

INTEGRATED ASSEMBLY FINANCING FRAMEWORK

Kassena Nankana West



*Empowered lives.
Resilient nations.*

Foreword

Key requirement for achieving the Sustainable Development Goals (SDGs) is the need for Districts and cities across the country to improve infrastructure and service delivery. The SDGs have bestowed huge responsibilities on national and sub-national governments to map out strategies to ensure achievements of the stated targets. However, the financing of these strategies has not been well established. As a result, the United Nations introduced the Integrated National Financing frameworks (INFFs) to support implementation of the sustainable development strategies/ intervention.

Since the inception of the Assembly, Kassena Nakana West District Assembly (KNWDA) has overly depended on the limited conventional sources of funding (i.e., Internally Generated Funds (IGFs) Central Government Transfers; Development Partners' support and limited Private Sector Investment). Both Central Government Transfers and Development Partners support have continued to decline over the years, creating a widening the financing gap. The introduction of Integrated Financing Framework (IFF) is to assist Assembly to explore and identify a variety of innovative sources of financing. Thus, the IFF is to assist Assemblies in Ghana discover additional funding sources that can expand its revenue outturns. IFF can also aid the Assembly to perceive and resolve setbacks within its current governance structure that obstruct the proper alignment of public and private financing policies the Assembly seeks to achieve its developmental goals.

The IFF developed and adopted by KNWDA, proposes a set of innovative initiatives that have the potential to increase or expand the existing resources/revenue sources to provide strategic infrastructure and services for the District. Some of the initiatives include but not limited to consolidating existing revenue sources; attracting and sustaining Private Sector investments; mobilizing and sustaining Development Partner investments; enhancing Philanthropic financing; and improving Diaspora Cooperation for Development Financing.

I therefore call on all stakeholders including the Development Partners to assist with the implementation of these aforementioned strategic initiatives as outlined in the IFF. Finally, I would also applaud the National Development Planning Commission, the Ministry of Finance, the UNDP, the District Planning Coordinating Unit Members and other stakeholders for their collaboration, commitment and unrelenting support in developing this Integrated Financing Framework. Hence, I look forward to seeing that the proposed programs and initiatives are implemented to enhance infrastructure provision in the District.

Hon. Gerard Ataogye
District Chief Executive

Statement by Ministry of Finance

Ghana accepted to be a pioneer country in rolling out of the Integrated National Financing Framework (INFF) following the Addis Ababa Action Agenda on financing sustainable development. Ghana's fiscal decentralization drive and the changing development finance landscape informed the decision to adopt a bottom up approach to delivering on the INFF and thus the development of Integrated Assembly Financing Frameworks (IAFFs). The Assembly led financing framework are expected to provide opportunities that not only bring current financing sources together for better alignment with planning and financing but will also seek to identify new and innovative financing solutions which reflect district level comprehensive financing and continue Government efforts for transformation at the Local Assembly level through initiatives such as the One-District-One-Factory, One-Village-One-Dam, and Planting for Food and Jobs.

We also see the Integrated Assembly Financing Frameworks as being instrumental in delivering the 'Ghana CARES Programme' at the assembly level. With our goal to deliver GHC100 Billion in 3 years, we see capacity strengthening of assemblies and the advancing of initiatives such as the Diaspora Fund, the SDG Investor Maps and SDG Investment Fairs as great opportunities to mobilize both public and private funds and investments for development at the local level.

Let me therefore take the opportunity to express my appreciation to Kumasi Metropolitan Assembly for accepting to pilot the integrated financing framework.

The lessons learnt during the implementation will inform the setting up of the National Oversight Committee and shape efforts to deliver the 'Ghana CARES Programme' and rollout across all the MMDA in our beloved Ghana.

I look forward to continue to strengthen our efforts to deliver to Ghanaians.

Ken Ofori-Atta
Minister for Finance

Statement by UNDP Resident Representative

On behalf of UNDP and on my own behalf, I want to congratulate Kassena Nankana West District Assembly for being part of the five assemblies for this pioneering effort in developing the Integrated Assembly Financing Frameworks. I am delighted to be part of this effort to consolidate SDG financing and ensure the linkages across planning and financing processes are strengthened. Ghana is indeed a pioneer country that is leading in the implementation of the Addis Ababa Action Agenda on Financing for Development. These Integrated National Financing Frameworks that are tailored to the Ghanaian context provide concrete measures for mobilising the financing required to achieve the ambitious Sustainable Development Goals (SDGs).

Ghana's bottom-up approach to delivering the Integrated National Financing Frameworks is laudable as it targets directly citizens at the local level of governance. It is also transformational because it puts SDGs at the heart of local government financing, building on successful efforts of integrating SDGs in planning and budgeting. The country's commitment to establishing SDG Investor Maps and SDG investment fairs, and to connect to the diaspora can only enrich these efforts. In addition, it is important to note that, rather than create parallel structures, the pioneering assemblies have chosen to strengthen and repurpose existing structures.

UNDP, working with the entire United Nations in Ghana, is committed to bring collective resources and expertise to support national efforts towards SDGs attainment at all levels.

I would therefore want to express my appreciation to the UNDP SDG Finance Sector Hub, the SDG Impact Team, and the SDG Integration Team for bringing their collective expertise to this effort.

I also want to thank the Ministry of Finance, the Ministry of Local Government and Rural Development, the National Development Planning Commission, and the five Assemblies for the continued partnership.

UNDP remains at the service of Ghana and its people.

Angela Lusigi
UNDP Resident Representative

Acronyms

| | |
|-------|--|
| AAAA | Addis Ababa Action Agenda |
| APR | Annual Progress Report |
| DACF | District Assembly Common Fund |
| DMTDP | District Medium Term Development Plan |
| DPs | Development Partners |
| GA | General Assembly |
| GoG | Government of Ghana |
| GSS | Ghana Statistical Service |
| IAFFs | Integrated Assembly Financing Frameworks |
| IATF | Inter-agency Task Force |
| ICT | Information Communication Technology |
| IGF | Internally Generated Funds |
| INFF | Integrated National Financing Frameworks |
| KNWDA | Kassena-Nankana West District Assembly |
| MA | Municipal Assembly |
| MDGs | Millennium Development Goals. |
| MLGRD | Ministry of Local Government and Rural Development |
| MMDAs | Metropolitan, Municipal and District Assemblies |
| MoF | Ministry of Finance |
| MPCU | Municipal Planning Coordinating Unit |
| MTDP | Medium-Term Development Plan |
| NDPC | National Development Planning Commission |
| PWDs | People with Disabilities |
| RIAP | Revenue Improvement Action Plan |
| SDGs | Sustainable Development Goals |
| SPVs | Special Purpose Vehicles |
| UNDP | United Nations Development Programme |
| PPP | Public-Private Partnership |
| EC | Executive Committee |
| CAP | Composite Action Plan |

Executive Summary

The Kassena-Nankana West District Assembly is a 1,004 sq. km stretch District with an estimated population of 74,120 composing of 50.8% females and 49.2% males. The predominant economic activity is agriculture employing over 80 percent of the workforce aged 15 years and older. The District with the aim to develop the human capacity by enhancing productivity and employment, upholds good governance, provide social intervention programmes for the vulnerable and excluded; and ensuring environmental protection and climate change, requires consistent financing strategy to bring the vision to fruition. Accordingly, this report presents the financing strategy for that purpose.

A diagnostic analysis of the District's finances revealed that the main revenue sources are the traditional sources consisting of Government of Ghana transfers and Internally Generated Funds (IGFs); - property rates, fees & fines, licenses, lands (Royalties), annual basic rates, and investment Income. An analysis of the income and expenditure over recent years indicate that the Assembly has not been able to raise adequate resources to meet its development needs.

Various constraints inhibit the ability of KNWDA's IGF generation capacity. These include among others, inadequate data for landed properties, inadequate data on revenue sources/rateable activities, inadequate knowledge on the preparation of Demand notices, inadequate revenue collectors, the unwillingness of the citizenry to honor their financial obligations, inadequate logistics, inadequate public education, Inadequate in-service training for revenue collectors, poor monitoring of revenue collectors.

Based on the financing needs and binding constraints identified, a financing strategy proposed to address the financing gap of the District seeks to consolidate existing revenue sources, attract, and sustain Private Sector investments, mobilize, and sustain Development Partner investments, enhance Philanthropic financing, and improve Diaspora cooperation for development financing.

Specific initiatives to achieve the broad theme of consolidating revenue include building capacity of tax collectors to maximize tax revenue, establishing an electronic and geo-reference inventory that properly identifies potential taxpayers, promoting an electronic system of revenue collection. Additionally, the provision of incentives to encourage the prompt payment of fees, royalties, and tax administration in the Assembly, and enforcement of sanctions for tax non-compliance, Public Private Partnership (PPP) arrangement and the development of a portfolio of bankable projects to facilitate the achievement of the Assembly's objectives. Partnering with other Assemblies with similar needs to improve the viability of their projects, building capacities to design, deliver and evaluate bankable projects, and establishing SDGs Investor Maps as an input to the SDGs investment Fair, Philanthropic financing and leveraging on the specific interest of Development Partners to address the District's development needs are additional initiatives employed.

The threats to the realisation of the aforementioned strategies are identified to include environmental risk, economic risk, socio-cultural risk, demographic risk, and capacity risk. The following mitigation strategies are recommended: strengthening early warning systems for disasters, promoting climate-smart agriculture, adopting climate-resilient infrastructure, embarking on afforestation, exploring Green Bond Investment opportunities, providing skills development and training to meet current and future demand, and Incentives for businesses to employ the youth.

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Chapter One

Background

Introduction

1.1 Background

The 2030 Agenda for Sustainable Development was adopted by world leaders in September 2015 as the successor framework to the Millennium Development Goals (MDGs). The new framework which included 17 Sustainable Development Goals (SDGs) seeks to address critical development challenges facing humanity and the planet. The goals are necessarily ambitious, and it is estimated that the financing gap for the SDGs is in the regions of US\$2.5 Trillion.

The complex nature of the 2030 agenda for sustainable development has revived interest in national development strategies. A number of these national strategies however do not spell out in detail the financing strategy required for implementation. Mobilizing sufficient resources for the implementation of policies remains paramount. The main Means of Implementation for the SDGs, the Addis Ababa Action Agenda (AAAA), recognizes these challenges and therefore called on Member States of the United Nations to put in place Integrated National Financing Frameworks (INFF) to support their sustainable development strategies.

INFFs, which are expected to be Country-owned financing frameworks, will bring together all financing and related policies to address a country's financing challenges. INFFs will look at the full range of financing sources and non-financial means of implementation that a country has available and develop a financing strategy to raise resources, manage risks and achieve sustainable development priorities.

INFFs present important advantages to a Country. First, by connecting financing and related policies with longer-term objectives, integrated financing frameworks will assist in surmounting challenges of insufficient funding for development projects. They also allow policymakers to exploit synergies and manage possible trade-offs across different policies during implementation and thirdly, help Countries manage the increasingly complex and changing financing landscape by helping to mobilize different types of financing appropriate for Country-specific characteristics and risks.

The changing development finance landscape coupled with Ghana's decentralized governance system, which mandates Local Authorities, known as Metropolitan, Municipal and District Assemblies (MMDAs) to implement Government's policies at the local level is providing opportunities for innovations in resource mobilization, hence the Integrated Assembly Financing Framework (IAFF). This refers to executing the INFF within the Assembly level governing system.

The outbreak of the novel coronavirus with its attendant (COVID-19) pandemic, affected gains made over time in the implementation of the SDGs and therefore calls for all hands-on deck to be involved in the fight against COVID-19. The pandemic, which is projected to affect local government policy, planning and budgeting, programmes and projects, finance, and general operations, has already resulted in restrictive measures with a negative impact on the lives and livelihoods of people, businesses, and government operations at all levels. Ghana through the AAAA initiatives and taking the opportunities presented by the pandemic, therefore, develops IAFFs which are expected to provide opportunities that will not only bring current financing sources together but also identify new and innovative financing strategies and put in place the needed governance structures to implement same. The Kassena-Nankana West District Assembly (KNWDA) is one of the five Assemblies being piloted for the process.

1.2 Kessena-Nankana West District Demographics

The Kassena-Nankana West District Assembly was created in 2008 under L.I. 1855, and it is made up of 134 communities, with a total land area of 1,004 sq. km. It is bordered to the North by Burkina Faso, South by Kassena-Nankana Municipal, Bongo District to the North-East, Bolgatanga Municipal to the East, Builsa North District to the southwest and the Sissala East District to the West. Figure 1.1 shows the map for the Kassena-Nankana West District Assembly. It has a population of 74,120; 50.8% females; and 49.2% males, with agriculture as its predominant economic activity employing over 80 percent of the workforce aged 15 years and older.

The major crops grown are millet, sorghum, rice, groundnuts, leafy vegetables, cowpea, Bambara beans, okro, cotton, tomatoes, and onion. However, the low vegetation cover of the area hampers sufficient rainfall, thereby reducing underground water supply as well as affecting the level of soil fertility in the District. Severe droughts remain a key challenge to farming activities.

The unemployment situation is worse during the prolonged dry season when no farming activity takes place. It has a total feeder road length of 156.9km (127.9km engineered and 29km un-engineered) with the agricultural areas having difficulty in accessing the roads to send their produce to markets.

The District suffers from insufficient health facilities and inadequate health professionals. The primary source of water to the people are boreholes, hand-dug wells, Small Town Water Supply Systems (STWSS), and other natural water sources such as rivers, dams, ponds, and dugouts.

The location of KNWDA attracts students from the neighboring, Burkina Faso. A key challenge in the educational system is that many schools are being conducted under mud structures and trees, coupled with inadequate learning materials, and teaching staff. The District is challenged with school dropout, teenage pregnancy, and poor interest of parents to enroll their children in school.

Despite the tourism potential, most of the District's tourist sites are highly underdeveloped, resulting in substantially low revenue from tourism.

The light industries operating in the District comprise of tradesmen and artisanal handymen in the areas of metal fabrication, auto mechanic works, technical works, painting and plumbing, among others.

Figure 1.1: Map of Kassena-Nankana West District



Chapter *Two*

Methodology

2.1 Introduction

This section outlines the process used in preparing the Integrated Assembly Financing Framework (IAFF) for the Kassena-Nankana West District Assembly (KNWDA). It describes the approach and methods used, as well as the conceptual framework adopted.

2.2 Process and Approach

The IAFF was prepared through an inclusive and participatory process with the active involvement of key stakeholders at the national and sub-national levels. The stakeholders at the District level included heads of the various departments at the Assembly, and representatives from businesses, CSOs, Artisans, Traders, Religious Groups, Traditional Authorities and pupils and students. The national-level stakeholders were the Ministry of Finance, National Development Planning Commission with support from United Nations Development Programme (UNDP), Ministry of Local Government and Rural Development (MLGRD) and Ministry of Planning (MoP).

The process was also guided by the four building blocks of the INFF as outlined in the 2019 Financing for Sustainable Development Report. The components of each of the building blocks are shown below.

Table 2.1: The Building Blocks and Components of INFF

| Building block | Components |
|------------------------------------|---|
| Assessment and Diagnostics | <ul style="list-style-type: none">• Financing needs• Financing landscape• Risk Assessment• Policy and Institutional binding constraints |
| Financing Strategy | <ul style="list-style-type: none">• Policies for Public Financing• Policies for Private Finance• Policies for non-financial Means of Implementation |
| Monitoring and Review | <ul style="list-style-type: none">• Monitoring for Results• Review and Accountability |
| Governance and Coordination | <ul style="list-style-type: none">• Institutional Mechanisms• Coordination Tools |

2.3 Data Collection

Primary and secondary data were collected and analysed using both quantitative and qualitative methodologies. Primary data was obtained through interviews, focus-group discussions, and administration of questionnaires. The main source of secondary data was the District Annual Progress Report (APR) and District Medium Term Development Plan (DMTDP). Other secondary data sources included the Ghana Living Standard Survey Round 7, the Multiple Indicator Cluster Survey Report, 2019, MMDA's Composite Budgets, and various COVID-19 tracker reports prepared by the Ghana Statistical Service (GSS).

2.4 Desk Review

A review of literature on development financing concepts was undertaken to obtain secondary data and information, as well as provide the theoretical underpinning for the Integrated Financial Framework (IFF). The documents reviewed included the AAAA, which provides a new global framework for financing sustainable development by aligning all financing flows and policies with economic, social, and environmental priorities. Another key document was the 2019 Financing for Sustainable

Development Report prepared by the Inter-Agency Task Force (IATF) on Financing for Development, which provides methodological guidance on INFFs. Other documents reviewed included the National Budget and Economic Policy Statements, the District's Medium-term Development Plan (DMTDP) and Annual Progress Report (APR), and the reports on the COVID-19 Tracker surveys conducted by GSS.

2.5 Questionnaire

Questionnaires were administered to officials at the KNWDA to collect primary data on the financial performance and the Development Plan of the Assembly. The questionnaires also elicited information on the challenges and opportunities for mobilizing resources from non-traditional sources for development activities. Given the busy schedule of officials, respondents were given up to one week to provide written responses to the questions. Follow-up telephone calls and meetings were scheduled, where needed, for additional information and clarifications.

2.6 Focus Group Discussions

Primary information was collected using a participatory approach from key stakeholders that were composed into focus groups of 12 to 20 people comprising members of the District Planning Coordinating Unit (DPCU), representatives of CSOs, Businesses, Traders, Youth Groups, religious groups and traditional authorities. The group discussions explored the impact of COVID-19 on households and business, the District's revenue and expenditure patterns, potential sources of

funding to boost the local economy and promote sustainable development, governance and monitoring and review arrangements. The focus group discussions were also used to verify some of the information obtained from the desk review and questionnaires.

2.7 Report Preparation

A team comprising officers from the District, NDPC and MoF, with the support of a consultant collated and analysed the information from the desk reviews, questionnaires, and focus-group discussions. The analyses were informed by the four building blocks of the INFF; namely Assessment and Diagnostics; Financing Strategy; Monitoring and Review; and Governance and Coordination. The draft report on the Integrated Assembly Financing Framework (IAFF) was reviewed by INFF experts from UNDP and officials from MoF.

2.8 Validation

Following the review and update of the draft report, meetings were organized for heads of the various departments at the KNWDA and key non-state stakeholders to review and validate the information contained in the report. The meetings were also used to mobilise the support of all key stakeholder for the implementation of the actions outlined in the report. The stakeholders were also encouraged to participate actively in the implementation, monitoring and review arrangements of the IAFF.

Chapter Three



Building Blocks

Building Blocks

The four main building blocks for the design and operationalization of financing frameworks include Assessment and Diagnostics; the Financing Strategy; Monitoring and Review, and Governance and Coordination. The building blocks of INFF are developed in a systematic process, with each step informing the others. The building blocks of the INFF are linked to national development plans and the MTDP of the Assembly.

3.1 Diagnostics Assessment

The assessment and diagnostics building block analyses the financing landscape of the District covering all resources - public, private, domestic, and international. It evaluates the traditional sources to provide a complete picture of the Assembly's financing needs and available financing sources, as well as the challenges and risks the Assembly faces when financing development priorities.

This building block is the first step in matching appropriate financing flows to the development objectives outlined in the MTDP of the Assembly. The areas of diagnostic and assessment include financial needs assessment, financing trend analysis, binding constraints, and risks assessments.

This section presents an assessment of the financial needs, financial landscape, risk assessment, and policy and institutional binding constraints of KNWDA.

3.1.1 Financial Needs Assessment

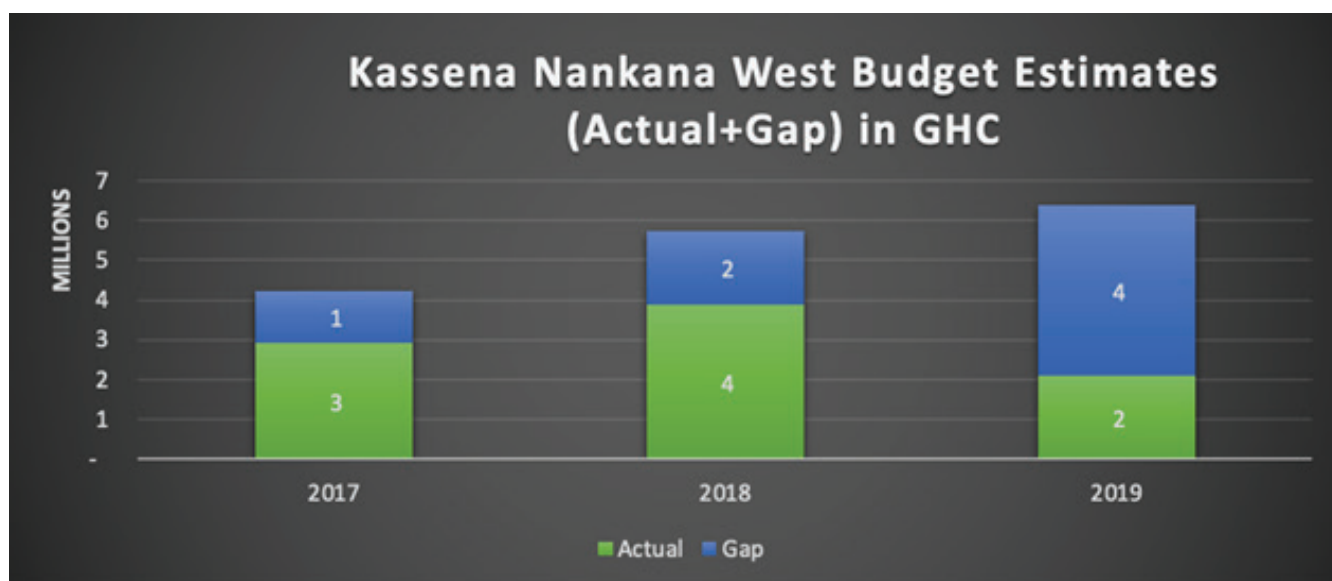
The Local Governance, Act 936, 2016 mandates MMDAs to be responsible for the overall development of the areas under their jurisdiction. The Act also outlines various sources of funds available to the Assemblies to finance development agenda. To achieve holistic development, the Districts are required to develop MDTPs under the guidelines provided by the National Development Planning Commission (NDPC). Annual action plans and composite budgets are prepared to implement the projects and programmes outlined in the MTDP.

An analysis of the income and expenditure over the years indicate that KNWDA has not been able to raise adequate resources to meet its development. This has caused the District to lag in development. Specifically, revenue shortfall has been a perennial problem over the years. The data shows that the combined resources or revenue available either from the District Assembly IGFs or from the Central Government and Donors always falls short of the Districts budgeted revenue (see Figure 3.1).

For example, the District Assembly needed a total amount of GH¢ 7,344,907.59 and GH¢ 7,494,705.61 to implement its 2018 and 2019 annual action plans and budgets.

However, it received a total of GH¢ 5,030,000.14 and GH¢4,311,956.63 indicating a shortfall of GH¢ 2,306,907.45 (31.4%) and GH¢ 3,162,748.98 (42.2%) in 2018 and 2019, respectively.

Figure 3.1: Actual-Gap in Resource Mobilisation



Source: Generated from Composite Budget 2017-2019

Further, figure 3 as presented by data showed in Table 3.1 indicates that not for once has the Assembly met its target for any revenue source. Besides, the Assembly has not investment to augment the fall in revenue collections. The emergence of COVID-19 has also resulted in the reduction of the IGF of the Assembly.

The 77.1 percent shortfall in the year-on-year July 2020 IGF, is because most businesses experienced low sales and could not pay for their fees, rates, and rents, largely emanating from the effect of COVID-19 pandemic. This decline was also partly due to the inability of revenue collectors to go out to mobilize at the peak of the pandemic, especially during the period of the lockdown and in the quest to adhere to COVID-19 protocol of Social and Physical distancing.

Table 3.1: Revenue Performance of Internally Generated Funds

| Item | 2017 | | 2018 | | 2019 | | % |
|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------|
| | Budgeted | Actual | Budgeted | Actual | Budgeted | Actual | |
| Property Rate | 12,789.09 | 6,077.03 | 15,543.87 | 12,200.54 | 55,215.00 | 30,635.21 | 55.48 |
| Fees | 50,858.98 | 41,987.09 | 52,000.00 | 49,764.03 | 70,256.26 | 50,512.26 | 71.89 |
| Licences | 23,657.97 | 20,265.91 | 22,765.08 | 23,987.02 | 52,235.23 | 29,896.30 | 57.23 |
| Fines | 31,655.12 | 29,312.96 | 32,964.94 | 31,418.94 | 82,253.2 | 61,983.24 | 75.35 |
| Land | 19,986.97 | 18,666.96 | 20,000.06 | 19,988.32 | 30,253.00 | 26,783.00 | 88.53 |
| Rent | 16,768.44 | 14,876.75 | 16,765.98 | 16,993.97 | 35,252.00 | 27,915.96 | 79.18 |
| Investment | - | - | - | - | - | - | - |
| Miscellaneous | 2,564.33 | 1,212.86 | 1,500.33 | 4,432.97 | 15,235.25 | 35,777.45 | 234.83 |
| Total | 198,654.34 | 174,876.20 | 220,865.13 | 239,765.33 | 340,699.98 | 263,503.4 | 77.3 |

In summary, the foregoing discussion establishes that the problem of revenue shortfalls is not a recent phenomenon but an age-long problem of the KNWDA. Therefore, there is the need to put in place measures to explore other sources of financing MMDA's development plans aside from the traditional sources of revenue.

3.1.2 Financial Landscape

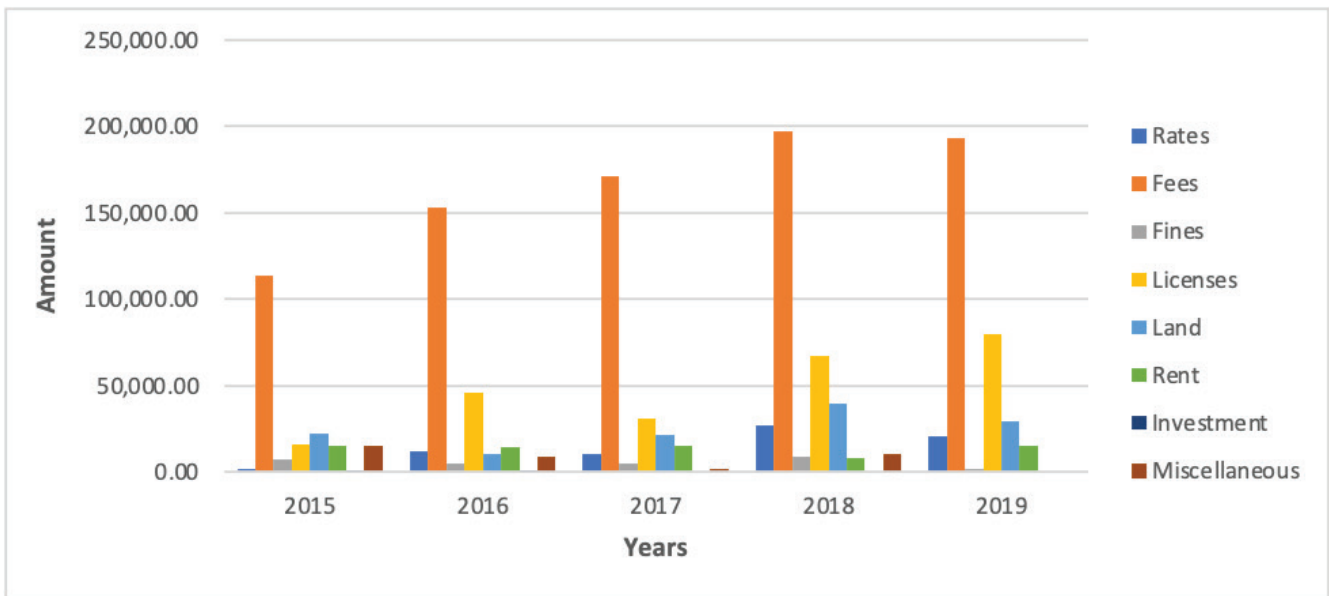
The Kassena-Nankana West District has over the years has relied on Central Government transfers, IGF, DACF and other Donor support for the implementation of its programmes and projects.

Revenue Mobilization - IGF

The District has over the period seen a rise in its revenue generation, rising from GH¢ 194,016.75 in 2015 to GH¢252,943.50 in 2017 to 341,800.72 in 2019 (see Figure 3.2). The rise was boosted by an increase in collection for fees (59.3% of the total for the period) and licenses (17.2% of the total for the period). This has been achieved through the following means:

- * educational campaign on revenue generation;
- * provision of training;
- * incentive and logistics for revenue collectors;
- * revaluation of properties;
- * development of market infrastructure and light industrial area;
- * increase in collaboration with community informants on revenue collection;
- * recruitment of youthful revenue collectors;
- * capacity building program for the Assembly Members;
- * use of Revenue Task Forces in revenue collection;
- * charging realistic rates/fees;
- * generate a reliable database on revenue generation;
- * introduction of revenue checkpoints; and
- * improved supervision of revenue collectors.

Figure 3.2: Internally Generated Funds, 2015 - 2019



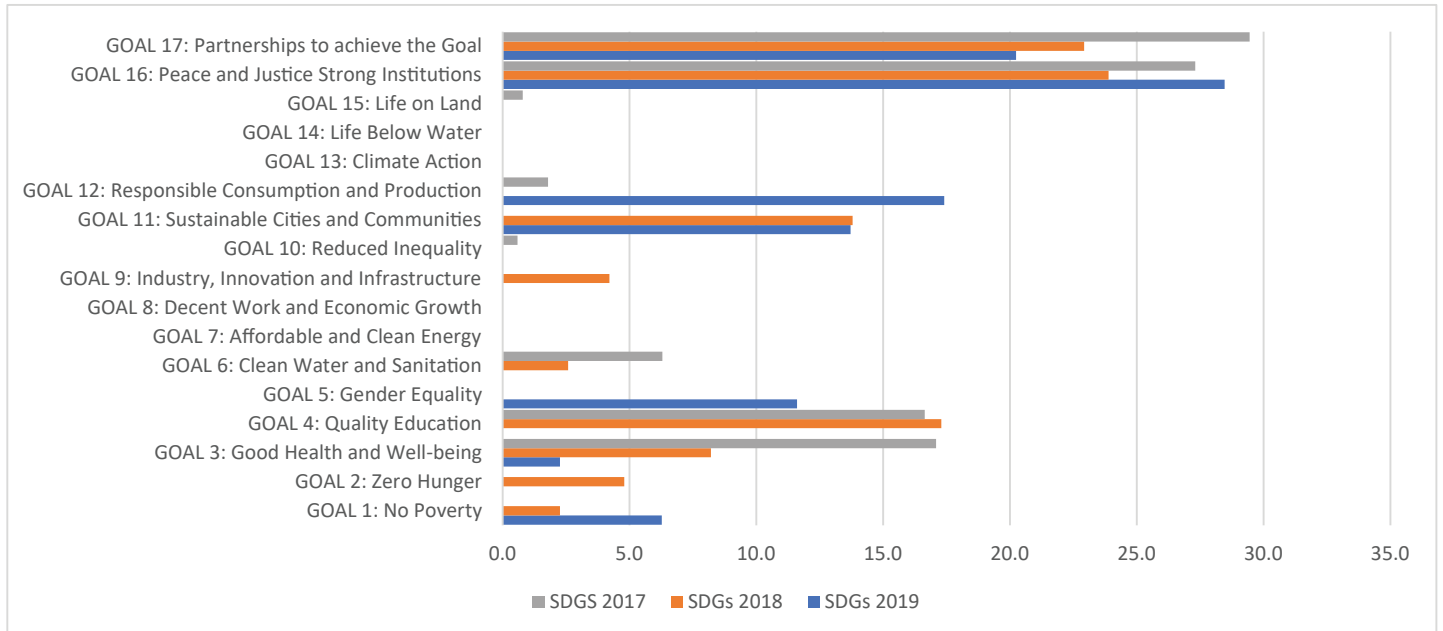
Source: APRs for 2016-2019

The District’s SDGs Alignment

The KNWDA’s expenditure is analysed in alignment with the SDGs to ascertain its implementation regarding the SDGs. Figure 6 displays the proportion of the Assembly’s expenditure that is channelled towards the respective goals. The figure shows that goals 16 and 17 has remained paramount to the Assembly for 2017-2019.

The Assembly’s expenditure alignment to the implementation of the SDGs is not encouraging. This emanates from the inability of the Assembly to generate enough resources, which in turn constrains the channelling of resources towards programs aligned to the SDGs. Figure 3.3 seeks to provide insight into the Municipal’s expenditures per the SDGs.

Figure 3.3: Expenditure Alignment to SDGs



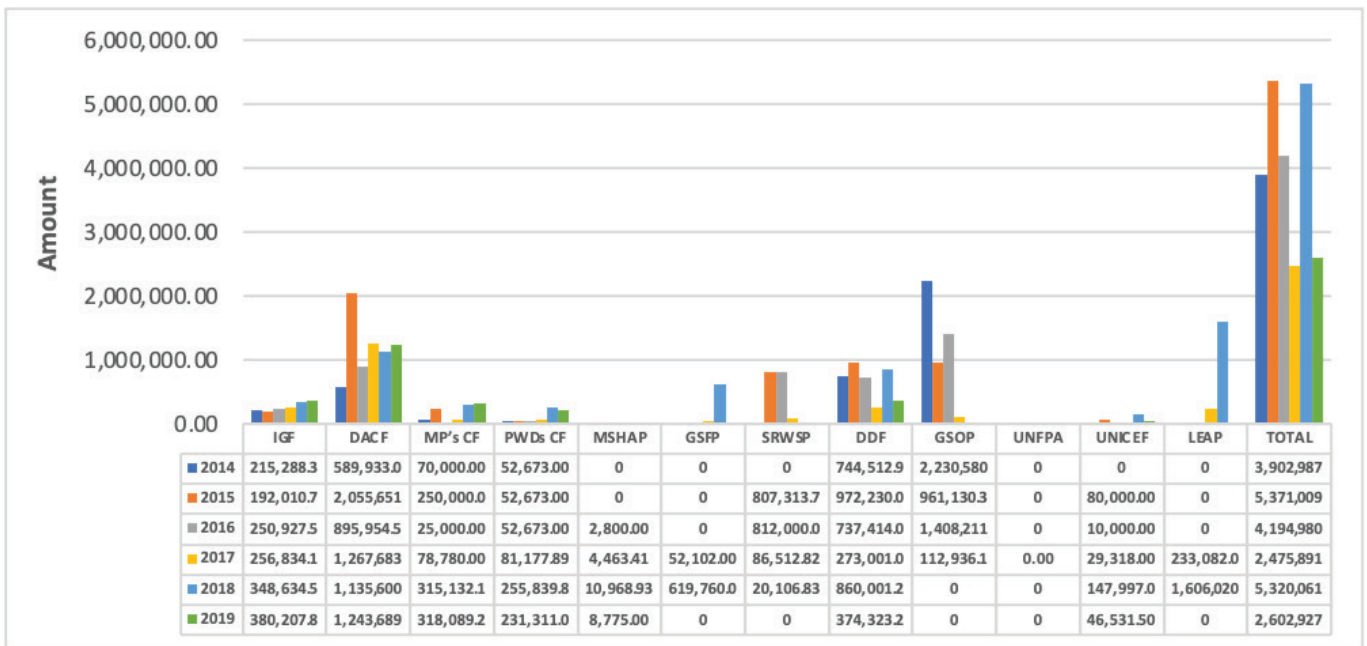
Source: Generated with data from the consolidated Budget.

3.1.3 Revenue Mobilization

The DACF serves as the major source of revenue for the implementation of the programmes and projects in the KNWDA. It accounts for over 7.1 million, which represents 30.1 percent of all revenues (see Figure 3.4). The second source of revenue is the DP funds, which accounts for about 19.7 percent. The IGF generated by the Assembly accounts for only 6 percent of its total inflows. The release of the DACF fund to the Assembly has been very irregular. The amount released quarterly also falling short of expectation, with unplanned deductions made at source, thereby

adversely affecting the implementation of development needs. Development Partners also contribute to the funding for the implementation of the DMTDP. Most of these funds are, however, program and project-specific and do not allow for discretionary utilization. However, the District Development Facility (DDF) has a wider coverage in its utilization than other sources of funding.

Figure 3.4: Sources of Revenue, 2014-2019



Box 1: Explanation of sources of internally generated funds

Property Rates: It is a special rate levied on immovable property on a rate-able value of the premise. Determination of the rate-able value of the premises is done by the Land Valuations Board.

Fees & Fines: Section 34 of Act 462 allows District Assemblies to charge fees for any service or facility they provide. These are fees mainly levied on markets, lorry parks, conservancy and burial services, slaughterhouses, etc. These also include fines from tribunal or courts paid to the Assembly.

Licenses: Act 462 of the Local Government Act, empowers Assemblies to issue licenses for various activities. These include licenses issued to Drinking Bars, Restaurants or chop Bars and Hotels, etc.

Lands (Royalties): This comprises of levies imposed on Building Plans and Permits as well as Stool Lands payable to the Assembly.

Annual Basic Rate: This is generally rates payable by all people of eighteen (18) years and above. It is a poll tax and broad based. By Section 8, Act 462 2000, exemptions are given to those who are above the age of seventy (70) years as well as students in educational training institutes without incomes. The tax is regressive.

Investment Income: Section 89 of the Act permits an Assembly to invest all or any portion of its surplus funds in any interest yielding investment as may be approved by the GA.

Possession Tax: This is a tax levied on movable property for example cattle ranch, motor bicycle, tractors, commercial vehicles, etc.

3.1.4 Policy and Institutional Binding Constraints

There are varied constraints that hinder the ability of the KNWDA to generate enough IGF to implement its activities. These can be grouped under the various revenue items of IGF.

Rates

- i. Inadequate data for landed properties
- ii. Inadequate data on revenue sources/rateable activities
- iii. Inadequate knowledge on the preparation of Demand notices
- iv. Inadequate revenue collectors

Lands and Royalties

- i. Unwillingness of citizenry to honour their financial obligations
- ii. Inadequate logistics
- iii. Inadequate public education

Fines, Fees, Rent and Licenses (Business Operating Permits)

- i. Inadequate public education on rates payment
- ii. Inadequate in-service training for revenue collectors
- iii. Poor monitoring of revenue collectors

3.2 Financing Strategy

A critical component of the IAFF is the financing strategy, which sets out the inflow and outflow plans for the District to achieve its developmental goals. The plan provides the roadmap for the District's resource mobilization plan, identifying funds and investment essential for the transformation of KNWDA. The financing strategy seeks to:

- consolidate existing revenue sources,
- attract and sustain Private Sector investments,
- mobilize and sustain Development Partner investments,
- enhance Philanthropic Financing, and
- improve Diaspora Cooperation for development financing.

Currently, KNWDA has a resource mobilisation plan that serves as the financing strategy for the Assembly. The plan operates within the legal framework of the country at both the National and Local Levels. These laws include among others:

- The Public Financial Management Act, 2016 (Act 921),
- Public Financial Management Regulations, 2019 (L.I. 2378),
- The Financial Administration Act, 2003 (Act 654),
- The Budget Statement and Economic Policy,
- Digital Financial Policy
- The Local Governance Act, 2016 (Act 936) section 122 – 174,
- The Assembly by-laws and Fee Fixing Resolutions.

Unfortunately, the plan is not comprehensive to address the Assembly's objectives on the financing strategy. A review of the plan reveals that:

- The District Revenue Mobilisation Plan (RMP) does not contain any plan and implementation matrix. It only outlines the challenges the District faces in resource mobilisation.
- Also, the RMP does not show the diagnostics of their financing sources. That is, there is no evidence of trends in the available financing sources over the period.
- There is no evidence of inventory that properly identifies taxpayers - be it goods, services, or economic activities within the District.
- The plan does not show trade-off analysis in their revenue sources.
- The Assembly's RMP does not contain strategies for mobilising resources and investments from Private Sector and Development Partners.

Following the diagnostics in section 3 and the challenges identified above, three key financing goals emerge:

- * Consolidate the existing revenue sources.
- * Attract and sustain private sector investments in the District and.
- * Attract and sustain Development Partner Investments in the District.

3.2.1 Consolidate Existing Revenue Sources

In view of the challenges identified in the District's RMP, the proposed financing framework to improve resource mobilisation is for the Assembly to strengthen its revenue generation capacity through an effort to widen the tax base and improve the collection mechanisms and at the same time develop planning capacity and skills to identify properly and formulate investment projects.

Specifically,

- a. Improve tax collection mechanisms through:
 - building capacity of tax collectors to maximize tax revenue;
 - establishing an electronic and geo-reference inventory that properly identifies potential taxpayers (businesses, individuals and properties among others) within the District;
 - promoting an electronic system of revenue collection;
 - provision of incentives to encourage the prompt payment of fees, royalties, and efficient tax administration in the Assembly;
 - enforcement of sanctions for tax non-compliance.
- b. Enhance communication, advocacy, and dissemination strategies through:
 - training of revenue collectors in communication and presentation skills to address pertinent questions from citizenry;
 - continuous public education on tax responsibilities to encourage the general populace to honour their tax obligations in partnership with CSOs and other stakeholders.

There are also opportunities for KNWDA to own, operate, acquire, or dispose of discretionary assets such as landed property and real estates. The Assembly can thus make use of available space to augment current revenues.

3.2.2 Attract and Sustain Private Sector Investments in KNWDA.

- a. The Assembly will initiate bankable projects. This process will involve:
 - developing a portfolio of bankable projects,

- partnering with other Assemblies with similar needs to improve the viability of their projects, and
 - building capacities to design, deliver and evaluate bankable projects.
- b. In seeking to attract the Private Sector, the Assembly's efforts will focus on establishing SDGs

Investor Maps as an input to the SDGs Investment Fair, which will provide investment opportunities that will be linked to Private Sector investors. An SDGs Investor Map is a piece of market intelligence to help private investors (funds, financiers, and corporations) to identify investment opportunities and business models that advance the SDGs. The Maps provide the insight and tools needed by the Private Sector to increase their investments towards the SDGs. They make a significant contribution to filling in the financing gap by mobilizing private capital for the SDGs.

c. Private-Public-Partnership (PPP) can also serve as appropriate financing mechanisms in collaborating with the Private Sector. Utilizing the opportunities presented by PPPs, KNWDA will make use of Special Purpose Vehicles (SPVs) to finance the Assembly's development aspirations through the:

- Initiation of programs which are suited for PPP execution.
- Creation of Community Businesses emergency funds.

3.2.3 Attract and sustain Development Partner Investments in KNWDA

International Development Agencies remain integral in the development agenda of Countries, especially among developing economies. The focus over the years has been to actively support reforms and development programmes within sectors with the view to develop the needed human resource base that will effectively and efficiently deliver public services. Traditionally, these development assistances have centred on directing public policies and addressing regulatory constraints. The focus has now changed towards attracting private sector financing for critical areas of development, including infrastructure, and assisting Local Governments in upgrading programmes.

The Assembly can leverage on the specific interest of Development Partners to address their development needs. In this regard, the KNWDA must build the knowledge base of staffs in proposal writing that will enable them to develop tailored made programmes to secure funding from these sources.

3.2.4 Philanthropic Financing

Philanthropy is gradually gaining momentum in the development paradigm. These philanthropies, who traditionally work through CSOs, now work directly with specific Local

Administration. There is also 'community philanthropy' which seeks to gain the support of community members to leverage community resources for purposes of improving the quality of life.

Philanthropies provide funding through the traditional call for proposals.

The Assembly can build capacity in the requisite approaches to attract philanthropic funding. These capacities can be in proposal writing aimed at dealing with specific challenges within the District.

3.2.5 Diaspora Financing

Diaspora resources have traditionally served as micro-level capital, financing mainly used for consumption. Given the role of the Diaspora in development in recent years, they have proven to be a significant social investment status.

This situation presents a unique opportunity for Local Authorities to harness and scale-up Diaspora Investments for socio-economic growth especially given the scale and magnitude of current financing gaps.

KNWDA will do well to set up a Diaspora Fund which will provide an opportunity for members of the communities living in the diaspora to contribute to the fund. In addition, the District will consider setting up and facilitating investment opportunities from the diaspora. In doing this, KNWDA will consider options, mechanisms and the structures necessary for setting up and operating the diaspora fund.

3.3 Governance and Coordination

This section presents the outline for governance and coordination for the IAFF at the local level. Recognizing Government of Ghana's policy of Decentralization as a strategy for promoting and enhancing the overall development of Metropolitan, Municipal and District Assemblies (MMDAs) in Ghana, and the provisions of the Local Governance Act 936 (2016) with Amendment Act 940 (2017), the governance and coordination structure of the IAFF will be aligned to existing structures at the local level. Cognizance and appreciation are noted for the ability of MMDAs to co-opt relevant entities and or individuals within their operational structures to enhance effectiveness and efficiency.

3.3.1 Current Governance and Coordination Mechanisms at MMDAs

The General Assembly (GA), comprising of the President's representative at the local level, the District Chief Executive, elected Assembly Members, Government Appointees to the Assembly, Representative of Traditional Authorities, the Member(s) of Parliament, and other interest groups. The GA is the highest decision-making body of the Assembly and headed by a Presiding

Member, who is elected from among elected Assembly Members. All Plans and Budgets of the Assembly are approved by the GA for implementation.

The GA has five (5) statutory sub-committees, namely, the Development Planning; Social Services; Works; Justice and Security; and Finance and Administration Sub-Committees. Assemblies may create other Sub-Committee based on their specific and peculiar requirements. The Chairs of these Sub-Committees, together with the District Chief Executive, chairpersons of any other ad-hoc sub-committee and two (2) elected Assembly Members, constitute an Executive Committee (EC), responsible for the performance of the executive functions of the Assembly. The District Coordinating Director as Secretary to the GA is also the Secretary to the Executive Committee.

These structures provide a comprehensive governance and oversight system for planning, budgeting, advocacy, accountability and implementation of the decisions and aspirations of the Assembly.

The Assembly has the District Planning Coordinating Unit (DPCU), which is made up of all existing Departments at the Assembly, chair of the Development Planning Sub-Committee and expanded by L.I. 2232 to include representatives of Traditional Authorities and CSOs and five (5) members who are from Agencies or Organizations that have not been decentralized. The office of the District Development Planning Officer is the DPCU's Secretariat. They are, therefore, responsible for the day-to-day performance of the functions of the DPCU and coordinates planning, budgeting, presentation of final plans to the GA, implementation, monitoring & evaluation, and reporting.

The Assembly's Central Administration and Heads of Departments of decentralized entities constitute the Management of the Assembly and provide leadership for operations.

In summary, and within the context of the IAFF, which essentially seeks to provide avenues for MMDAs to source funding to implement their development plans, the above structures exist and have the capacity to integrate the IAFF processes in its operations.

3.3.2 IAFF Governance and Coordination Structure

The governance and coordination structure will be aligned to the following structures within the Assembly, except for the creation of the IAFF National Oversight Committee, to be hosted by the Ministry of Finance:

1. National Oversight Committee: To provide guidance, advocacy, advisory roles and facilitate resource mobilization for the successful implementation of the IAFF.
2. The General Assembly: Will provide overall leadership and guidance and serve as the approving authority.

²Refer to 2nd Schedule of Local Governance Act 936 (2016)

3. Executive Committee: Oversees performance of the executive functions of the Assembly.
4. District Planning Coordinating Unit (DPCU): Provides technical support; planning, budgeting, monitoring and evaluation, reporting to the Assembly.

3.3.3 Guiding Principles - IAFF Governance and Coordination Structure

The following will serve as the guiding principles for the functioning and performance of the governance and coordination structures:

- i. Decentralization: recognizes the decentralization for development Government of Ghana;
- ii. Autonomy of District Assemblies: recognizes the autonomy of District Assemblies in Ghana;
- iii. Sustainability and Continuity: recognizes the perpetual continuity of operations of governance into the foreseeable future and further the need for sustainability in the delivery of interventions;
- iv. Partnership and Cooperation: recognizes the relevance of partnerships and cooperation amongst entities and individuals in the spirit of SDG 17.

3.3.4 Roles - IAFF Governance and Coordination Structure

The governance and coordination roles have three key elements: its structure and composition, its functioning, and its relation, with other institutional mechanisms. These are reflected in the proposed roles of the structures below:

- A. National Oversight Committee (NOC)
 - i. The NOC will provide overall guidance and technical support to the KNWDA and further support resource mobilization, advocacy, and coordination through Local Government Actors.
 - ii. Membership: Membership will be made-up of National Level Partner MDAs (MoF, MLGRD, NDPC, OHLGS); Development Partners (UNDP and EU), Representatives of Civil Society and the Private Sector.
 - iii. Leadership: The NOC will be chaired by the Ministry of Finance and co-chaired by either the United Nations Development Programme or European Union.
- B. The General Assembly.
 - i. KNWDA will provide overall leadership, guidance, and act as the approving authority to ensure that funds and investments mobilized are used for their intended and agreed purposes.
 - ii. Membership: The membership will be the existing/substantive members of the KNWDA's GA

- iii. Co-opted Members / Observers: Relevant interest groups or Development Partners will be invited to participate in deliberations concerning the IAFF but will not have voting rights.
- iv. Decisions of the GA on IAFF Activities: Decisions of the GA on IAFF activities will be binding on subsequent Assemblies within the principle of continuity of functions of the District and mandate to deliver development interventions.

C. Executive Committee

- i. The Executive Committee (EC) of the KNWDA will ensure coordination and the functioning and performance of all Departments and relevant entities in respect of the delivery of Plans of the Assembly and particularly IAFF interventions.
- ii. It will also spearhead the identification and implementation of resource mobilization plans. Through the relevant statutory Sub-Committees, IAFF proposed interventions will be assessed and presented to the EC for dialogue before submission to the GA.
- iii. Membership: The membership will be the existing/substantive members of the KNWDA's EC.

D. District Planning Coordinating Unit (DPCU)

- i. The DPCU of the KNWDA as the technical arm of the Assembly will continue to provide technical support; planning, budgeting, monitoring and evaluation and reporting to the Assembly and particularly in respect of IAFF interventions.
- ii. Membership: The membership will be the existing/substantive members of the KNWDA's DPCU.

- iii. Co-opted Members/Observers: Relevant interest groups, entities and Development Partners will be invited to participate in deliberations concerning IAFF interventions.

3.3.5 Functioning & Meetings

The governance and coordination structures will function according to existing local governance mechanisms and meetings will also align with existing meeting requirements per relevant legal frameworks guiding the functioning and performance of Assemblies.

The relevant statutory Sub-Committees will be required to perform necessary functions and report to the Executive Committee.

The National Oversight Committee will be consulted on plans of the KNWDA before finalization and approval by the GA.

²Local Governance Act 936 (2016) and L.I. 2232

3.3.6 Terms of Reference

The AAAA on Financing for Development recognizes that to achieve the SDGs, Countries must consolidate existing funding and effectively move towards SDG Financing which combines financial resources and investments. In Ghana, Assemblies are at the forefront of delivering transformation of their jurisdictions, and people and financing play a critical role in ensuring that this happens. Assemblies will therefore have to go beyond the traditional means of mobilizing revenue and embrace a wider concept of financing that includes both revenues and investments.

The governance and coordination structures of the KNWDA's IAFF is at the heart of these efforts. It provides the overall leadership and guidance, undertakes advocacy efforts, and ensures accountability both for sustained funds and investments into the District.

The governance and coordination structures of the KNWDA will be expected to:

- Provide overall direction in establishing functional and integrated financing frameworks in the District.
- Advocate for integrated financing at all levels of Government and with all partners, including the Private Sector, Development Partners and Citizens.
- Organize Assembly SDGs Investment Fair, informed by the SDGs Investor Maps.
- Work closely and link with the National Oversight Committee.
- Convene actors from across Government, the Private Sector, and Development Partners with interest in advancing, and accountability for integrated financing for SDGs.
- Interact and engage with existing SDGs Stakeholders at the National and District Levels.

3.3.7 Communication and Advocacy strategy

Planning how the information will be disseminated to relevant stakeholders and decision-makers is a critical action. Relevant stakeholders must be provided with copies of the implementation and evaluation reports of the District Integrated funding systems. Sharing the content of these reports with the Assembly and other stakeholders would increase accountability and transparency and demonstrate a commitment to growth.

In addition, the willingness of stakeholders to support development interventions resulting from the implementation, monitoring and evaluation exercise will be increased. The financing strategy involves a communication and advocacy component that indicates activities, target audience and timelines as shown in the matrix in Table 3.2.

Table 3.2: Communication and Advocacy Strategy

| Activity | Purpose | Audience | Method/Tool | Timeframe | Responsibility |
|--|--|--|---|-----------|--|
| Public Sensitization and Awareness creation | To increase public awareness of Revenues and Resources Mobilisation Strategy | The General Public | Workshops, Seminars, Radio & TV Discussions, Articles, Flyers | 2021-2025 | Oversight Committee, DPCU, Media, CSOs, Traditional Authority (TA) |
| Awareness Creation on financial Policies, Financial Recovery Plans & Regulations | To enhance understanding of existing Financial Policies & Regulations | DPCUs Members, | Workshops, Seminars, Radio & TV Discussions, Articles, Flyers | 2021-2025 | DPCU, Media, CSOs, TA |
| Community Sensitization | To increase awareness on honouring financial obligations | Chiefs, Community Members, Opinion Leaders, Pupils and Students, Teachers, | Durbar, Drama, Information Service, Radio & TV Discussions | 2021-2025 | DPCU, Media, CSOs, TA |
| Public Sensitization and Awareness Creation | To educate the general public on the negative effects of non-payment of taxes etc. | The general public | Seminar, Durbar, Drama, Information Service, Radio & TV Discussions | 2021-2025 | DPCU, Media, CSOs, TA |

3.4 Monitoring and Review

Current arrangements at the district level for undertaking M&E will continue to serve as the basis for reporting on the progress of implementation of the IAFF. This will comprise District Planning Coordinating Units (DPCUs), with supervision from the Regional Coordinating Council. Monitoring will consist of the periodic or continuous assessment of performance based on.

selected indicators, while review will rely on a wider variety of methods to examine the implementation of programmes.

The Assembly through its General Assembly (GA) and Town Hall meetings assess the financial performance every year which informs the preparation of the yearly Composite Action Plan, budget reviews and refine the strategy for the continuation of the implementation of the plan. The Assembly reports on a quarterly and annual basis as part of statutory requirements by NDPC on the utilisation of funds for the achievement of the goals and objectives of the Assembly as outlined in the MTDPs.

DPCU will ensure that there is a frequent review of the financing performance of the key indicators as indicated in Table 3.2 to track the performance of the Assembly's IAFF. In addition, KNWDA should conduct evaluation studies such as rapid evaluation within the first 6months, mid-term evaluation within two years and impact evaluation in the long-term on the uses of mobilized funds and investment on IAFF implemented projects.

Furthermore, to increase investment in the demand and supply, use of M&E results, and develop effective communications arrangements to ensure timely reporting on deliverables, the Executive Committee (EC) will review the submitted reports to provide feedback, technical assistance and strengthen District capacity for effective M&E result provide guidance, advocacy and ensure accountability.

Table 3.2: Monitoring of Assembly Integrated Financing Framework

| INTEGRATED ASSEMBLY FINANCING MONITORING FRAMEWORK | | | |
|---|---|---------------------|----------------|
| DISTRICT LEVEL INDICATOR | | | |
| Indicator | Number of investment | | |
| Indicator Definition | Count of investments made in the District | | |
| Indicator Type | outcome | | |
| Disaggregation Level | Source | Status | |
| | Government | | |
| | Private Sector | | |
| | DPs/CSOs | | |
| | PPP | | |
| | Diaspora | | |
| | Sectors | | |
| | Others | | |
| Focal Point/ Responsibility | <i>Department</i> | <i>Unit/Section</i> | <i>contact</i> |
| | DPCUs | Finance Unit | |
| Unit of Measurement | Numbers | | |

| | | | |
|------------------------------------|---|---------------|--|
| Frequency of Update | Quarterly/Annually | | |
| Aggregation Rule | Sum of investment at all level | | |
| Indicator | Value of investment from all sources | | |
| Indicator Definition | Amount of investments made in a given period | | |
| Indicator Type | Outcome | | |
| Disaggregation Level | Sources | Status | |
| | Government | | |
| | Private Sector | | |
| | DPS/CSOs | | |
| | PPP | | |
| | Diaspora | | |
| Focal Point/ Responsibility | Department | Unit | |
| | DPCUs | Finance | |
| Unit of Measurement | Money(GHC) | | |
| Frequency of Update | Monthly/ Quarterly/ Annual | | |
| Aggregation Rule | Sum of investment(monetary) at all level | | |
| Indicator | value of funds from all sources | | |
| Indicator definition | Total amount of revenue mobilize | | |
| Indicator Type | Output | | |
| Disaggregation Level | IGF | | |
| | DACF | | |
| | Donors Funds | | |
| | Diaspora | | |
| | Philanthropy | | |
| | Others | | |
| Focal Point/ Responsibility | Department | Unit | |
| | DPCUs | Finance | |
| Unit of Measurement | Money(GHc) | | |
| Frequency of Update | Monthly/ Quarterly/ Annual | | |
| Aggregation Rule | Sum of all sources at sub district level | | |
| Indicator | Number of staff trained on revenue collection software | | |
| Indicator definition | Count of staff trained in software for revenue collection | | |
| Indicator Type | Output | | |
| Disaggregation Level | Sex | | |
| | Geographical location | | |
| | Age | | |
| | PWDs | | |

| | | | |
|---|--|-----------------------|--|
| <i>Focal Point/ Responsibility</i> | <i>Department</i> | <i>Unit</i> | |
| | DPCU | HR/ Administration | |
| <i>Unit of Measurement</i> | People | | |
| <i>Frequency of Update</i> | Quarter/Annual | | |
| <i>Aggregation Rule</i> | Sum of beneficial | | |
| | | | |
| <i>Indicator</i> | <i>Number of monthly Financial Reports submitted</i> | | |
| <i>Indicator Definition</i> | Count of number of Monthly financial report produced and submitted | | |
| <i>Indicator Type</i> | Output | | |
| <i>Disaggregation Level</i> | | | |
| | | | |
| <i>Focal Point/ Responsibility</i> | <i>Department</i> | <i>Unit</i> | |
| | DPCU | | |
| <i>Unit of Measurement</i> | People | | |
| <i>Frequency of Update</i> | Monthly/Quarterly | | |
| <i>Aggregation Rule</i> | Integrated monthly | | |

Chapter Four

Managing Risks

Managing Risks

4.1 Introduction

The realization of the developmental agenda of the KNWDA is largely dependent on its ability to mitigate risks that can potentially affect future financing needs, the availability of financing, or both. Thus, a risk assessment facing the Assembly is critical to the development of a financing strategy for KNWDA. Like other Local Authorities across the country, several risk factors are identified in the District, which have the potential of negatively affecting the financing of its development agenda. These include among others:

- * Environmental risk
- * Economic risk
- * Socio-cultural risk
- * Demographic risk
- * Capacity risk

4.2 Economic Risk

Commercial activities between Burkina Faso and communities in the Northern part of Ghana pre-dates colonial era. Individuals along the border towns derive the bulk of their livelihood from economic opportunities that the border offers. Mostly, staple food such as fresh tomatoes and onions are imported into Ghana from neighbouring Burkina Faso is a major cross-border agricultural commodity trading in West Africa. This forms a major source of livelihood as well as revenue generation opportunities for Assemblies in Northern Ghana, through the charges of market tolls. It is estimated that annually, about 35,000 tonnes of fresh tomatoes are imported from Burkina-Faso into Ghana. Factors that restrict or constrain the movement of persons across the border turn to create a major risk to the economic prosperity of the communities in Northern Ghana. In the year 2020 for example with COVID-19, the IGF mobilized by the Assembly as of 31st June 2020 was GH₵103,554.24 which is less than the GH₵183,364.86 mobilised at the same period in 2019 representing a 77.1 percent shortfall.

The closure of the borders also remains a risk to revenue generation in the District. This is because there is limited movement of vehicles leading to dwindling resources. The poor conditions of the road network also means that there is limited income generated by market operators and farmers, thus, affecting their ability to honour their tax obligations.

The patronage of the Tourist's Centres in the District; the Crocodile Ponds, the Pikworo Slave Camp and the Sirigu Pottery Art Centre have reduced significantly. For instance, the crocodile pond which used to record an average of twenty (20) visitors a day now record an average of five (5) visitors a day.

Furthermore, political instability in Burkina Faso can adversely affect KNWDA's ability to mobilize the required resources needed for the implementation of its developmental agenda. Burkina Faso since 2016 has experienced political unrest, resulting sometimes in the closure of the border, which has consequences for revenue mobilization of KNWDA, disrupting economic and social activities that assist in revenue generation.

Central Government transfers constitute the main source of revenue, forming about 63% of total revenue for the Assembly, and this serves a critical source of revenue needed for its development process. The inability of the Central Government to transfer the budgeted amount to the Assembly poses a major risk to the realization of the development agenda of the District. Changes in Central Government priorities will potentially result in a decline in Government Transfers to the District as was the case during the COVID-19 pandemic. Many local authorities, including KNWDA, have performed poorly in their effort to promote economic development and reduce poverty, attributed partly to the failure of the central government to ensure the transfer of projected financial resources promptly to Local Authorities.

4.3 Lack of Capacity

The capacity of MMDAs in Ghana to address developmental issues, particularly poverty-related, is critically tied to the revenue mobilization capacity of the Assembly. However, many Assemblies across the country lack capacity in their efforts to mobilise adequate resources to execute development needed. Assemblies are constraint in terms of technological capabilities to use existing technologies in resource mobilization drive. This situation raises challenges of revenue collection, proper storage of data and dissemination of information. In addition, Local Authorities lack the capacity to identify potential taxpayers due to the absence of a reliable database on property owners, resulting in revenue losses to the Assembly.

Information Communication Technology (ICT) is well documented to have great potential of enhancing effectiveness and efficiency of public sector policies and has the potential of propelling development when used effectively, blocking revenue leakages and corrupt practices. It has been instrumental in both Developing and Developed Countries in public revenue mobilization, which is at the core of state administration. Therefore, the adoption of ICT by KNWDA in its operations can mitigate revenue leakages. This resistance and failure can be attributed to either the lack of capacity to use these technologies or unwillingness to adopt new and unfamiliar technologies.

4.4 Socio-Cultural Risk

The Northern part of Ghana, where KNWDA is located is characterized by conflicts, Chieftaincy disputes, and attempts at restoring enduring peace has largely been unsuccessful. Revenue mobilization and development within this unstable socio-cultural environment is largely under stress.

History of conflict within the District often disrupt business operations and human daily activities and hence a drastic decline in tax revenues from these businesses. Investors are also scared away due to these tensions in the District. Importantly, the Chieftaincy disputes derail the advocacy role of Chiefs in revenue mobilization and development.

Whereas the unstable socio-cultural environment impacts adversely on the revenue mobilisation, it otherwise increases revenue expenditure in conflict resolutions, thereby dragging development behind.

Also, the Traditional setup of the District is characterized by many Paramount (seven (7) Chiefs and several Sub-Chiefs. The District, despite its shortcoming in finance, has to directly or indirectly finance some activities of these Chiefs resulting in a lag in total inflows.

4.5 Environmental Risk

Kassena-Nankana West District is vulnerable to several environmental risks that could adversely affect the ability to mobilise and utilize financial resources and investments for development. These risks which are either climate or ecosystem related pose a threat to livelihoods, human health and productivity, investment opportunities, investor confidence, and the general business climate, among others.

Climate-related risks constitute a major threat to the District's quest to improve financing for the implementation of the SDGs. Climate change projections suggest a rise in average temperature, changes in rainfall and increased occurrence of extreme events such as floods and drought. These could harm human lives, social and economic infrastructure, food security and business associated with the agricultural value chain. Micro, Small and Medium Enterprises (MSMEs) are especially vulnerable, due to their low access to capital and capacity to cope with the projected effects of climate change. If not well managed, these risks are likely to affect economic activities, constraint the growth of businesses and thereby limit revenue mobilization.

The economy of the District is agrarian with livelihood activities of a large proportion of households' dependent on natural resources. Desertification decline in soil fertility, wildfire and other major disruptions to terrestrial and aquatic ecosystems could reduce the ease of doing business in

the District, and result in the loss of livelihoods, with potential ramifications for security and social cohesion.

4.5.1 Mitigation measures

As part of efforts to minimize the environmental risk, the District will work in collaboration with other stakeholders to strengthen its disaster management systems and enhance climate resilience. Specific measures will include:

- strengthening early warning systems for disasters,
- promoting climate-smart agriculture,
- adopting climate-resilient infrastructure,
- embarking on afforestation; and
- exploring Green Bond Investment opportunities.

4.6 Demographic risk

The District has a youthful population with over 70 percent of the population being 34 years or below. While the youthful population provides a large workforce, the unavailability of suitable job opportunities remains a major concern as young people are likely to migrate to other towns and cities in search of jobs. Also, with the absence of a critical mass of skilled youth to be engaged by businesses and industries, the probability of attracting investment and growing business to the District is likely to be low.

4.6.1 Mitigation

- Provide skills development and training to meet current and future demand.
- Provide incentives for businesses to employ the youth.

Chapter *Five*

Conclusion and Recommendation

Conclusion and Recommendations

Kassena-Nankana West District Assembly is 1,004 sq. km with an estimated population of 74,120 composing of 50.8% females and 49.2% males. The predominant economic activity is agriculture employing over 80 percent of the workforce aged 15 years and older.

The development objective of the District as enshrined in its MTDP, seeks to enhance the provision of basic service, develop the human capacity by enhancing productivity and ensure employment, ensure good governance, provide social intervention program for the vulnerable and excluded; and ensure environmental protection and climate change.

This financing strategy for KNWDA sets out how to obtain the funds and investment required to achieve the Districts Goal. The strategy provides effective financing alternatives geared towards achieving the District's developmental goals. To enhance the smooth implementation of the strategy, the following are recommended.

- The financing strategy of the IAFF should be the core District development and the Resources Mobilization Plan. It is to set the path and articulates how resources required to achieve the Districts' national sustainable development objectives will be mobilised and aligned with those objectives.
- The Assembly members through the leadership of the Presiding Member shall form an integral part in the implementation and realisation of the plan.
- Implementation Climate and disaster risk reduction policies in addressing farmer related activities problems.
- Government to accelerate the implementation of the Ghana Development Cooperation Policy to guide Districts to formulate their Development Cooperation and Coordination Mechanisms.
- Set out a robust conflict resolution plan to end the series of unstable socio-cultural environment in the District.

5.1 Follow-up Actions

The IAFF has been developed based on four pillars, namely:

- i. the Assessment and Diagnostics of financing needs, financing landscape and associated risks;
- ii. the Financing Strategy;
- iii. the Monitoring and Review arrangement; and
- iv. the Governance and Coordination arrangements.

The IAFF is a new concept but has been developed by taking into consideration existing financing and governance structures. For the successful implementation of IAFF, some immediate actions are required to provide a good foundation for a smooth take-off. These actions are described below.

5.2 Governance Arrangement

To ensure the successful implementation of the KNWDA's IAFF, the Assembly should quickly take steps to operationalize the governance and coordination arrangement proposed in Section 3.5. These steps include building the capacity for the members of the governance Sub-Structures to equip them with the relevant skills and knowledge to champion innovative ways of mobilizing and utilizing Funds and investments for developing the local economy. A workplan for implementing the actions outlined in the financing framework should be developed together with a monitoring and evaluation plan. In addition, a mechanism should be set-up to help document lessons learned, disseminate good practices and promote learning among stakeholders in and outside KNWDA. The Assembly Members through the leadership of the Presiding Member shall form an integral part in the implementation and realisation of the plan. The government should also accelerate the implementation of the Ghana Development Cooperation Policy to guide Districts to formulate their Development Cooperation and Coordination mechanisms

5.3 Data Gaps and Opportunity for Further Analysis

The IAFF was based on limited data obtained from the Assembly. This was mainly on public financing and investments. There is scope to further improve on the financing framework by filling in the data gaps, especially those on private sector financing and investments. Collation and analyses of information on financing and investment opportunities and capabilities of Traditional Authorities, Faith-Based, and Philanthropy Organisations would be useful.

5.4 Blended Financing Assessment on the Ecosystem

Blended financing is an important means of effectively mobilizing and leveraging all sources of finance, expertise, and solutions to stimulate impactful investment, inclusive economic growth, and sustainable development. The KNWDA needs to lead a systematic consultation process to identify potential sources of financing and investments to understand the capabilities, requirement, and expectations. The process should culminate in a strategy to mobilise resources to address development needs, priorities, and capacities within the District. Key stakeholders to be engaged in this process may include the Private Sector, Civil Society, Traditional Authorities, Faith-Based Organisations, and Philanthropy Organisations, the Diaspora, and Development Partners. A blended financing strategy should support local development priorities; ensure consistency with the local and national financial markets and should be used alongside efforts to promote a sound enabling environment for investments.

5.5 Investor Map

A tremendous amount of financing and investment is required to meet the development needs of the District and to achieve the SDGs. Public sources alone cannot fill the financing gap and it is imperative to look beyond the traditional sources of financing development. An investor map provides localized insight into market conditions and is a useful tool for linking development needs and investor interest. The KNWDA will need to translate development priorities into actionable investment opportunities and make it easier for investors to direct capital towards priority development needs at the local level. The investments could be structured to address and optimize the economic, social and environmental benefits, and bridge the inequality gap.

5.6 Revenue Mobilization and Management

In the quest of mobilizing financing and investments to support local development, the KNWDA must improve on revenue mobilization and management systems. A strong financial base and fiduciary system is necessary for boosting investor confidence and attracting funds. The Assembly should enhance revenue mobilization by expanding its revenue base, establishing an electronic and geo-reference inventory that properly identifies potential taxpayers, set-up a robust electronic revenue collection system, together with incentives to encourage prompt payments, and sanctions for late payments or non-payment. The Assembly must demonstrate a strong commitment to preventing revenue leakages and promote transparency in the utilization of IGF.

Annex A

Annex 1: POCC Analysis of IGF

| Issue | Potentials | Opportunities | Constraints | Challenges |
|--------------------------|--|---|--|---|
| Low revenue mobilization | Existence of fiscal bye-laws and fee fixing resolution | Existence of ceded revenue | Inadequate skills and knowledge of revenue collectors | Tax evasion |
| | Availability of potential revenue sources | Untapped revenue sources | Inadequate data on revenue sources | High poverty levels |
| | Availability of valuation list | Availability of Private-Partnership in revenue collection | Inadequate monitoring and supervision | Current employment policy (revenue collectors cannot be retained) |
| | Availability of markets | | Low education and sensitisation of public on the need to pay taxes | Leakages |