

# Opinion

## Modernised administration, increased autonomy

By Dr Bjorn Lomborg

**D**IGITISING public administration at the local level improves efficiency and productivity. Faster and simpler revenue collection, especially boosts transparency and increases

municipalities' autonomy by enhancing their ability to generate more local income in a systematic manner.

Ghana has a legal decentralisation framework that allows for the fiscal autonomy of the Metropolitan, Municipal and District Assemblies (MMDAs) with important planning and coordination functions.

The MMDAs are responsible for infrastructure and service delivery in key sectors of public life: waste management, transport, roads, housing, disaster prevention, births and deaths among others.

However, Ghana's MMDAs still depend on the central government transfers to fund their development, generating only approximately 20 per cent of their total budget with their own resources. Streamlined, fast revenue collection has the potential to improve their autonomy but decision makers need to ensure they invest limited public resources in the smartest way possible.

Which policies have the potential to do the most good for every cedi spent?

### Ghana Priorities

Ghana Priorities, a collaboration between the National Development Planning Commission (NDPC) and the award-winning think tank, the Copenhagen Consensus, aims at identifying the most cost-effective solutions for the country.

Over the last year, 28 teams of economists have analysed more than 80 interventions to find the ones that would yield the highest return for each cedi spent in economic, social and environmental terms.

The results of these studies are now being published to provide inputs for discussions on public policy in areas spanning a wide range, from health care to transportation.

### Digitisation

To study the digitisation of revenue collection in Ghana's municipalities, researchers for Ghana Priorities analysed the implementation of a software called District Local Revenue (dLRev) to manage property rate collection.

The dLRev is an open-source, web-based data tracking and revenue collection software. It is currently set up for property rates and business

operating permits but can also be used for other revenue items, including rents for district infrastructure, fees and fines and investment.

It is jointly developed and implemented by the Ministry for Local Government and Rural Development (MLGRD) and the Governance for

Inclusive Development (GovID) programme of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

Preconditions

for the functioning of the software for example the standards for naming streets and assigning property addresses, were jointly created by the project partners over almost a decade.

With a digital address map of a district, a spatial database and a fiscal cadastre of revenue items, the dLRev is used to manage data, billing and collection, and it has already been tested in nine municipalities that have been using it throughout the year 2019.

### Costs, benefits

For the Ghana Priorities project, the researchers studied the cost and revenue data obtained from these nine municipalities to reach the average costs and benefits over a period of four years.

There are prerequisites anchored on Ghana's legal and policy frameworks for spatial planning and local revenue mobilisation that municipalities need to satisfy in order to use the dLRev

software, including developing spatial databases by implementing street-naming and property addressing and establishing fiscal cadastre from property valuation data.

The researchers estimated the total cost for all the different components, including data collection, hardware costs and the training of collectors, at GH¢489,000 for an average over the initial four years of implementation.

The benefits of the dLRev are a faster data collection process, improved efficiency and increased revenue for

the municipalities.

Previously, the identification of business and property ratepayers was manual, lasting approximately 120 man-days per 10,000 parcels. With the dLRev, the data collectors undergo training and use tablets to upload new information immediately to the address map, which reduces the time of data collection to 20 man-days per 10,000 parcels.

Prior to the introduction of the dLRev, most assemblies also issued demand notices to clients for the payment of the rates, rents and other bills, but most of them were hand-written. Even the distribution of bills posed a major challenge for the revenue collectors, as most buildings were not numbered.

Therefore, prior to the dLRev, printing and distribution of bills in the sample municipalities ranged from 15 to as many as 80 days, with an average of 25 days. With the software, this time decreased to only two days for the average municipality.

As a result, both the number of ratepayers and the compliance rate increased and the revenue collected grew by an average of 54 per cent in the first year of implementation. The total benefits of the implementation calculated for an average MMDA are GH¢4.3 million, which means each cedi spent on this intervention yields a return nearly nine times higher.

### Critical

Introducing the dLRev is not only cost-effective but a critical tool for better revenue management.

The efficient taxation of properties has significant untapped potential for increasing local governments' revenue collection and improving their autonomy.

Modernising public administration locally can improve revenue mobilisation substantially,

boost efficiency and decentralisation and give municipalities the tools they need to deliver better services for all Ghanaians.

**The benefits of dLRev are a faster data collection process, improved efficiency and increased revenue for the municipalities.**

The writer is the President of the Copenhagen Consensus & Visiting Professor at the Copenhagen Business School.

### Digitised property rates and business fees

Total costs 488,600 GHC per MMDA over 4 years

#### Data collection and set-up

Data collection teams usually include National Service personnel, NARCO and salaried district assembly staff. Necessary data include aerial imagery for spatial databases, street-naming and property addressing, property valuation, and fee-fixing.

#### Training of management

This team comprises a Management Information System (MIS) Officer, Physical Planning Officer (PPO), Finance Officer, Budget Analyst and Coordinating Director.

#### Hardware & software costs

10-20 tablets for 600 GHC each are enough for a small team. In addition internet bundles for smartphone / tablet. All necessary software are free of charge.

#### Revenue collector training

The technical team visits the MMDA to provide user training to the dLRev team for two or three days. The revenue collectors receive specific training on the distribution of demand notices.

#### Notices printing costs

With printing and distribution of demand notices, MMDA needs to change their practices. Regional advisors support MMDAs through this change management process.

### Benefits from digitised revenue collection per MMDA

#### GHC 1.6 million increase in revenues per year

The increased revenue is derived from an increase in the number of ratepayers and an increase in the rate of compliance.

#### Identification of ratepayers

This annual activity usually lasts 120 man-days per 10,000 parcels. Providing a mobile app, the dLRev management software has reduced this to 20 man-days per 10,000 parcels.

#### Issuing demand notices

Revenue collector man-days to distribute the bills decreased from 25 days to 2 days.

#### Paying collectors

The time to prepare the paperwork to pay revenue collectors decreased from 20-40 days to 10-20 days.

#### Further benefits

Widening of the tax base. Automating the transaction management process will further reduce potential leakages.