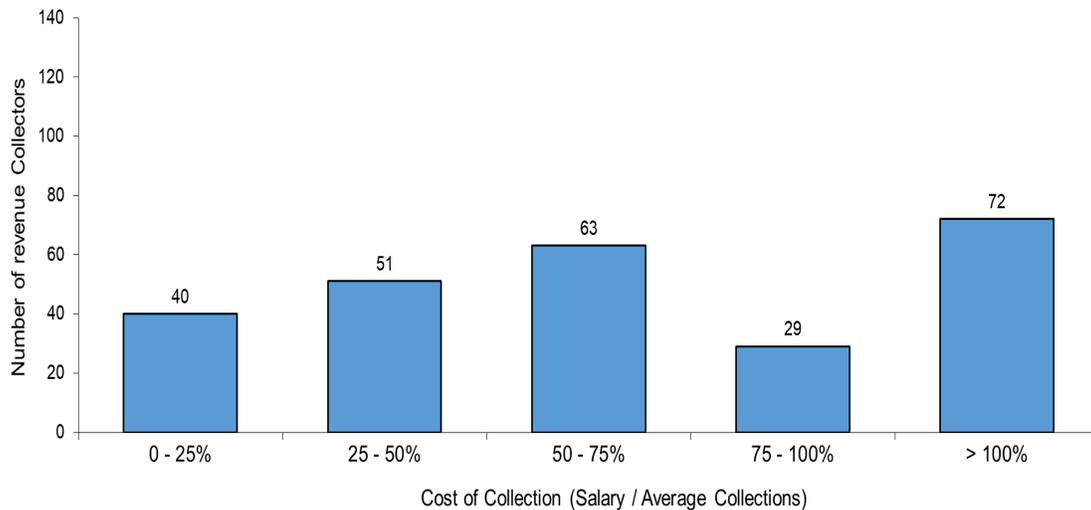
Panel B: Sources of Revenue					
Variable	Summary Statistics				
	Obs.	10th	median	mean	90th
Revenues from property rates (%)	280	0.0	0.0	25.4	80.0
Revenues from business licenses (%)	280	0.0	20.0	31.8	99.0
Revenues from fees & fines (%)	280	0.0	10.0	26.4	99.0
Revenues from other revenue sources (%)	280	0.0	0.0	16.4	60.0

Note: This table reports the 10th percentiles, mean, median and 90th percentiles of the distribution of revenue collection by salaried revenue collectors in Ghana's 216 local governments. Source: LTC Survey

### 8.1.2 Cost of Collection by Salaried Revenue Collectors

The cost of collection is calculated as a ratio of the gross monthly salary of the collectors and the mean number of collections of the two best collectors in the district. From the graph, figure 8.1, a lower cost of collection means more productive collectors. Only 40 collectors are the most productive, whereas 72 of them appear in the opposite side of the spectrum, being the least productive. Also, 51 salaried revenue collectors have more than 25 percent but less than 50 percent cost of collection; 63 of them have between 50 and 75 percent cost of collection; and more than 75 percent and less than 100 percent cost of collection corresponds to 29 revenue collectors.

Figure 8.1: Cost of Collection by Salaried Collectors



## 8.2 Commission Collectors

### 8.2.1 Revenue Collections by Commission Revenue Collectors

In a like manner, commission revenue collectors were also asked to give details of their average monthly revenue collected for the last 12 months, the revenue collected in the best and worst month in the last 12 months and the percentage of revenue that is accrued from property rates, business properties and fees & fines. There were 242 commission revenue collectors who responded to these questions. At least 50 percent of the external revenue collectors reported that the average monthly revenues collected for the past 12 months was less than Ghs 925 and the mean monthly revenues they were able to collect in the last year is Ghs 1,502. They also recorded Ghs 1,300 and Ghs 500 as the median amount of revenues collected in the best and worst months respectively in the last 12 months. The mean revenue collected in the best and worst months in the last 12 months Ghs 2,350 and Ghs 820 in that order.

The median revenue collector reported that 0 percent of revenues collected are from both property rate and business licenses but on average they (commission revenue collectors) collect 19.8 percent and 23.3 percent of their revenues from property rates and business licenses respectively. On the contrary, the median reports that 10 percent of revenues are from fees & fines but 0 percent are from other revenue sources. The

mean reported 34.1 percent and 22.8 percent of revenues collected are from fees & fines and other revenue sources respectively. The 10th percentile had 0 percent for all revenue sources; such that property rates, business licenses, fee & fines and other revenue sources while the 90th percentile reported 70 percent for property rates and 100 percent for business licenses, fees & fines and other revenue sources.

Table 8.2: Commission Revenue Collectors on Revenue Collection

Panel A: Revenue collection by External Revenue Collectors in the Last 12 months					
Variable	Summary Statistics				
	Obs.	10th	median	mean	90th
Average monthly revenue (Ghs)	242	200	925	1,502	3,000
Revenue collected in best month (Ghs)	242	300	1300	2,350	5,000
Revenue collected in worse month (Ghs)	242	80	500	820	1,500

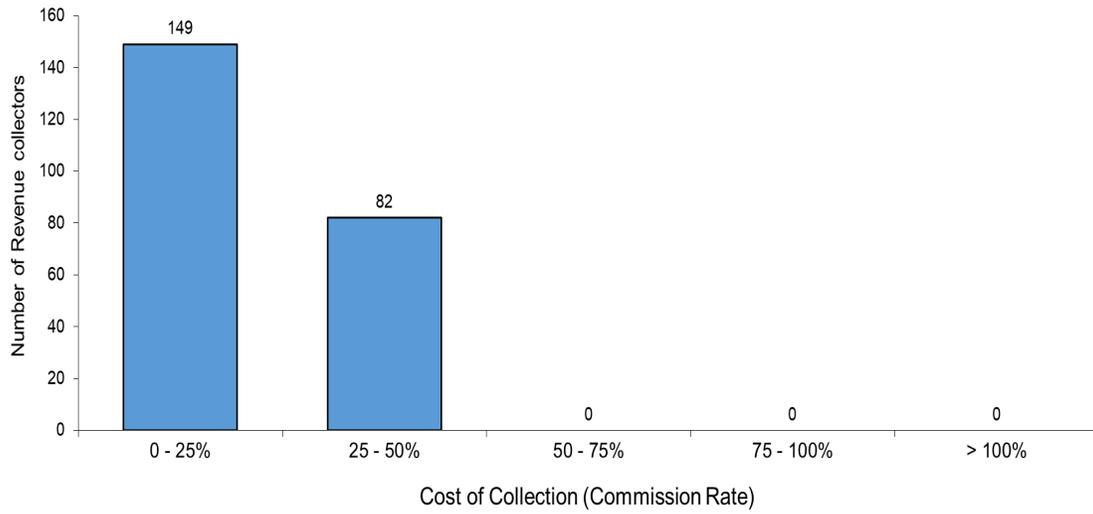
Panel B: Sources of Revenue					
Variable	Summary Statistics				
	Obs.	10th	median	mean	90th
Revenues from property rates (%)	242	0.0	0.0	19.8	70.0
Revenues from business licenses (%)	242	0.0	0.0	23.3	100.0
Revenues from fees & fines (%)	242	0.0	10.0	34.1	100.0
Revenues from other revenue sources (%)	242	0.0	0.0	22.8	100.0

Note: This table reports the 10th percentiles, mean, median and 90th percentiles of the distribution of revenue collections by commission revenue collectors in Ghana's 216 local governments. Source: LTC Survey

## 8.2.2 Cost of Collection by Commission Revenue Collectors

From figure 8.2, the commission rate for commission collectors in Ghana is distributed in two main groups. A low commission rate from 0 to 25 prevails in the majority of the districts, whereas in 82 of them, the cost of collection goes from 25 to 50 percent but never surpasses 50 percent of revenues collected.

Figure 8.2: Cost of Collection by Commission Collectors



# Chapter 9

## Resident Interactions with Local Government

The survey also took the opportunity to inquire the views of residents living within the various MMDAs in Ghana about the activities of local governments in Ghana and also their responsibility as to the payment of taxes, either property rates and/or business operating licenses. In sampling residents, there were some key considerations. First, the person to be interviewed should either be a property owner and/or business owner and ultimately should not be less than 30 years. The age limit was to ensure that persons who have the capability<sup>1</sup> to pay taxes were interviewed. Some studies have established that undesirable service delivery by local governments (Asare, 2015) and precise and deliberate attempts by ratepayers to resist and evade taxes (Fjeldstad and Heggstad, 2012) are some of the challenges facing local governments in their efforts in raising enough internal resources for their development.

Therefore, a total of 15 residents from each of the 216 MMDAs in Ghana were asked if they have had any interaction with any of the local government officials in the last two years, if they have ever heard of fee fixing resolution and if they know what it means. Questions were also asked if they are aware of any road, school or public toilet building projects in their assemblies among other questions. Other questions asked were; if they pay business operating licenses and/or property rates, the mode of payment and whether they get receipts after paying for property rates and/or business licences.

Starting with residents interactions with government agencies within their jurisdiction, 40 percent of residents declared they have interacted with Local

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<sup>1</sup>By capability, we mean the person should either own a property or business

Government officials in the last two years while almost 42 percent of the residents declared they have interacted with Birth and Death Registry within their jurisdiction. Again, only 15 percent percent of the residents have interacted with the revenue authority (GRA) in the last two years. Upon their interactions with these government agencies, about 70 percent of residents find the local governments (MMDAs) to be competent and/or efficient in carrying out their mandate. However, approximately 78 and 82 percent of residents who have interacted with the Birth and Death Registry and GRA (revenue authority) respectively find these agencies to be competent and/or efficient.

Table 9.1: Residents Interactions with Government Agencies Within Their Jurisdiction

Panel A: Interactions with Government Agencies in the Last Two Years

Variable	Obs.	Freq.	Percent (%)
Interaction with ...			
... local government officials	3186	1273	40.0
... Birth and Death Registry	3186	1347	42.3
... Revenue Authority (GRA)	3186	489	15.4

Panel B: Residents Perception of Government Agencies

Variable	Obs.	Frequency	Percent (%)
government agency is competent/efficient			
... Local Governments (MMDAs)	1273	889	69.8
... Births and Death Registry	1347	1056	78.4
... Revenue Authorities (GRA)	489	401	82.0

Note: This table reports residents interactions with government agencies in Ghana's 216 local governments. Panel A, reports residents who have interacted with three government agencies, namely, Local Governments (MMDAs), Birth and Death Registry and GRA (Revenue Authority). Panel B, reports the perception residents have against these government agencies as to their competencies. Source: LTC Survey

Moving on, residents were also asked whether they have heard about fee fixing

resolution, attended a fee fixing resolution and lastly whether they have any knowledge about fee fixing resolution. The findings from the survey is displayed in panel A of table 9.2. Only 7 percent of the residents indicated they have heard about fee fixing resolution. This means that majority of residents have not heard about fee fixing resolution before while only 3 percent have actually attended fee fixing resolution. On the other side, majority of the residents know nothing about fee fixing resolution (Only 6 percent of the residents revealed that they know about fee fixing resolution).

Furthermore, the survey investigated the awareness of projects undertaken by local governments in Ghana by residents. The results is displayed in panel B of table 9.2. In all, 33 percent of the residents declared that they at least know about a project being undertaken by their local government. In detail, 15 percent indicated they know about a road buliding project, 14 percent admitted knowing about a school building project and 8 percent said they know about a public toilet building project. Moreover 11, 9, and 5 percent of the residents admitted they know about a wate management, health facility and a water project within their geographical area which is being undertaken by the local government.

The last set of answers which were enquired from the residents was on residents tax obligations. About 87 percent of business owners pay their business licenses in Ghana's local governments. The results from the survey is presented in table 9.3. The most common mode of payment for business licenses is cash. Also, over 89 percent of businesses receive receipts after payment for business licenses. On the other hand, close to 57 percent of property owners pay their property rates using cash mode of payment. Our results was similar to other studies like Boamah (2013) when he investigated the constraints to property rate taxation of Offinso South municipal assembly and found that almost 58 percent of the respondents pay property rates in Offinso South municipal assembly. Also, almost all property owners receive receipts after making payments for property rates.

About 30 percent of the residents believe that they should always pay tax whereas 70 percent of them believe that they should only pay tax if it is going to bring about development in their communities.

Table 9.2: Residents Awareness of Local Government Activities

Panel A: Residents Awareness of Fee Fixing Resolution

Variable	Obs.	Freq.	Percent (%)
Heard about fee fixing resolution	3186	229	7.2
Attended fee fixing resolution meeting	3186	82	2.6
Knowledge of fee fixing resolution	3186	193	6.1

Panel B: Residents Awareness of Local Government Projects

Variable	Obs.	Freq.	Percent(%)
Any project	3186	1057	33.2
Road building project	3186	487	15.3
School building project	3186	461	14.5
Public toilet building project	3186	246	7.7
Waste management project	3186	343	10.8
Healthcare facility project	3186	286	9.0
Water project	3186	158	5.0

Note: This table reports residents awareness of local government activities in Ghana's 216 local governments. Source: LTC Survey

Table 9.3: Tax Obligation in Ghana's Local Government

Panel A: Business Operating Licenses			
Variable	Obs.	Freq.	Percent (%)
Pay business operating license	2168	1880	86.7
<i>Of which</i>			
Use cash mode of payment for business license	1880	1838	97.8
Received receipts after payment of business license	1880	1675	89.1

Panel B: Property Rates			
Variable	Obs.	Freq.	Percent (%)
Pay property rates	1530	878	57.4
<i>Of which</i>			
Use cash as mode of payment for property rate bill	878	869	99.0
Received receipts after payment of property rate bill	878	861	98.1

Panel C: Willingness to Pay Tax			
Variable	Obs.	Freq.	Percent (%)
Should 'always' pay tax	3136	929	29.6
Should 'only' pay tax if it will bring dev't	3136	2207	70.4

Note: This table reports residents obligations toward tax payment in Ghana's 216 local governments. Source: LTC Survey

# Chapter 10

## Expenditure Priority

### Expenditure Priority by Category of Respondents

Sometimes there is a disconnect between what local officials want to spend available resources on and what local residents want. That is the local assembly may prioritise health services delivery while local residents may only want their rubbish collected or roads leading to their various houses tarred. When this happens there is always the difficulty for local residents to appreciate the efforts of their local assemblies and this is likely to affect internal resource mobilisation. Indeed, some studies (Asare, 2015; Puopiel and Chimsi, 2015) identified undesirable service delivery by some of the MMDAs as one of the key constraints to IGF mobilisation. Thus, this chapter is set out to investigate the priorities of local officials and residents.

For this chapter, politician refers to either an MMDCE or the chair of finance and administration sub-committee of the assembly or both; management refers to top management officials including the MMDCDs, finance officers and the budget officers/analysts; and residents refer to business and property owners who reside in the district.

From table 10.1 it can clearly be deduced that while local officials (i.e politicians and management) main top two expenditure priorities are education and health service delivery respectively, residents main priority is road building projects and adequate and portable water provision. However, the third priority were different for each category of respondents. Politicians preferred to spend any additional resources of the district on roads whereas sanitation and health were the top priority of managements and residents. So it can now be seen that while the topmost concern of residents was road

buliding projects, it is only the third priority of politicians and was not even part of the top three pririoties of management. We therefore conclude that, there is a difference in priorities of local officials and residents.

Table 10.1: Top Three Expenditure Priorities

Respondent Category	1st priority (%)	2nd priority (%)	3rd priority (%)
Politicians	Education (34.8)	Health (22.9)	Road (16.5)
Management	Education (23.5)	Health (19.6)	Sanitation (12.0)
Residents	Road (31.1)	Water (18.3)	Health (14.6)

Note: This table reports the top three expenditure priority of local government officials and residents in the 216 local government. Politician refers to either an MMDCE or the chair of finance and administration sub-committee of the assembly or both; management refers to top management officials including the MMDCDs, finance officers and the budget officers/analysts; and residents refer to business and property owners who reside in the district. Source: LTC Survey

## Expenditure Priority by Category of Respondents and Assembly

We further investigated whether these choices were different for the various categories of assemblies in Ghana. To achieve effective and efficient local service delivery, Ghana has three main categories of assemblies according to the constitution and other enabling legislations, i.e. the Local Government Act (Act 936) of 2016. There is the metropolitan assemblies which are a well demarcated areas with a population of not less than 250,000 people; municipal assemblies which should have a minimum population of 95,000 people with a clear boundaries; and finally, district assemblies which are well cut out areas with a population of 75,000 minimum each.

Table 10.2 reports the various choices of politicians, management and residents across all categories of assemblies. Panel A reports the choices of metropolitan assemblies, panel B reports that of municipal assemblies and panel C reports the responses of district assemblies. From panel A, the top three expenditure priorities of politicians in metropolitan assemblies are sanitation, education and security in that order whereas that of management is road, education and sanitation respectively.

Residents prefer sanitation, education and waste management as their top three expenditure priorities. Although there was no difference in first expenditure priority between the politicians and residents, management had different first expenditure priority from both the politicians and residents. However, all three categories of respondents had same second priority. All three of them had different third priorities. A common priority from all three respondents of metropolitan assemblies is sanitation/waste management as at least all categories of respondents highlighted these as a priority but at different ranks. This results is expected as the findings of Miezah et al. (2015) prove that metropolitan assemblies generate the most waste per capita than municipal and district assemblies respectively in Ghana.

From panel B, politicians and management were in sync with their first priorities, that is education service delivery whereas residents had road building projects as their topmost need in their districts. However, all categories of respondents had divergent second and third ranked priorities. The second most priority for politicians, management and residents were sanitation, health and water respectively. Also the third most important need of politicians, management and residents are health, sanitation and education severally. Again, there were divergence between the expenditure priorities across all categories of respondents of municipal assemblies. However, the divergence was huge between residents and local officials. The most common priorities were education, health and sanitation.

Same as for municipal assemblies, politicians and management of district assemblies had education as their topmost expenditure priority while residents had road as their first priority. Similar results were found for the second most important spending categories. Both politicians and management had expenditure on health services delivery as their second most important spending category while residents had portable and adequate water supply as the second most expenditure category. The third priorities are road building projects for politicians, sanitation for management and health/education for residents. For the district assemblies, the top three expenditure priorities for politicians and management were almost similar except for the third priority. Again there was huge variation between the needs of the residents and the priorities of local officials.

Table 10.2: Top Three Expenditure Priorities by District Type

Panel A: Metropolitan Assemblies			
Respondent Category	1st priority (%)	2nd priority (%)	3rd priority (%)
Politicians	Sanitation (66.7)	Education (44.4)	Security (33.3)
Management	Road (33.3)	Education (22.2)	Sanitation (27.8)
Residents	Sanitation (24.4)	Education (13.3)	Waste management (12.2)

Panel B: Municipal Assemblies			
Respondent Category	1st priority (%)	2nd priority (%)	3rd priority (%)
Politicians	Education (31.0)	Sanitation (17.0)	Health (17.0)
Management	Education (26.6)	Health (19.0)	Sanitation (17.7)
Residents	Road (30.6)	Water (14.8)	Education (15.7)

Panel C: District Assemblies			
Respondents Category	1st priority (%)	2nd priority (%)	3rd priority (%)
Politicians	Education (36.9)	Health (26.2)	Road (17.2)
Management	Education (22.4)	Health (20.2)	Sanitation (14.6)
Residents	Road (32.0)	Water (19.9)	Health/Education (14.2)

Note: This table reports the top three expenditure priority of local government officials and residents in the 216 local government Source: LTC Survey

## Expenditure Priority by Region and Category of Respondents

For the purposes of our analysis, we divided the country into three broad regions; all MMDAs from the Western, Central, Greater Accra and Volta regions formed what we referred to as the Southern/Coastal region; Middle/Forest region consisted of all MMDAs within Eastern, Ashanti and Brong Ahafo regions; and lastly, MMDAs in

Nothern and Upper East and West regions formed the Northern/Savanna region. We split the country into three main parts to investigate how geographical area of the district impact on the choice of spending category.

Panel A of table 10.3 reports the expenditure priorities of the various categories of respondents in coastal/southern region. The first two priorities of local government officials were education and health while that of residents were spending on road building and water provision. Politicians preferred road building project as their third priority while management and residents both preferred expenditure on sanitation.

The preferred choice of politicians and management for the forest/middle region are the same as that of politicians and management of coastal/southern region as shown in panel B. That is, the first, second and third ranked priorities of politicians of the middle/forest region were education, health and road while that of management were education, health and sanitation. Residents had similar rank of priorities with the third priority being the only difference. The first to third ranked priorities of residents of forest/middle region were road building project, water provision and education.

Similar results found for the savanna/northern region as shown in panel C. Politicians preferred expenditures on education, health care facilities and road building projects in that order. On the other hand, management chose as their priorities expenditures on education, health care facilities and water in order of importance. Finally, residents chose road building projects, water provision and education as their first, second and third expenditure priorities respectively.

It can be deduced from the above analysis that, the choice of expenditure priority of the various categories of respondents among regions were consistent through out with a few variations.

Table 10.3: Top Three Expenditure Priorities by Region

Panel A: Coastal/Southern Assemblies			
Respondent Category	1st priority (%)	2nd priority (%)	3rd priority (%)
Politicians	Education (32.4)	Health (24.3)	Road (14.9)
Management	Education (21.3)	Health (18.0)	Sanitation (20.5)
Residents	Road (35.3)	Water (16.7)	Sanitation (16.7)

Panel B: Forest/Middle Assemblies			
Respondent Category	1st priority (%)	2nd priority (%)	3rd priority (%)
Politicians	Education (36.1)	Health (25.9)	Road (18.8)
Management	Education (26.1)	Health (19.6)	Sanitation (13.5)
Residents	Road (31.5)	Water (18.1)	Education (15.2)

Panel C: Savanna/Northern Assemblies			
Respondent Category	1st priority (%)	2nd priority (%)	3rd priority (%)
Politicians	Education (36.5)	Health (26.2)	Road (17.2)
Management	Education (22.5)	Health (22.5)	Water (14.6)
Residents	Road (23.7)	Water (21.4)	Education (14.1)

Note: This table reports the top three expenditure priority of local government officials and residents in the 216 local government. We divided the country into three broad regions; all MMDAs from the Western, Central, Greater Accra and Volta regions formed what we referred to as the Southern/Coastal region; Middle/Forest region consisted of all MMDAs within Eastern, Ashanti and Brong Ahafo regions; and lastly, MMDAs in Northern and Upper East and West regions formed the Northern/Savanna region. Source: LTC Survey

## Expenditure Priority by Level of Education of Residents

Expenditure priority of residents by their level of education showed less variance as can be seen in table 10.4. With the exception of residents who have had post-graduate education, those who have had no education up to those who have had post secondary

had similar first, second and third priorities. In fact, with exclusion of residents who have had no education who opted for expenditure on health care facilities as their third expenditure priority, all other residents who have had education up to post secondary education had the same rank of priorities. They chose road building infrastructure, water provision and education as their first, second and third expenditure priorities respectively. However, residents who have had education up to the post-graduate level chose expenditure on education, road building infrastructure and health care facilities or sanitation as their number one, two and three expenditure priorities severally.

Table 10.4: Top Three Expenditure Priorities by Region

Panel A: Coastal/Southern Assemblies			
Category of respondents	1st priority (%)	2nd priority (%)	3rd priority (%)
No education	Road (26.1)	Water (22.7)	Health (15.1)
Basic education	Road (33.1)	Water (17.8)	Education (15.2)
Secondary education	Road (30.0)	Water (16.4)	Education (14.4)
Post Secondary education	Road (32.2)	Water (17.7)	Education (16.2)
Post graduate education	Education (26.1)	Road (16.7)	Health/Sanitation (17.4)

Note: This table reports the top three expenditure priority of local government officials and residents in the 216 local government Source: LTC Survey

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