

Final report



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Survey of local government revenue mobilisation capacity in Ghana, 2017

Summary and policy
implications

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Survey of Local Government Revenue Mobilization Capacity in Ghana, 2017: Summary and Policy Implications

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In collaboration with the
Office of the Head of Local Government Services (OHLGS)

November 4, 2018

Preface and Acknowledgments

This document reports the findings of a survey on revenue mobilization capacity across the 216 Metropolitan, Municipal and District Assemblies (MMDAs) that made up Ghana's local governments as of 2017. 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: Maximizing 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 support of Dr. Nana Ato Arthur, Dr. Charles B. Kessey, Mr. Joseph Dasanah, Mrs. Eunice Osae, and Mr. Frank Asante. The authors would also like to express their profound appreciation to Mr Joseph Antwi and other officials at the Fiscal Decentralization Unit of the Ministry of Finance and Mr Jonathan Azasoo (Deputy Director at the National Development Planning Commission) for their vital inputs and comments, and to Mr Gregory A. Addah, Ing. Mabel A. Adjaottor and Mr Kyaw Myaing for their helpful directions at the very early stages of the project.

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 grateful to the team of enumerators who traveled across the country to undertake the survey, and to DataPlas Ltd, in particular Mr. Kojo Mensah Sedzro and Mr. Martin Agbodzi, for their effective management of the data-collection process.

Finally, the study would not have been possible without funding from the International Growth Centre (IGC). The authors would like to express their profound appreciation to IGC and in particular the Country Director Dr. Nii Kwaku Sowa, Senior Adviser Dr. Sam Mensah and Lead Academic Prof. Chris Udry for their support, helpful comments and encouragement.

Executive Summary

The 2017 Survey of Local Government Revenue Mobilization Capacity in Ghana 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 mobilization 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, one common reason that collections are so low in many MMDAs is that many properties eligible to pay property rates are not even sent a bill. 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. The main five conclusions we reach in this study are summarized as follows.

1. Use of revenue management software and electronic property databases is low in most MMDAs and this appears to be a key constraint on revenue mobilization. Districts that used revenue management software and databases collected around 83 percent more IGF per resident than similar districts that do not use such technologies.
2. The cost of collection is very high in most MMDAs, 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 five revenue collectors earns a monthly salary that is greater than their revenues collected – amounting to a commission rate of over 100 percent! This compares unfavorably to commissioned collectors, who earn commission rates ranging from 10 percent to 30 percent.
3. Cash is still by far the most common payment method for property rates and business licenses, with around 70 percent of payments made in cash in the average MMDA.

Yet cash payments allow for unacceptably high rates of leakages, which reduce funds available for district expenditures. Electronic payments, including payments by mobile money, are beginning to be used in many districts, though currently a small minority of payments are made through mobile money.

4. The fraction of properties that have official valuations is still quite low, with just one third of MMDAs having worked with the Land Valuation Division (LVD) to value some or all of their properties. As a result, less than one fifth of properties in Ghana have been valued by the LVD. While most MMDAs attempt to impose un-assessed property rates, the lack of up-to-date property valuation lists remains a major constraint to IGF mobilization in Ghana.
5. Residents are poorly informed about MMDA revenue collection and expenditures, while district officials have somewhat inaccurate views about their residents' expenditure priorities. Among residents, fewer than 10 percent know what a fee fixing resolution is, and fewer than 2 percent had attended a fee-fixing resolution meeting in their district. When asked to name a local expenditure funded by their MMDA, fewer than one out of three residents could name or describe one. Regarding expenditure priorities, residents overwhelmingly described roads and water as their top two choices, whereas district officials reported that their districts' priorities were education and health.

These findings suggest a number of recommendations for policy. First, all of Ghana's local governments should use revenue management software and geolocated property databases to better mobilize revenue. Second, local governments should consider moving to incentive-based compensation schemes for revenue collectors to lower cost of collection. Third, local governments should adopt electronic payment systems to reduce cash payments. Fourth, central and local governments should consider alternative ways of funding property valuations, since funds for valuations seem to be a constraint. Fifth, MMDAs should improve their community outreach efforts so as to better understand residents' expenditure priorities and to better inform residents about the revenue mobilization process.

Finally, MMDAs should be required to submit monthly reporting of their revenues, expenditure, and cost of revenue collection. Compiling and reporting expenditures and the cost of collection will help districts keep their cost of collection in check, and will help the districts manage their fiscal situation in real time.

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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 and schools – that are crucial inputs to economic growth. Unfortunately, policymakers do not agree on how best to increase 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 mobilization across Ghana's 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, 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. Thus, the data from this study should serve a valuable purpose.

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 mobilization capacity (including resources), strategies, practices and constraints. Although the MMDAs have several sources of Internally Generated Funds (IGFs) (summarized 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 harmonized 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 synchronization of the data to a single location for daily examination.

The survey targeted about 13 officials in each of the 216 MMDAs in Ghana starting in 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 maximize the likelihood of capturing property and business owners as well as people who know a lot about the district. The resulting data set 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, Education and Work Experience

This chapter summarizes the demographic characteristics, education and work experience of the survey respondents. The chapter also presents the number of days of training received by the various categories of local government officials. In this chapter, unless otherwise stated, *political heads* refer to chief executives (MMDCEs) and chairs of finance and administration sub-committees of the assembly; *administrative heads* consist of coordinating directors (MMCDs), finance officers, budget officers, physical planners, IT/MIS officers and revenue accountants; and *revenue staff* constitutes revenue supervisors, revenue superintendents and revenue collectors; and *residents* are private citizens aged 30 years or more.

We start off with a discussion of the demographic characteristics of our respondents. As Table 3.1 shows, the majority of our respondents were males (62.2 percent). Females were under-represented in all categories of government positions. Among political heads, 92.3 percent were male. Administrative heads were 91.1 percent male, while revenue staff were 72 percent male. Residents were 46.2 percent female, and the one category of respondents where females were (slightly) over-represented.

Table 3.2 presents the distribution of educational attainment by category of respondent. Overall, the political heads and administrative heads had very high levels of education relative to the revenue staff and residents. Out of 388 political heads surveyed, 145 had post-graduate education, such as a master's degree, and 223 had post-secondary education, including teaching certificates and higher national diplomas. Thus, 95 percent of political heads had secondary education or higher. Administrative heads were similarly well

educated. Out of 1,051 administrative heads surveyed, 509 had post-graduate education and 504 had post secondary education. Thus, 96 percent of administrative heads had post-secondary education or more.

Table 3.1: Gender Distribution of Respondents

Category of respondents	Obs.	Males		Females	
		Freq.	Percent (%)	Freq.	Percent (%)
Political Heads	388	358	92.3	30	7.7
Administrative Heads	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.

In contrast, out of 893 revenue staff, the most common educational outcome was basic education (434 respondents), followed by secondary education (270 respondents) – which includes vocational, technical or commercial training – and post-secondary education (168 respondents). Just 16 revenue staff reported that they had post-graduate education. Overall, just 20.6 percent of the revenue staff had post-secondary education or higher. Turning to the residents, out of 3,186 residents surveyed, the most common educational attainment was again basic education (1,669 respondents) followed by secondary education (580 respondents) and no education (549 respondents). Just 345 residents had post-secondary education, and just 23 had post-graduate education. Thus, just 11.5 percent of residents had post-secondary education or more.

Table 3.2: Educational Attainment of Respondents

Education Level	Category of Respondent			
	Political Heads	Admin. Heads	Rev. Staff	Residents
No educ.	–	–	5	569
Basic educ.	12	11	434	1669
Secondary educ.	8	27	270	580
Post-secondary educ.	223	504	168	345
Post-graduate educ.	145	509	16	23
Total	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 has had education from kindergarten to JHS/Middle school. Secondary education consists 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 a diploma/degree certificate including nursing/teacher/agricultural training certificate. Postgraduate education means that the respondent has a master’s degree or higher.

Table 3.3 presents information on the birthplace and location of residence before the age of 18. Being born in a district, or growing up there, may provide an advantage in relating to the challenges or needs of the district. Among the political heads, 74.7 percent were born in the district, while 81.7 percent lived there before age 18. Administrative heads were, in contrast, quite unlikely to have been born in the district or to have grown up there. Just 7.8 percent of administrative heads were born in the district, and 34.7 grew up there. Among revenue staff, 48.3 percent were born in the district and 58.7 percent grew up there. Residents reported that 62.7 percent had been born in the district, and 71.8 percent lived there before age 18.

Table 3.3: Birth Place of Respondents

Panel A: Political Heads			
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: Administrative Heads			
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 and place of residence before age 18 by category of survey respondent.

Table 3.4 presents several measures of the average years of work experience among the government officials surveyed. Overall, most government officials had a lot of experience in local government. Understandably, the revenue staff have been at their positions longer on average than the political heads and administrative heads. The average member of the revenue staff had been at his/her current position for more than 6 years, and had worked in local government for more than 14 years. Administrative heads have been at their current position for 2 years and 5 months on average, and in local government for 12 years. Political heads were the least experienced of all local government officials, which is understandable as their positions change very four years on average with the elections. The average political head in our survey had been at his/her current position for a little

Table 3.4: Average Years of Experience of Respondents

Category of respondent	Obs.	Summary Statistics			
		10th	Median	Mean	90th
Political heads					
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
Administrative heads					
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
Revenue Staff					
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 exclude residents.

over a year and had worked in local government for over 6 years.

In addition to years of work experience, training may play a crucial role in skill acquisition on the job for government officials. We find that, overall, revenue staff received the fewest days of training in the last two years. Among the revenue staff, the median number of days of training was 2.0, while the mean number of training days was 3.7. The administrative heads and political heads received substantially more days of training. For administrative heads, the median number of training days in the last two years was 10.0, while the mean was 17.9. For political heads, the median was 5.0 days of training and the mean was 10.4 days.

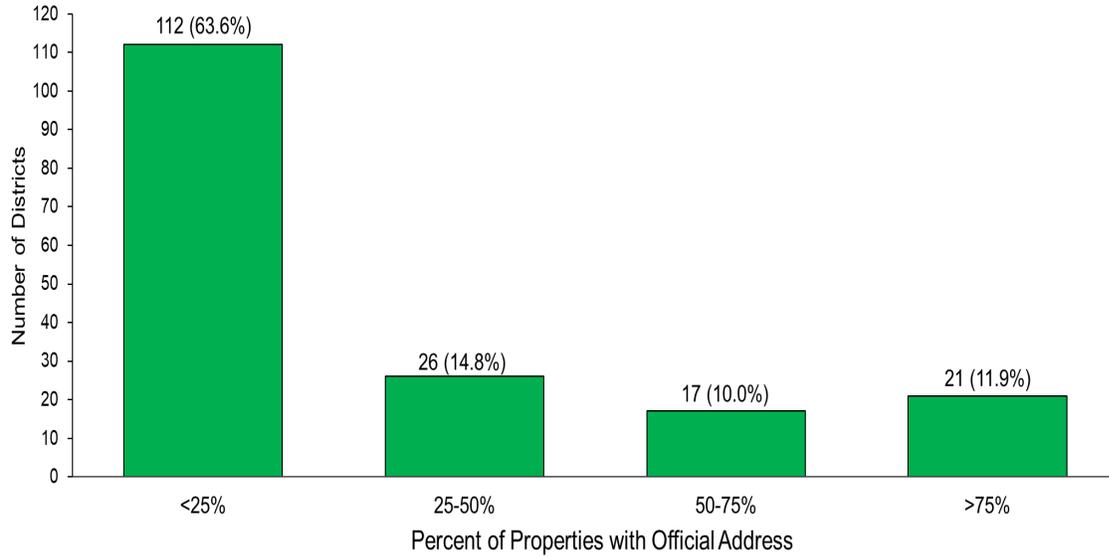
Chapter 4

Revenue Collection Infrastructure

Property rates and business operating licenses are two of the most promising internal revenue sources for MMDAs in Ghana. A key ingredient in locating property owners and business owners is having the appropriate infrastructure, in particular official addresses and named streets. The study, therefore, sought to find out the percent of properties in each district that have an official address or are located on a street with an official name. The study also asked about technical assistance in street naming or property addressing that the district may have received from a development partner. The questions in this part of the survey were address toward the Physical Planning Officers (PPOs) and MIS/IT Officers at the assembly, who were the likely to be the most knowledgeable about these topics. We received responses from PPOs or MIS/IT Officers in 176 districts out of 212.

Figure 4.1 plots the number of districts that have (i) less than 25 percent of their properties have official address, (ii) between 25 and 50 percent of properties with official addresses, (iii) between 50 and 75 percent of properties with official addresses, and (iv) greater than 75 percent of properties with official addresses. In the vast majority of districts (112 out of 176), less than 25 percent of properties have an official address. In 26 districts, between 25 and 50 percent of districts have an official address. In 17 districts, between 50 and 75 percent of properties have an official address. In just 21 out of 176 districts do more than 75 percent of properties have an official address. It is clear, therefore, that property addressing is still a limiting factor in constructing databases of properties and business owners.

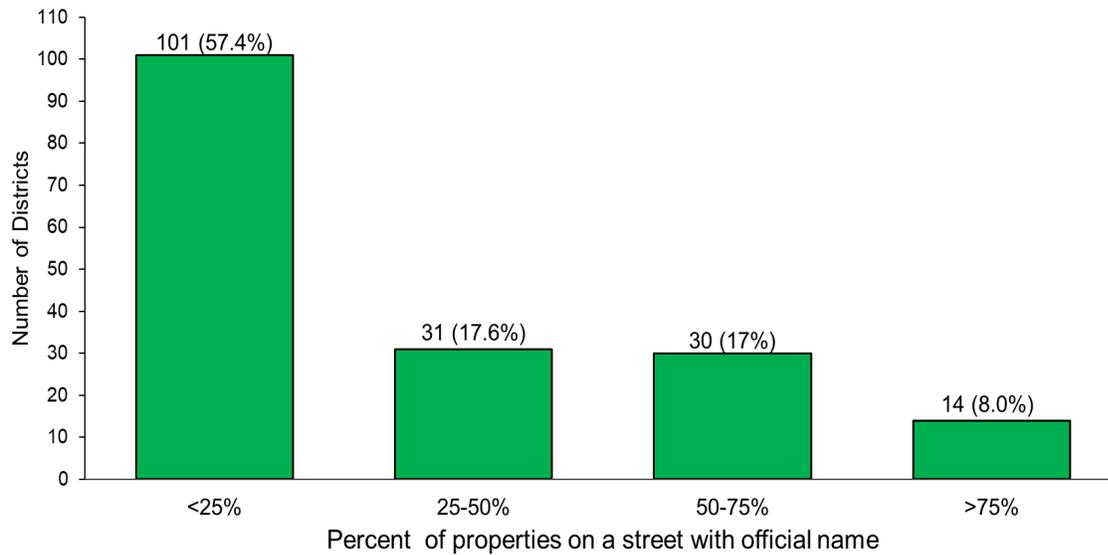
Figure 4.1: Percent of Properties with an Official Address



The Figure above presents the frequency distribution and percent of properties with official address.

A prerequisite to property addressing is street naming. Figure 4.2 plots the number of districts that have (i) less than 25 percent of their properties on a street with an official name, (ii) between 25 and 50 percent of properties on a street with an official name, (iii) between 50 and 75 percent of properties on a street with an official name, and (iv) greater than 75 percent of properties on a street with an official name. Here as well we see that most districts have very few streets named. In 101 districts, fewer than 25 percent of properties are located on an officially named street. In 31 districts, between 25 and 50 percent of properties were located on a street with an official name, and in 30 districts the percent was between 50 and 75 percent. Just 14 districts reported that greater than 75 percent of properties were located on a street with an official name.

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 an official name.

Some of the districts have engaged with development partners to receive technical support in street naming or property addressing. This study, therefore, seized the opportunity to ask each of the districts if they had received any technical support from a development partner. We found that In total, 50 out of 176 MMDAs studied in this chapter reported that they had received technical support on street naming or property addressing from a development partner. By far the most common was the German Society for International Cooperation (GIZ). Out of the 50 MMDAs receiving assistance, 23 got its assistance from GIZ alone. Another 12 got assistance from GIZ and USAID, while 2 got assistance from GIZ, USA and CIDA and 1 got assistance from GIZ and CIDA. The remaining MMDAs got their technical assistance from some other entity or did not report the name of the entity providing assistance.

Chapter 5

Valuation, Software and Databases

5.1 Lands Valuation

The Lands Valuation Division (LVD) of the Lands Commission is the only institution mandated by Ghanaian law to officially value properties for the purposes of property rate collection. The central government of Ghana has recognized that inadequate property valuations by MMDAs is a key obstacle in revenue mobilization at the local government level (Government of Ghana, 2014). As such, we asked officials in each district a series of questions about property valuations in their district, and any past collaborations with the LVD.

Table 5.1 reports some of the results of our survey questions. The first row of Panel A shows that out of 212 MMDAs for which we got responses in this section, just 75 had ever worked with LVD to value some or all of their properties. The second row shows that virtually districts – 209 of the 212 – still had at least some properties that remain unassessed. Of those 209, around two thirds of those attempt to collect “unassessed rates,” which put a value on some properties based on property characteristics, such as number of floors and proximity to urban centers. Thus, while most districts have unassessed properties, the use of collections viunassessed rates is fairly widespread.

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

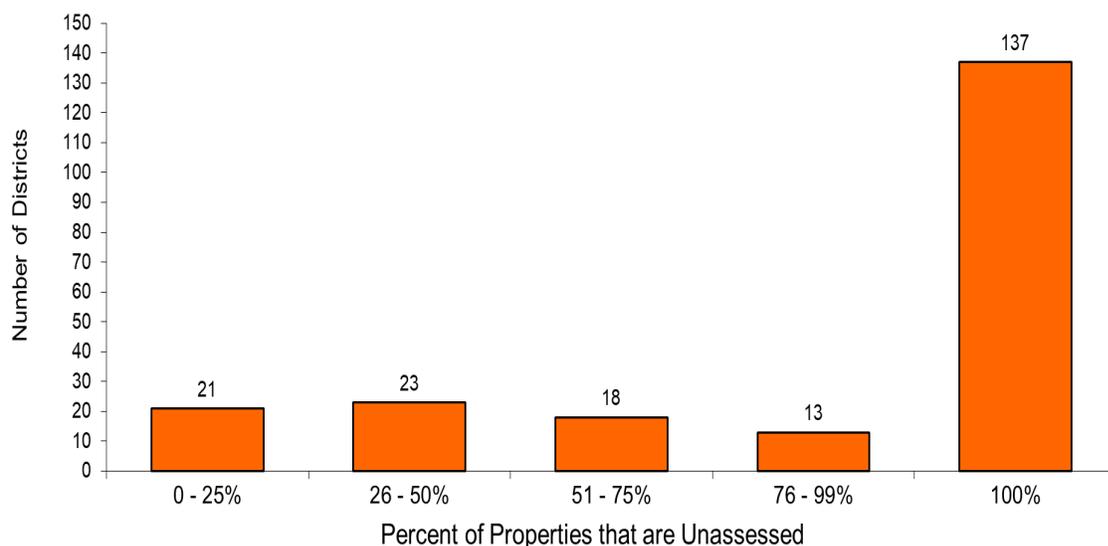
Note: This table reports the issue of Land Valuation in Ghana’s 216 local governments. Panel A reports MMDAs that have worked with LVD to value some or all properties in their district, MMDAs that currently have properties that are unassessed by the LVD and MMDAs that make attempts to collect rates from 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.

Following on from panel A, panel B of table Table 5.1 reports the mean, median, 10th percentile and 90th percentile related to the three statistics described in panel A. The first row of panel B shows that the median and number of years since working with the LVD are 1.0 and 3.2 respectively. The median district had none of its properties assessed by LVD, while the mean was 18 percent of properties assessed. Of the 137 districts attempting to collect unassessed rates, the median and mean districts collected unassessed rates from 60 and 55.3 percent of its properties.

Figure 5.1 further describes the distribution of properties valued across districts by plotting the number of districts with (i) 0-25 percent, (ii) 26-50 percent, (iii) 51-75 percent, (iv) 76-99 percent and (v) 100 percent of properties unassessed. As the graph makes

apparent, the vast majority of districts (137 out of 212) have a full 100 percent of properties unassessed by LVD. The rest have a lower percentage of properties unassessed, though only 21 districts report that less than 25 percent of properties are unassessed.

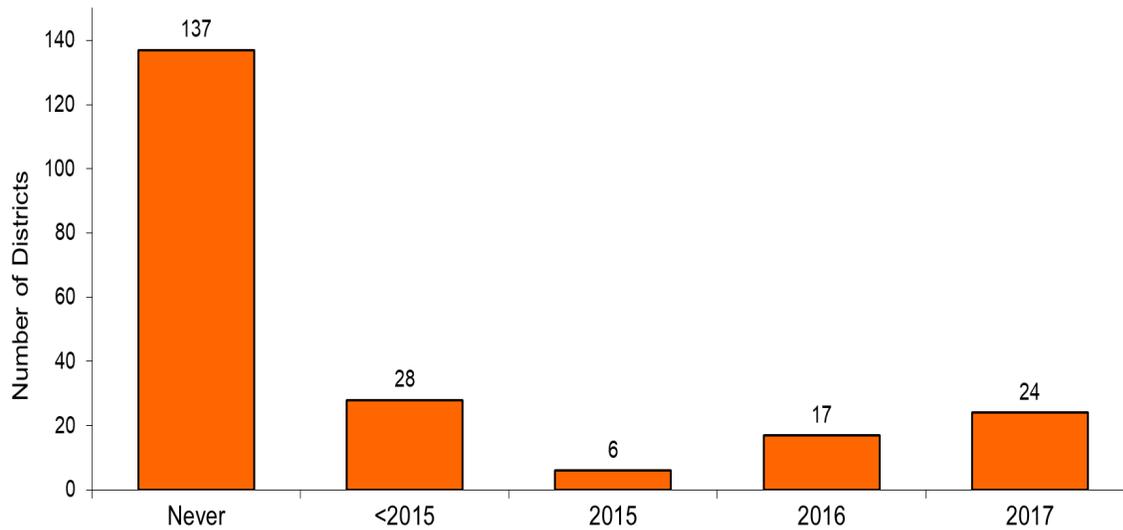
Figure 5.1: Percent of Unassessed Properties



The Figure presents the distribution of percent of unassessed properties across Ghana's local governments.

Figure 5.2 presents the frequency distribution of the last time (in years) the MMDAs worked with the LVD. Out of 212 districts surveyed, 137 reported never to have worked with LVD. Of the remaining districts, 28 worked with LVD earlier than 2015, 6 worked with LVD in 2015, 17 in 2016 and 24 in 2017, the year of the survey. As this graph makes clear, most districts either have no valuations or fairly old valuations.

Figure 5.2: Last (Year) Worked with LVD



The Figure above presents the distribution of the year the MMDAs last worked with LVD to value some or all of their properties.

5.2 The Use of Electronics, Softwares and Databases

5.2.1 The Use of LUPMIS

The Government of Ghana (2014) document on IGF strategy and guidelines highlighted the lack of software and databases in IGF mobilization as one of the reasons for low internal revenue mobilization at the local level in Ghana. One type of database system that was developed in order to aid in revenue mobilization was the Land Use Planning and Management Information System (LUPMIS). In short, LUPMIS is an electronic system that helps district officials to use their databases of ratepayers and businesses more effectively in mobilizing revenues using digital maps. As part of our survey, we asked certain key officials – in particular the MIS/IT officers, the physical planning officers, the revenue accountants and the finance officers – about their use of LUPMIS.

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 automating 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.

Table 5.2 reports some of the findings about the use of LUPMIS in Ghana’s local governments. Overall, we found that only around half of districts surveyed about LUPMIS (102 out of 210) had ever used LUPMIS. Of those 102, 87 (85.3 percent) were still using it, and 43 percent reported that it had indeed helped increase IGF collections. Around half of districts ever using LUPMIS reported that it was helpful in some aspect of the revenue mobilization process, including in automating billing, collection or enforcement, or in tracking unpaid bills and reducing cash handling by revenue collectors.

Table 5.3: Reasons LUPMIS is Not Used

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 Stopped Using LUPMIS			
Reason	Obs.	Freq.	Percent
It was not working properly	15	3	20.0
Inadequate property valuation	15	1	6.7
Inadequate 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.

What about the other half of districts (108 of 210) that had never used LUPMIS? We asked these districts about why they were not using LUPMIS. The most common answers were that they hadn't heard of LUPMIS (28.7 percent) or didn't know (22.2 percent); they had insufficient funds to adopt LUPMIS (17.6 percent), they had inadequate databases to make LUPMIS useful to them (13.9), or had insufficient technical training to use it (13.9 percent).

Relatedly, we asked the 15 districts that had started using LUPMIS but later stopped about why they had stopped. Panel B of Table 5.3 summarizes these reasons. The most common answer was insufficient technical training to use LUPMIS (46.7 percent), followed by insufficient funds (26.7 percent) and that LUPMIS was not working properly (20 percent).

5.2.2 Use of Software and Electronic Databases

Evidence suggests that the lack of revenue management software and electronic databases of property owners is an important constraint on revenue mobilization. For example, case studies by Adu-Gyamfi (2014) in Upper Denkyira East Municipal Assembly and Asare (2015) in Tema Metropolitan Assembly found that the lack of electronic databases limited IGF in these areas. As such, we asked a comprehensive set of questions on software and database use in our survey of all the MMDAs.

Panel A of table Table 5.4 summarizes the use of software in revenue mobilization across 213 districts for which were able to conduct surveys on software and database use. Just 17.8 percent of districts reported that they used software for sending bills, while 19.3 used software for following up on non-payments, 16.0 percent used software for maintaining or updating valuation lists, and 41.5 percent used software for maintaining and updating addresses and street names. Panel B Table 5.4 summarizes the distribution of the number of years since the MMDAs using software switched from manual to electronic systems. For pretty much all tasks, the median MMDA switched three years ago from manual systems.

Table 5.4: Use of Software in Revenue Mobilization

Panel A: MMDAs with Softwares for Billing, Payment and Follow Up

Variable	Obs.	Freq.	Percent
Have software for			
... sending bills	213	38	17.8
... 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 Software

Variable	Summary Statistics				
	Obs.	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 software and electronics in Ghana's 216 local governments while Panel B reports 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 software for billing, payments, follow-up and maintaining/updating property lists and street names and addresses.

Table 5.5 summarizes our findings about the use of electronic databases in revenue mobilization. Panel A reports that of the 213 MMDAs with responses to these questions, 71 (or 33.3 percent) had an electronic database for either businesses or properties. Of these 71 districts, 67 had a database of business owners and 55 had a database of property owners. Panel B reports the percent of *all* businesses and properties that district officials estimate to be in their databases. Of the 71 districts that have a database, the median estimates that 70 percent of its properties are in the database, and the mean district estimates a similar

68.7 percent. The splits are similar for those just having business databases or just property databases.

Table 5.5: The Use of Electronic Databases in Revenue Mobilization

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.

Chapter 6

Billing, Collection and Enforcement

6.1 Billing and Collection

Billing and collection are two of the central tasks in revenue mobilization. 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 were whether the bills printed have a seal, and whether they have both property number and ratepayer number printed on the bill. These are important items to include on a bill because they help prevent billing fraud and help with record keeping. Other questions involve challenges in delivering bills and identifying property owners. On collection, questions covered collection rates and the extent to which bills were paid in cash.

Table 6.1 reports on security features of bills in the 198 MMDAs surveyed about bill characteristics. Of these 198, 139 districts (70.2 percent) report that they had a district seal or hologram printed on their bills. Of these 139, 98 had property and ratepayer numbers on the bills as well, 49 had just the ratepayer's number and 4 had just property numbers of the bill. It is clear from this table that bill security is still inadequate in many of the MMDAs.

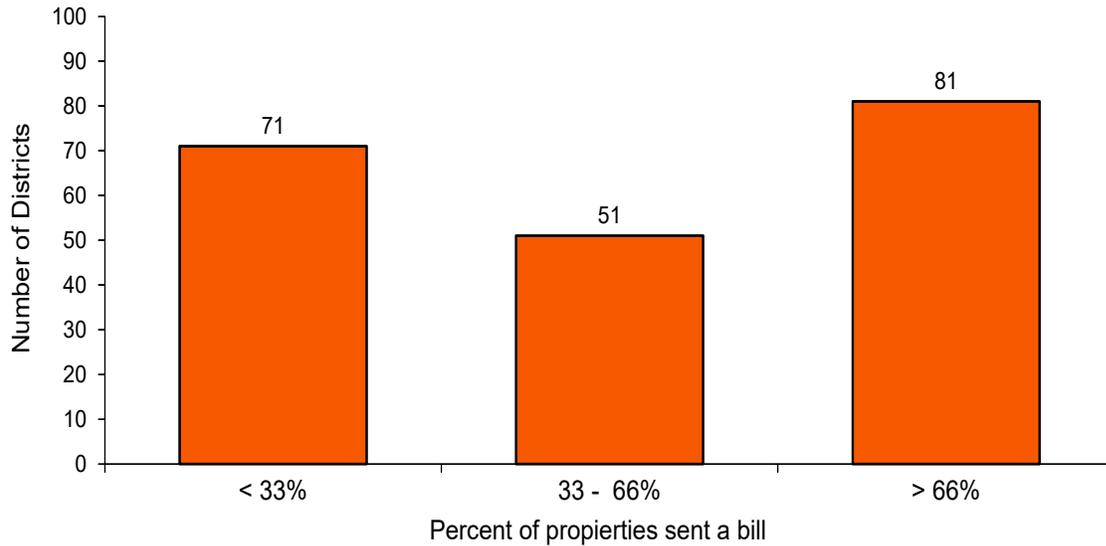
Table 6.1: Security Features of Properties Rate Bills

Variable	Obs.	Freq.	Percent
Have district seal or hologram printed on bills	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.

We asked the district officials to estimate the percent of all properties in their districts that actually get sent a bill. Figure 6.1 reports the distribution of answers across the MMDAs surveyed. As the figure shows, a surprisingly large number of districts estimated that they sent bills to just a fraction of the total number of properties in their districts. 71 districts estimated that they sent bills to fewer than 33 percent of property owners. In 51 districts, officials estimated that they sent bills to between 33 percent and 66 percent of properties. Only 81 districts estimated that they sent bills to 66 percent or more of properties.

Figure 6.1: Percent of Properties Sent a Bill



The figure above presents the distribution of the estimated number of percent of properties sent a bill last year across Ghana’s local governments.

Given that so few bills were actually sent, we asked the districts estimating that not all of their properties were sent a bill about *why* more districts were not billed. Table 6.2 summarizes the responses given. The most common responses were that there were no records or databases of these unbilled properties (29.2 percent) or no property valuations (19.8 percent). One can see from these responses that the lack of billing is linked primarily to the lack of databases and valuations. The next most common response was that property owners couldn’t be located (15.6 percent), suggesting that the lack of property addresses, street names or other electronic systems for locating property owners (such as geolocated databases) is an important constraint in billing. Other responses included a lack of logistics or that collection was too hard. In only a minority of districts (4.2 percent) the officials reported that more bills were not sent because billing the remaining properties was not worth it.

Table 6.2: Main Reasons Why Some Properties are **NOT** Sent Bills

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

To learn about collection, we interviewed both the revenue collectors and revenue accountants. Table 6.3 presents estimated rates of tax compliance in both property rate and business operating licenses by ratepayers according to the revenue collectors. The median revenue collector reported that just 10 percent of ratepayers paid as soon as the bill was delivered, while the mean revenue collector reported that 18.3 percent of ratepayers paid instantly. Within three months, the median revenue collector reported that 35 percent of ratepayers had paid. By the end of the year, the median revenue collector reported that 70 percent had paid. This implies a median default rate of 30 percent by the end of the year.

Table 6.3: Tax Compliance in Property Rates and Business Operating Licenses

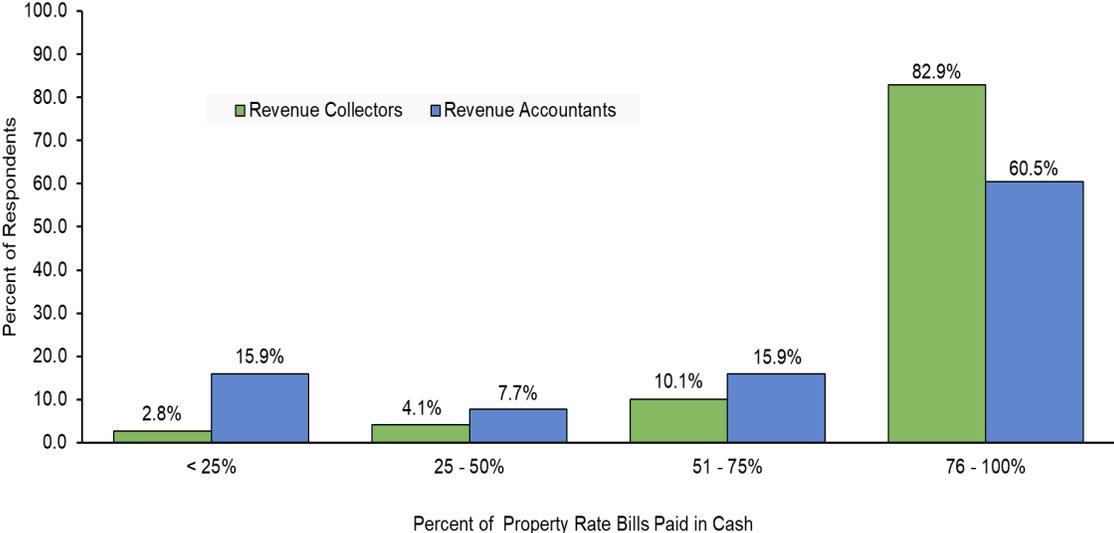
Variable	Summary Statistics				
	Obs.	10th	median	mean	90th
Ratepayers who pay instantly (%)	298	0.0	10.0	18.3	50.0
... who pay within three months (%)	369	10.0	35.0	36.5	70.0
... who pay at the end of the year (%)	371	30.0	70.0	64.0	92.5
Default rate (%)	371	7.5	30.0	36.0	70.0

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

Next we asked which means of payment were used to pay property rates and business operating licenses. In light of this, the survey took the opportunity to ask revenue collectors and revenue accountants the percent of bills that are paid using cash and other also payments platforms. As expected, the majority of ratepayers and business owners used cash to settle their property rates and business operating licenses. We found that revenue collectors brought in an average of 87 percent of property rate payments and 83 percent of business operating licenses in cash. The story was not different when same question was posed to revenue accountants, who reported that, on average, 68 percent of property rate bills are paid in cash while around 96 percent of business operating license payments are made in cash.

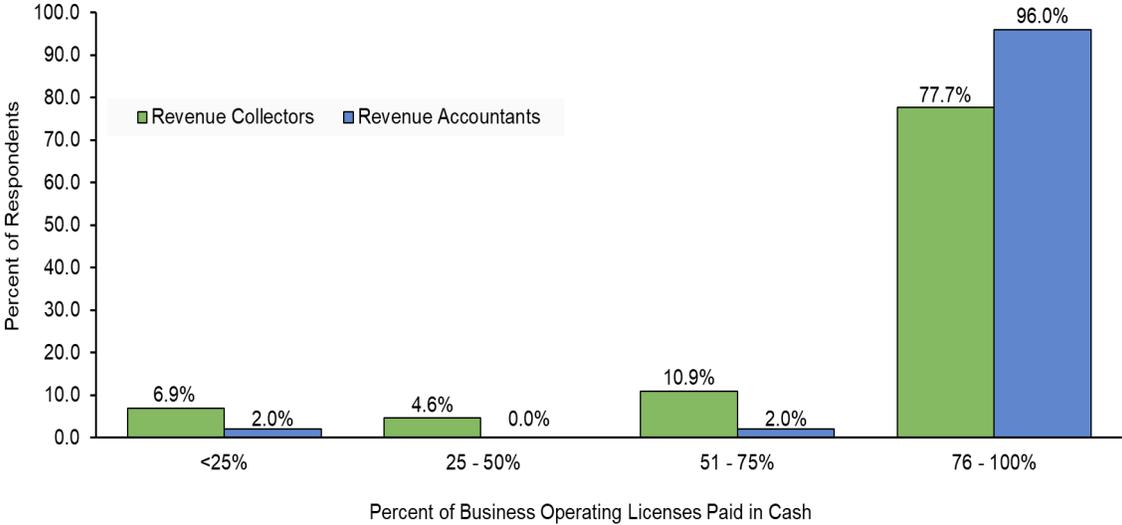
Figure 6.2 plots the distribution of cash payment percentages in Ghana's local governments, as reported by both the revenue collectors (green) and revenue accountants (blue). As the figure shows, the majority of all respondents reported that 76 to 100 percent of payments were made in cash. The same pattern holds when asking about business operating licenses, with Figure 6.3 showing that virtually all respondents paid in cash.

Figure 6.2: Percent of Property Rates That are Paid in Cash



The figure above presents the percent distribution of percent of property rates that are paid in cash as reported by revenue collectors and revenue accountants.

Figure 6.3: Percent of Business Operating Licenses That are Paid in Cash



The figure above presents the percent distribution of percent of business operating licenses that are paid in cash as reported by revenue collectors and revenue accountants.

Tables 6.4 and ?? presents the distribution of other payment methods (beside cash) used by ratepayers and business owners in settling their bills. Apart from cash payments, the

most common payment method used by ratepayers and business owners is payment by cheque. Almost 90 percent of both property rates and business operating licenses are paid by cheque if not cash. This was followed by payment at the bank which constituted about 13 percent and 9 percent of payments for property rates and business operating licenses respectively. The third and fourth commonly used methods for the payment of property rates and business operating licenses aside from cash were payments at other pay points designated by the assembly and also mobile money payments. The least used payment method was electronic bank transfers. The revenue accountants interviewed also seemed to agree with revenue collectors most of the time, with a very correlation between the reports of the revenue collectors and accountants.

Table 6.4: Other Payment Methods Used to Pay Property Rates

Panel A: Revenue Collectors			
Variable	Obs.	Freq.	Percent (%)
Payment by cheque	105	94	89.5
Payments at bank	105	14	13.3
Other payment points	105	3	2.9
Payments via mobile money	105	3	2.9
Electronic bank transfer	105	1	1.0

Panel B: Revenue Accountants			
Variable	Obs.	Freq.	Percent (%)
Payments by cheque	170	155	91.2
Payment at bank	170	28	16.5
Electronic bank transfer	170	9	5.3
Other payment points	170	3	1.8
Payments via mobile money	170	0	0.0

Note: This table reports the distribution of other payment methods used in paying property rates aside cash as reported by revenue collectors and revenue accountants in Ghana's 216 local governments. The revenue collectors comprise of all revenue collectors who are tasked with collecting property rates payments. 112 revenue collectors claimed they receive 100 percent of their property rates in cash. For, the revenue accountants, 18 responded that they do not collect property rates in their district while 25 said they receive all their property rates payments in cash.

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 procedures of communicating to the defaulters as stipulated in the Government of Ghana (2014) document, 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.

Table 6.5: MMDAs That Take Tax Defaulters to Court

Region	Obs.	Freq.	Percent
National	213	33	15.5
<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.

In a case study of the Upper Denkyira East Municipal Assembly, Adu-Gyamfi (2014) found among the problems undermining the internal revenue mobilization of the municipal assembly is the lack of enforcement of revenue mobilization bye laws by MMDAs. 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.

The survey revealed that MMDAs normally do not take ratepayers to court in the case of nonpayment of tax. As shown in Table 6.5 only 33 out of 213 MMDAs 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. As expected, 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.

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 realization of internal revenue mobilization 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 non-gazetting 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.

Table 6.6: 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.

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 honor 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 who receive court orders for nonpayment, on average, 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 one in every five business owners issued with court orders are likely to pay. It also had 0 percent at the 10th percentile and 90 percent at the 90th percentile.

Table 6.7: 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.

6.3 Information on Revenue Sources

Identifying and Informing on new revenue sources is crucial for the revenue mobilization potential of any economy. According to Government of Ghana (2014), the extend 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 6.8.

Table 6.8: Information on Revenue Sources in Ghana’s Local Government

Group of Individuals	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.

From Table 6.8, 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. Out of the 213 MMDAs interviewed, 163 of them corresponding to almost 77 percent report other assembly staff sometimes give information on a new revenue source. Traditional authorities and trade groups or business associations followed in that order. 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 mobilization drive. Some combine all three types of revenue collectors in their revenue mobilization; others use a combination of any two types and some use only the internal revenue collectors in mobilization 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, if they are given any target/goal by their supervisors and those who are able to meet their supervisors to discuss targets/goals. 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

Revenue collectors were assessed based on daily operations on revenue collection. There were 286 revenue collectors (salaried) who were asked if they are set with specific goals. The remaining ones who did not answer this question were commission 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.

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)¹. 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 questions².

At least half of the district assemblies surveyed 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. 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 revealed that they have 6 internal revenue collectors and on average there were about 10 internal revenue collectors in a typical district. Only one revenue collector was at the 10th percentile and 90th percentile had 20 revenue collectors.

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

²The 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

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.

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 these questions. 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, a firm has 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 mobilization. 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 - implying 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: Hiring of External Revenue Collectors

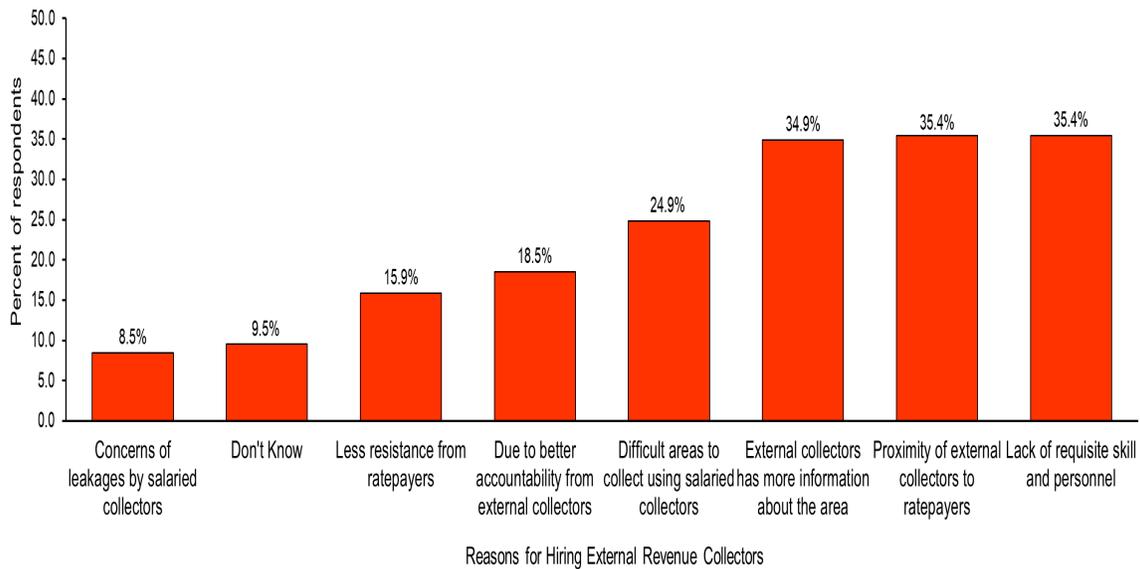
Panel A: MMDAs that Use External Collectors					
Variable	Obs.	Freq. (Yes=1)	percent		
Hired external collectors in 2016	213	173	81.2		
Hired external collectors in 2017	213	182	85.5		

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 hiring of external revenue collectors.

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 mobilization; 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) of 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 mobilization. .

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.

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, out of 173 (79.8 percent) MMDAs who hired external collectors in 2016, 138 of them 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.

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 collectors³. 16 of the officials interviewed (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

³The survey revealed that only 35 out of the 173 MMDAs (over 20 percent) who hired external collectors in 2016 fired external collectors for various reasons.

percent) stated that some of the external collectors were also fired because they received complaints from households or businesses about how they were treated. 12 of the officials (34.3 percent) reported that 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 external revenue collectors were fired due to political pressure.

Chapter 8

Cost of Revenue Collection

MMDAs mobilize internal revenues from a range of sources including property rate, 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 Ghs2,000. 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 collect less than Ghs 2,000 in the worst month while 10 percent collected less than Ghs150 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 mobilize 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. What's more, 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

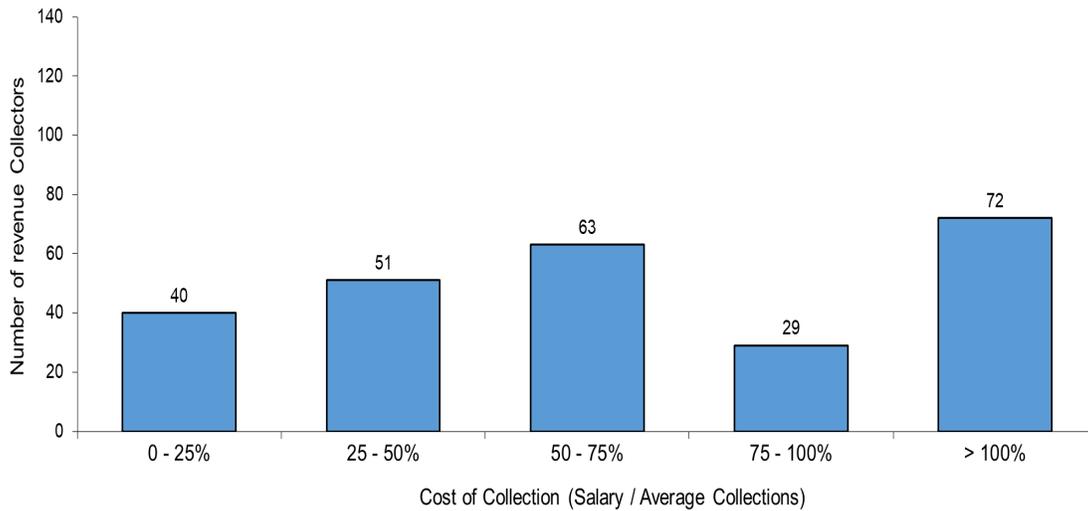
Panel B: Sources of Revenue					
Variable	Summary Statistics				
	Obs.	10th	median	mean	90th
Revenues from property rates (%)	280	0.0	0.0	25.4	80.0
Revenues from business licenses (%)	280	0.0	20.0	31.8	99.0
Revenues from fees & fines (%)	280	0.0	10.0	26.4	99.0
Revenues from other revenue sources (%)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

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

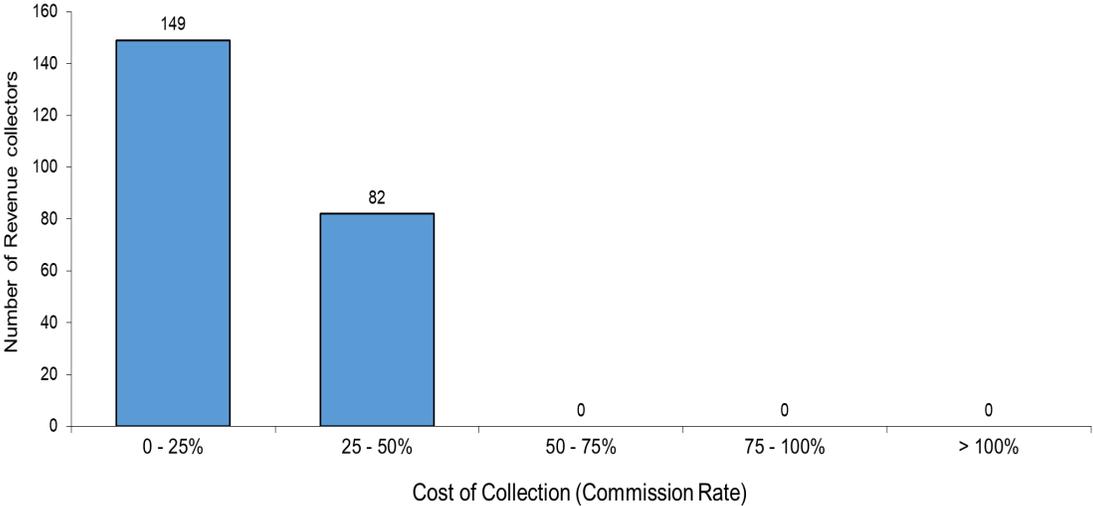
Panel B: Sources of Revenue					
Variable	Summary Statistics				
	Obs.	10th	median	mean	90th
Revenues from property rates (%)	242	0.0	0.0	19.8	70.0
Revenues from business licenses (%)	242	0.0	0.0	23.3	100.0
Revenues from fees & fines (%)	242	0.0	10.0	34.1	100.0
Revenues from other revenue sources (%)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

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. When constructing the sample of residents, the focus was on sampling citizens that were likely to either have previously paid local taxes, or have the capability to pay taxes (by being either a property or a business owner). The survey therefore exclusively collected responses from individuals that were at least 30 years of age. In the context of local tax compliance, it is important to understand the experiences that citizens report when paying taxes, and when interacting with government officials more generally. It is also important to uncover citizens' general awareness of the responsibilities and activities of the local governments in their own districts. These factors - lack of awareness about policies, dissatisfaction with delivery of policies - are important, because they can influence citizens' intrinsic motivation to comply with local tax obligations. Indeed, related studies have shown that both undesirable service delivery by local governments (Asare, 2015) and deliberate attempts by ratepayers to resist and evade taxes (Fjeldstad and Heggstad, 2012) are key constraints on local resource mobilization.

To measure these dimensions of compliance, the survey therefore asked a series of questions to a total of 15 residents from each of the 216 MMDAs in Ghana. They were asked if they have had any interaction with any of the local government officials in the last two years. They were also asked about whether they had ever heard of the fee fixing resolution, and if so, what it was meant for. Questions were also asked their awareness

of any road, school or public toilet building projects in their assemblies that their local government (as opposed to the central government) had funded and/or had been the leading implementing government agency for. Finally, questions were asked in relation to their experience of complying with tax obligations: 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 licenses.

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.

Starting with residents interactions with government agencies within their jurisdiction, 40 percent of residents declared they have interacted with Local Government officials in the last two years. This is a similar 'rate of interaction' as the Birth and Death Registry within their jurisdiction. In contrast, only 15 percent percent of the residents have interacted with the revenue authority (GRA) in the last two years, which is one of the most locally active

central government agencies. On the other hand, local governments are perceived to be relatively less competent/efficient than both the Birth and Death Registry and the GRA. Indeed, 70 percent of residents found the local governments (MMDAs) to be competent and/or efficient in carrying out their mandate, compared to 78 and 82 percent for the Birth and Death Registry and GRA, respectively.

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.

The survey then asked questions about the fee fixing resolution. The findings from these questions are displayed in panel A of Table 9.2. Residents have overall low levels of knowledge about the resolution - only 7 percent had ever heard about it. At the same time, 6.1 percent could explain what the resolution is - which means that almost all the residents that had heard about fee fixing also had a good knowledge about what it was meant for. On the other hand, only 2.6 percent of residents had ever attended a fee fixing resolution

meeting, suggesting overall low levels of participation in the deliberation of IGF policies.

Table 9.3: Compliance of 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.

The survey also collected questions about residents’ awareness of projects undertaken by local governments in Ghana. The results are displayed in panel B of Table 9.2. 33 percent of all residents could correctly name any project that was being undertaken by their local government. When looking into types of projects, residents were found to be more aware of local government involvement in road building projects (15 percent) and school building projects (14.5 percent). In contrast, 5 percent could name a water project that local government had recently implemented. When compared to panel A, there responses

therefore suggest that citizens are much more aware about local governments' expenditure responsibilities than their internal revenue responsibilities.

The last set of questions in this section related to tax obligations. The results from these questions are presented in Table 9.3. Of all business owners, just under 87 percent report paying business licenses to their local government. The predominant mode of payment for business licenses is cash (97.8 percent). At the same time, about 89 percent of businesses report receiving a receipt after payment for business licenses. Thus, the survey answers suggest that overall compliance with business licences is robust. Of all the property owners, in contrast, about 57 percent report paying their property rates. Almost all compliant property rate owners pay in cash (99 percent), and receive a receipt upon payment (98.1 percent). It therefore seems that the most significant constraint on property rate payment is the margin of outright non-payment, by over 40 percent of property owners. The results for property rates are similar to those found in Boamah (2013), in the context of the Offinso South municipal assembly. There, it was found that 58 percent of the respondents pay property rates, and almost all receive a receipt upon payment.

While paying property rates are compulsory for all property rate owners, we were interested in whether residents perceived payment as a legal obligation. Interestingly, we find that just under 30 percent of residents believe that they should always pay property rates, while the remaining 70 percent believe that they should only pay tax if it is going to bring about development in their communities.

Chapter 10

Expenditure Priorities

In a final section, the survey sought to measure the expenditure priorities of residents, of local government officials, and to investigate whether these aligned or not within the same district. Sometimes there is a disconnect between what local officials want to spend available resources on and what local residents want. As an example, perhaps the local assembly may prioritize health services delivery while local residents may prioritize their rubbish being collected or the roads leading to their various houses being tarred. If citizens decide to comply with local payment obligations depending on whether they feel local officials allocate resources to their preferred public goods, then any misalignment in expenditure priorities between residents and government officials could constrain collection. Thus, this chapter is set out to investigate the relative priorities of local officials and residents.

For this chapter, we focus on three groups: political head refers to either an MMDCE or the chair of finance and administration sub-committee of the assembly or both; administrative heads refer 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.

Table Table 10.1 provides results on the top three expenditure priorities, across these three groups. The survey finds that the top priority listed by both political heads and administrative heads, education, does not feature in the top three priorities of residents. On the other hand, the top priority cited by residents, roads, is only the third most-often cited priority political heads, and is not in the three priorities of administrative heads. More generally, of the three top categories listed by residents, political heads listed two of these (health and roads), while administrative heads only listed one of them (health).

The provision of water, while the second most cited priority of residents, is not in the top cited priorities of either the political or administrative groups. In contrast, the top two priorities are the same for political and administrative groups (education and health). This table therefore seems to suggest that while political and administrative heads share similar views on priorities, there is some misalignment in expenditure preferences between them and residents.

Table 10.1: Top Three Expenditure Priorities

Respondent Category	1st priority (%)	2nd priority (%)	3rd priority (%)
Political heads	Education (34.8)	Health (22.9)	Roads (16.5)
Administrative heads	Education (23.5)	Health (19.6)	Sanitation (12.0)
Residents	Roads (31.1)	Water (18.3)	Health (14.6)

Note: This table reports the top three expenditure priority of local government officials and residents in Ghana’s 216 local government. Political head refers to either an MMDCE or the chair of finance and administration sub-committee of the assembly/presiding member or both; administrative head 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.

We further investigated whether these cited priorities 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 legislation, 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 political heads, administrative heads 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. If we first focus on comparing differences across type of assembly but within the same group, we observe interesting patterns for the group of residents. In particular, the set and the ranking of priorities of residents in District and Municipal assemblies are perfectly aligned - with roads, water, and education the first, second, and third most cited priority (respectively). In contrast, in Metropolitan assemblies, citizens

prioritize different things - namely, sanitation (#1), education (#2), and waste management (#3). Performing a similar exercise for the group of administrative heads, we find that the cited priorities are almost perfectly aligned in all three categories of assemblies, with the order education (#1), health (#2), sanitation (#3).

If we now perform the exercise of identifying misalignment between groups (political, administrative, resident), but within an assembly category, we find equally interesting patterns. In District assemblies, political and administrative heads have almost identical preferences, but only one of their top listed priorities, roads, is also in the set of priorities of residents. What's more, roads is the most cited priority of residents, but only the third most cited priority of political heads. This pattern is the same, when we move to Municipal assemblies: political and administrative heads have very similar preferences, but there is little overlap with resident preferences. In particular, while residents continue to cite roads as the most pressing priority, just as in District assemblies, this expenditure priority is no longer in the top priorities of either administrative or political groups. The third most cited priority of residents, education, is listed as the top priority of both political and administrative heads. A somewhat different pattern emerges when we study Metropolitan assemblies. In this case, residents and political heads share the same top two priorities - sanitation (#1), and education (#2). Although less aligned, administrative heads do also cite education (#2) and sanitation (#3) in their top priorities. Taken together, these results suggest that in both District and Municipal assemblies, administrative and political heads are aligned on priorities, but there is little alignment with residents. In Metropolitan Assemblies, in contrast, there is relatively strong alignment on expenditure priorities among the three groups.

For the purposes of our analysis, we also 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. We split the country into three main parts to investigate how geographical area of the district impact on the choice of spending category. In Table 10.3, we observe fairly similar patterns across regions. In particular, roads is consistently the most cited priority by residents in all geographical areas, while it is the third most cited priority by political heads. Political and administrative heads in all regions consider education and health to be respectively the first and second most important categories, while education is the third most cited category in the Middle and Northern regions. The second most important priority for citizens, water, is only

mentioned in the top three priorities of one group in one region - namely as the third most important category for administrative heads in the Northern region.

Table 10.2: Top Three Expenditure Priorities by District Assembly Type

Panel A: Metropolitan Assemblies			
Respondent Category	1st priority (%)	2nd priority (%)	3rd priority (%)
Political heads	Sanitation (66.7)	Education (44.4)	Security (33.3)
Administrative heads	Roads (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 (%)
Political heads	Education (31.0)	Sanitation (17.0)	Health (17.0)
Administrative heads	Education (26.6)	Health (19.0)	Sanitation (17.7)
Residents	Roads (30.6)	Water (14.8)	Education (15.7)

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

Note: This table reports the top three expenditure priorities of local government officials and residents by type of district assembly in Ghana's 216 local government

Table 10.3: Top Three Expenditure Priorities by Region

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

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

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

Note: This table reports the top three expenditure priorities of local government officials and residents by the geographical location (region) of the district in Ghana's 216 local governments. 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.

Expenditure Priorities by Level of Education of Residents

Finally, the survey allows us to study whether priorities differ by the level of education of citizens. These results are in Table 10.4. The priorities are remarkably constant at different levels of education. In the four groups (no education, basic education, secondary

education, post secondary education), the top two choices were the same, with roads being the top choice and water being the second choice. In the final group of post graduate education, roads is the second most important expenditure category. The third most important category was education for three groups (basic, secondary, post secondary), while it was health for the group with no education. This table suggests that expenditure priorities are strongly aligned for all residents, regardless of their level of education.

Table 10.4: Top Three Expenditure Priorities of Residents by Education Level

Level of Education	1st priority (%)	2nd priority (%)	3rd priority (%)
No education	Roads (26.1)	Water (22.7)	Health (15.1)
Basic education	Roads (33.1)	Water (17.8)	Education (15.2)
Secondary education	Roads (30.0)	Water (16.4)	Education (14.4)
Post Secondary education	Roads (32.2)	Water (17.7)	Education (16.2)
Post graduate education	Education (26.1)	Roads (16.7)	Health/Sanitation (17.4)

Note: This table reports the top three expenditure priorities of residents by their level of education in Ghana's 216 local governments.

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