

INTEGRATED ASSEMBLY FINANCING FRAMEWORK

KETU SOUTH MUNICIPAL ASSEMBLY



*Empowered lives.
Resilient nations.*



Foreword

Since its creation in 2012, Ketu South Municipal Assembly (KSMA) has relied on the narrow traditional sources of funding, notably the Internally Generated Funds (IGFs) central government transfers; Development Partners' support and limited private sector investment. The IGF generated by the assembly is low, while the several investment potentials remain untapped. The low capacity and fiscal space of the local authority to mobilise adequate financing and investment. are major hindrances to achieving the SDGs and the development aspirations of the people of Ketu South.

It is against this background that Ketu Municipal Assembly embraced the opportunity to prepare an Integrated Financing Framework (IFF) to enable the Assembly identify innovative sources of financing and remove bottlenecks that impede the proper alignment of public and private financing policies. The framework also provides clear financing strategy to unlock other sources of financing and create the enabling space for sound social and economic development in the municipality. Initiatives included in the IFF will help consolidate existing revenue sources; attract and sustain private sector investments; mobilise and sustain financing and investments from philanthropies and Diaspora. The IFF will thus be a means of operationalising the Ghana Covid_19 Alleviation and Revitalization of Enterprises Support (Ghana CARES) programme, which is government's transformative and sustainable response to the COVID-19 pandemic.

I am aware of the consultative processes that this document has gone through and I believe that it has benefitted from the rich input from a wide range of stakeholders across the Municipality. The task ahead of us is for all stakeholders to work together to translate proposals in this document into actions that will boost the local economy and put the municipality on a sustainable path to achieving the SDGs. We need build synergies among civil society organisations, businesses, faith-based organisations, traditional authorities, youth groups and all other development actors to give us a good chance of succeeding.

I would also like to commend the National Development Planning Commission, the Ministry of Finance, the UNDP, the Municipal Planning Coordinating Unit Members and other stakeholders for their cooperation, commitment and support in developing this Integrated Financing Framework. It is my fervent hope that the preparation and implementation of this framework will provide useful lessons for other Metropolitan, Municipal and District Assemblies (MMDAs), as well as local authorities in Africa and beyond.

Elliot Edem Agbenorwu
Municipal 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 Ketu South Municipal Assembly, Sefwi-Wiawso Municipal Assembly, Kassena Nankana West District Assembly, Kumasi Metropolitan Assembly, and the Sagnarigu Municipal Assembly 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
CAP	Composite Action Plan
CGT	Central Government Transfers
CSOs	Civil Society Organisations
DACF	District Assembly Common Fund
DDF	District Development Facility
DFF	District Financing Framework
DMTDP	District Medium Term Development Plan
DPs	Development Partners
EC	Executive Committee
FBOs	Faith-Based Organisations
GIZ	German Agency for International Cooperation
GoG	Government of Ghana
GSS	Ghana Statistical Service
IATF	Inter-agency Task Force
ICT	Information communication technology
IAFFs	Integrated Assembly Financing Frameworks
IGF	Internally Generated Fund
INFF	Integrated National Financing Frameworks
KSMA	Ketu South Municipal Assembly
LI	Legislative Instrument
MA	Municipal Assembly
MLGRD	Ministry of Local government and Rural Development
MMDAs	Metropolitan, Municipal and District Assemblies
MoF	Ministry of Finance
MPCF	Member of Parliament Common Fund
MPCU	Municipal Planning Coordinating Unit
MTDP	Medium-Term Development Plan
NDPC	National Development Planning Commission
PPP	Public-Private Partnership
RIAP	Revenue Improvement Action Plan
SDGs	Sustainable Development Goals
SPVs	Special Purpose Vehicles
UN	United Nations
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

Executive Summary

The Ketu South Municipal Assembly (KSMA) established by LI 2155, 2012 is one of the eighteen Administrative Assemblies in the Volta Region of Ghana. The Municipality covers a total land area of approximately 279.64 km² and shares boundaries with the Republic of Togo to the east, the Gulf of Guinea to the south, Keta Municipal to the west, and Ketu North Municipal to the north.

The Assembly has multiple opportunities for Sustainable Development Goal (SDG) Financing, including decentralised transfers; Internally generated funds; diaspora sources, donations and grants. It is also allowed to borrow within the provisions of the law. However, the Internally generated funds remain low as a share of the total revenue, while District Assembly Common Fund (DACF) is the highest among the decentralised transfers.

Various constraints inhibit the Municipal's Internal Generated Fund (IGF) generation capacity. These include 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 ratepayers to pay, inadequate logistics, inadequate public education, Inadequate in-service training for revenue collectors, poor monitoring of revenue collectors, inadequate logistics, and low educational level of revenue collectors.

Based on the financing needs and binding constraints identified, a financing strategy proposed to address the financing gap of the municipality 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 facilitate the achievement of the broad themes which include consolidating revenue via 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, provision of incentives to encourage the prompt payment of fees, royalties, and tax administration in the Assembly. Additionally, the enforcement of punitive measures for tax non-compliance; PPP arrangement via developing a portfolio of bankable projects, 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 SDG Investor Maps as an input to the SDGs investment fair; philanthropic financing via community philanthropy and leverage on the specific interest of Development Partners to address KSMA's development needs.h

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 including via apprenticeships, 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 SGDs is in the regions of US\$2.5 Trillion annually¹.

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 a challenge. The main Means of Implementation (MOI) 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 available to a country and develop financing strategies to raise resources, manage risks and achieve sustainable development priorities.

INFFs present important advantages to countries. First, by connecting financing and related policies with longer-term objectives, integrated financing frameworks will assist in surmounting challenges relating to short-term oriented decision-making. Second, they allow policymakers to exploit synergies and manage possible trade-offs across different policies during implementation. And third, they 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 financing, 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.

The outbreak of the novel Coronavirus with its attendant COVID-19 pandemic affected gains made over time and therefore calls for "every sector and every individual" to be involved in the fight against COVID-19. The pandemic is projected to affect local government policy, planning and budgeting, programmes and projects, financing, and general operations. Ghana is taking the opportunities presented by the pandemic to develop Integrated Assembly Financing Frameworks

¹ Unlocking SDG Financing: Findings from Early Adopters; <https://unsdg.un.org/resources/unlocking-sdg-financing-findings-early-adopters>

(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.

1.2 Brief District Profile

The Ketu South Municipal Assembly established by LI 2155, 2012 is one of the eighteen (18) MMDAs in the Volta Region of Ghana. The Municipality covers a total land area of approximately 279.64km² and shares boundaries with the Republic of Togo to the east, Gulf of Guinea to the south, Keta Municipal to the west, and Ketu North Municipal to the north. Its strategic location as the eastern gateway to Ghana offers opportunities and challenged for cross-border commercial activities, provision of basic services, as well as and security issues.

There are over 400 communities clustered into five (5) sub structures namely Aflao Urban, Some-Wego, Some-Fugo, Aflao-Wego and Klikor. A higher proportion of the population lives in rural communities (53.4 percent) as opposed to 46.6 percent living in urban areas. This proportion of people in urban areas is higher than the regional average of 33.7 percent.

Figure 1.1 Ketu South Municipal in Regional Context

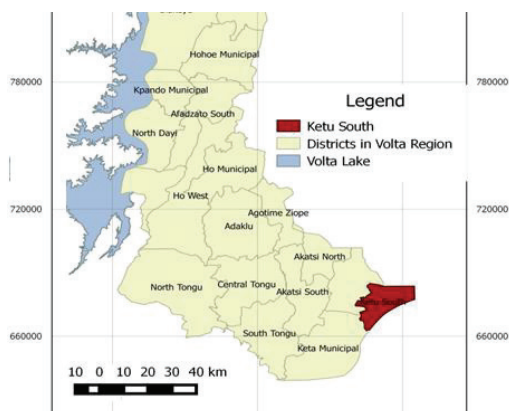
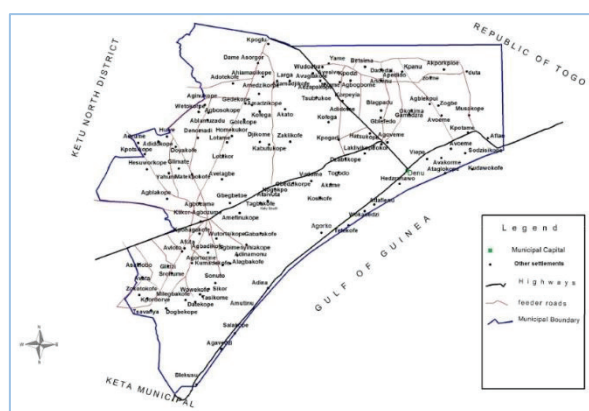


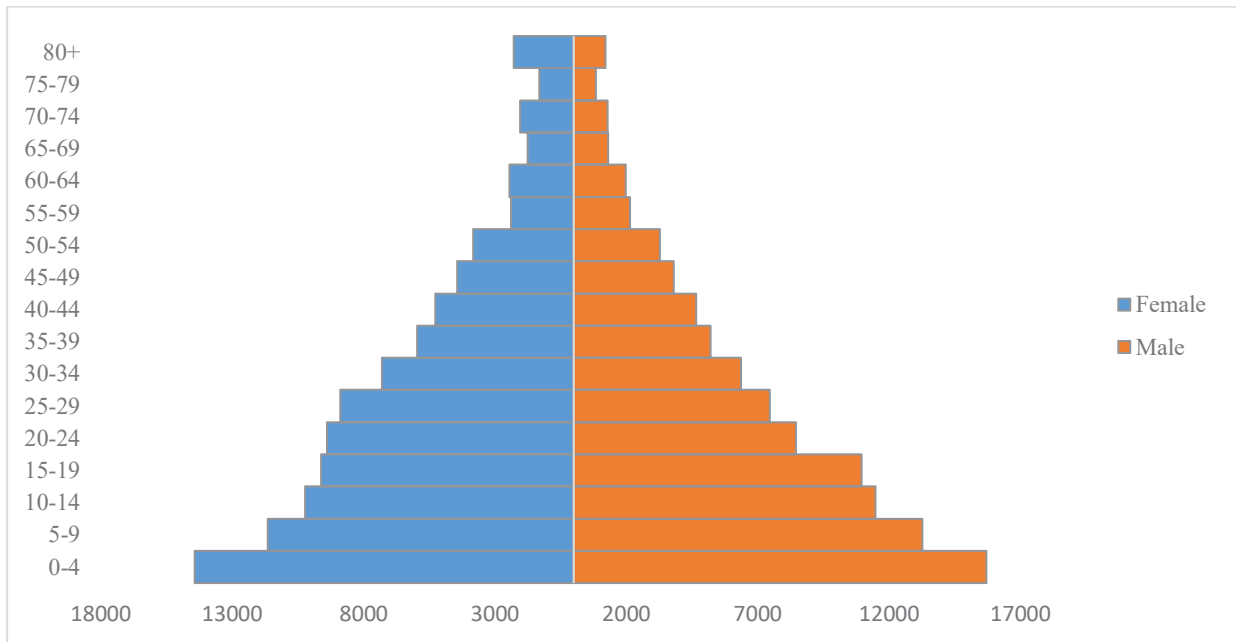
Figure 1.2 Ketu South Municipal Map



1.2.1 Demographic Characteristics

The population of the Municipality is currently estimated at 202,614 with the growth rate of 2.4 percent; 49.2 percent of which are males and 50.8 percent females. The high population growth in the Municipality is largely attributed to the influx of immigrants mainly from nearby countries, Togo, Benin, Nigeria and Niger, who engage in commercial activities in the Municipality. The sex ratio in Ketu South Municipality is 96.9 males per 100 females showing that females outnumbered males in the Municipality. The population structure is shown in Figure 1.3 below.

Figure 1.3 Population structure for Ketu Municipal Assembly



Source: 2020 population projections, GSS, May 2020

1.2.2 Municipal Economy

The economy of KSMA is largely dependent on cross-border commercial activities. Manufacturing industry account for 25.8 percent of the economy, with wholesale and retail, repairs of motor vehicles and motorcycles constituting 24.0 percent. The Agriculture and forestry sector contributes 17.7 percent. There are three major market centres at Denu, Agbozume and Aflao that attract sellers and buyers from all parts of Ghana and the Republic of Togo. Other satellite markets are found in Aflao and Wudoaba, a commercial distribution centre for agricultural produce from Western, Western North, Bono East, Ahafo, Bono, Eastern and Central regions of Ghana. These goods are subsequently exported to Togo. The only heavy industries in the Municipality are the Diamond Cement and Seven Seas Co. Ltd, producing Salt.



Large scale Kente Weaving production is a predominant economic activity of most people in the Agbozume-Klikor communities with its markets in Ghana and nearby Countries like Nigeria, Togo, and Benin.

Also, Salt Mining is one other major economic activity for the people in the Municipality.

There are great potentials for tourism development in the Municipality. Significant among them are seashores for beach development, a large track of lagoon land with potential for eco-tourism, a vibrant kente industry, rich traditional festivals and buoyant hospitality industry. There are a few beaches fringed with coconut trees along the coastline stretching from Aflao to Blekusu.



The agricultural sector is an important component of the economy of KSMA employing over 18 percent of the labour force according to the 2010 Population and Housing census. In the crops sub-sector, about 98 percent of the total farmlands in the Municipality are under subsistence food crops production involving maize, cassava and vegetables. The current average yield of maize is 19,138 metric tonnes and that of cassava is 3,300 metric tonnes. The rest of the farmland is devoted to the cultivation of non-traditional cash crops mainly; mango and chilli pepper are for export. Coconut is the largest plantation crop grown in the Municipality with the fruits either harvested fresh for eating or as copra for processing into oil. There is also urban vegetable production of onion, chillies, okro, tomatoes, carrot and leafy vegetables. The livestock and fisheries sub-sectors forms about 10 and 30 percent of agricultural activities in the Municipality.



1.2.3 Social Services

KSMA has eight (8) circuits under which there are 78 Kindergartens, 77 Primary Schools, 73 Junior High Schools (JHS), Five Senior High Schools (SHS) And One Technical / Vocational School.

The Municipality has five (5) health demarcated sub-districts. These are Aflao, Aflao Wego, Klikor, Some Fugo and Some Wego. There is a total of 44 Public and Private Health Facilities made up of 5 Hospitals, 9 Health Centres, 10 Clinics and 20 CHPS Compounds with a staff strength of 253 (2019) for public facilities. Malaria continues to be the topmost OPD cases reported in the Municipality.

1.3 The IAFF: how it will support Local Level Financing and Implementation of Activities

The Integrated Financing Framework for KSMA is aimed at mobilizing funds and investments to undertake development programmes, as well as accelerate progress toward achieving the SDGs. The framework has four building blocks, which are:

- i. the diagnostics and assessments;
- ii. the financing strategy;
- iii. the monitoring and review; and
- iv. governance and coordination.

Over the years, the Assembly has relied on the narrow traditional sources of funding, notably the IGF from business operating permits, property rates, fees and fines as well as rent; Central Government Transfers (CGT); and the Development Partners' Support. The funding and investment gap remains huge with negative implication for the provision of socio-economic infrastructure as well as service delivery that ultimately impact the achievement of the Assembly's SDGs-aligned development aspirations. The IAFF builds on the Revenue Improvement Action Plan (RIAP) to include mobilizing of investments from local and international sources.

The IAFF will enable the Assembly to explore deeply and identify non-traditional sources of funding and investments to raise additional resources to accelerate the development of the Municipality. The IAFF will also help bring together and strengthen policies and institutional arrangements in each of the building blocks to align efforts, identify gaps, strengthen coherence and enhance resources available to the Assembly.

Chapter Two

Methodology

2.1 Introduction

This section outlines the process used in preparing the IAFF for KSMA. It describes the approach and methods used, as well as the conceptual framework adopted. The IAFF was prepared through an inclusive and participatory process with the active involvement of key stakeholders at the National and Municipality levels. The stakeholders at the municipal level included heads of the various departments, and representatives from businesses, civil society organisations (CSO), artisans, traders, religious groups, Traditional Authorities and students. The national level stakeholders were the Ministry of Finance (MoF), National Development Planning Commission (NDPC), Ministry of Local Government and Rural Development (MLGRD), Ministry of Planning (MoP) with support from United Nations Development Programme (UNDP).

The process was also guided by the four building blocks of INFF as outlined in the “Development Finance Assessment Guidebook (Version 3.0) and the 2019 Financing for Sustainable Development Report. The components of each of the building blocks are shown in Table 2.1.

Table 2.1: The Building Blocks and Components of IAFF

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

2.2 Data Collection

Primary and secondary data were collected and analysed for this report using both quantitative and qualitative methodologies. Information for the development of the IAFF was obtained through interviews, focus-group discussions and administering of structured questionnaires. The main source of secondary data is the Annual Progress Report (APR) and Municipal Medium Term Development Plan (MMTDP) of the KSMA. Other secondary data sources included the Ghana Living Standard Survey Round 7, the Multiple Indicator Cluster Survey prepared Report, 2019, and various COVID-19 tracker reports prepared by the Ghana Statistical Service (GSS).

2.3 Desk Review

A review of literature on development financing concepts was undertaken to obtain secondary data and information, as well as to provide the theoretical underpinning for the Integrated Financial Framework. 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 provided methodological guidance on INFFs. Other documents reviewed included the National Budget and Economic Policy Statements, the Municipal's Medium-term Development Plan and APR, and the reports on the COVID-19 Tracker surveys conducted by GSS.

2.4 Questionnaire

Questionnaires were administered to senior officers at KSMA to collect primary data on the financial performance and the development plan of the district. 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 most senior officers, respondents were given up to one week to provide written responses to the questions. Follow-up telephone calls and meetings were scheduled, in some cases for additional information and clarifications.

2.5 Focus Group Discussions

Information for the IAFF was solicited from the Assemblies using a participatory approach from key stakeholders that were composed into focus groups. Each group comprising 12 to 20 people comprised members of the Municipal Planning Coordinating Unit (MPCU), representatives of CSOs, firms, traders, youth groups, religious groups and Traditional Authorities. The group discussions explored the impact of COVID-19 on households and businesses, KSMA'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.

2.6 Report Preparation

A team comprising officers from the KSMA, NDPC and MoF, with the support of a consultant collated and analysed the information from the desk reviews, questionnaires and focus-group discussions. The analysis was informed by the four building blocks of the INFF; namely Assessment and Diagnostics; Financing Strategy; Monitoring and Review; and Governance and Coordination.

2.7 Validation

Following the review and update of the draft report, meetings were organized for heads of the departments at the local authority and key non-state stakeholders to review and validate the information contained in the report. The meetings were used to mobilise the support of all key

stakeholders for the implementation of the actions outlined in the report. The stakeholders were further encouraged to participate actively in the monitoring and review arrangements.

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, review and accountability; and governance and coordination. The building blocks of INFFs are developed in an iterative process, with each step informing the others. The building blocks of the IAFF are intrinsically linked to the national development plan policy framework and the Medium-Term Development of the Assembly

3.1 Diagnostics and Assessment

The assessment and diagnostics building block provides an assessment of the financing needs and gaps for development activities in the Municipality. It also identifies existing and potential sources of financing and investment available to the KSMA, the challenges and risks to mobilising resources and investments. This building block is the first step in matching appropriate financing flows to the development objectives outlined in the MTDP of the Assembly.

3.1.1 Financing Needs Assessment

The Local Governance Act (2016) Act 936 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. These include:

- Decentralised Transfers;
- Internally Generated Funds (IGF); and
- Donations and Grants

Local Authorities may borrow to finance projects in accordance with relevant laws, although this is limited in use and volume. The Local Government Borrowing Finance Bill, which is currently under consideration in Parliament will enable Local Authorities to borrow in the near future.

To achieve holistic development, the Local Authorities are required to develop MDTP under the guidelines provided by NDPC. Annual action plans and composite budgets are prepared to implement the projects and programmes outlined in the MTDP. The analysis of the income and expenditure of past years reveals a big financing gap. For example, the estimated budget for 2017, 2018 and 2019 was GH¢17,402,725.87 while actual expenditure amounted to GH¢11,645,256.78 leaving a financing gap of 33.1%. There is a critical need to explore alternative sources of financing for two reasons, to close the gap and to expand the fiscal space. Details of the funding gap of KSMA are presented in Table 3.1.

Figures 3.1 Actual and gap

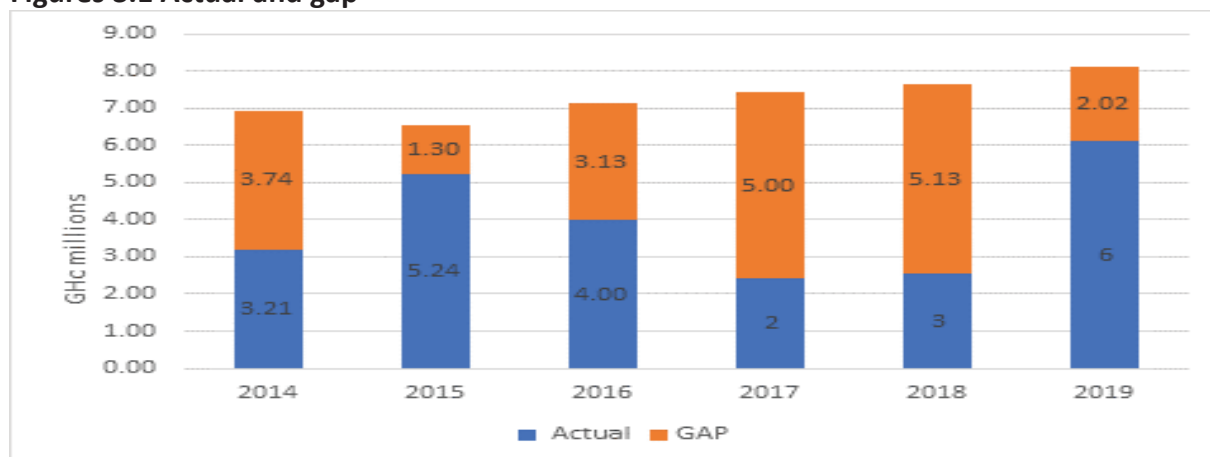


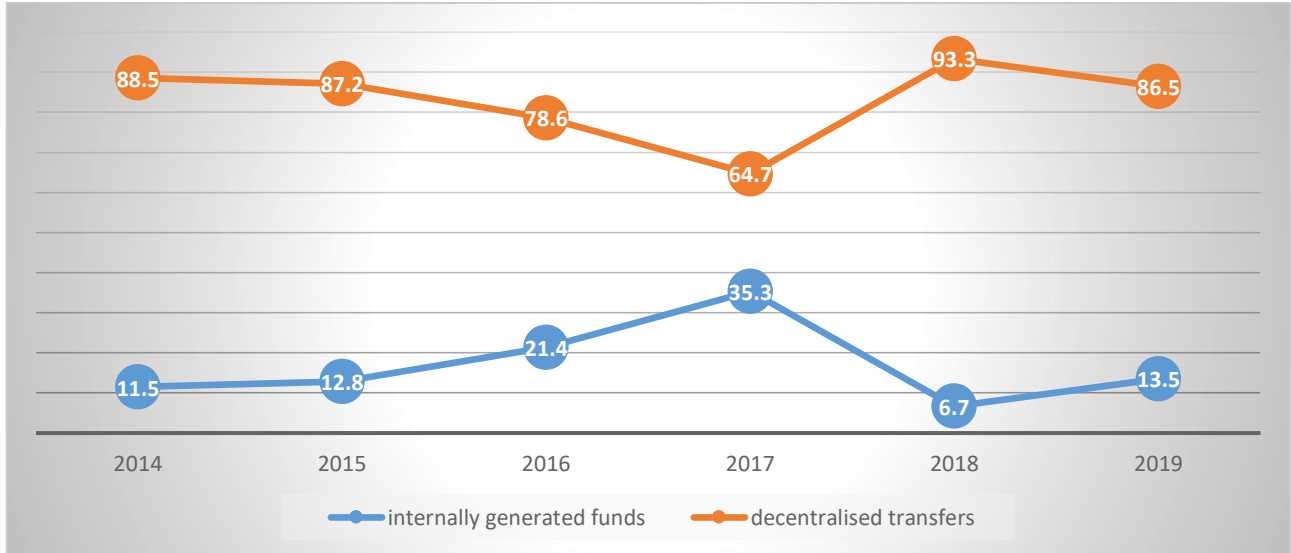
Table3.1: Financing Needs of Ketu South Municipal

No.	Year (a)	Value of Planned Activities (b)	Budgeted Amount (c)	Actual Receipt (d)	Plan-to-Budget Variance (e)=(b)-(c)	%	Budget-to-Actual Receipt Variance (f)=(c)-(d)	%
1.	2012	3,263,770.00	3,882,363.00	2,177,976.18	-618,593.00	-19%	1,704,386.82	44%
2.	2013	3,264,230.00	3,029,530.63	1,807,699.99	234,699.37	7%	1,221,830.64	40%
3.	2014	4,917,995.00	3,854,071.42	4,477,299.57	1,063,923.58	22%	-623,228.15	-16%
4.	2015	6,324,725.00	4,478,969.00	4,419,028.32	1,845,756.00	29%	59,940.68	1%
5.	2016	6,366,409.00	5,554,052.00	4,975,309.85	812,357.00	13%	578,742.15	10%
6.	2017	7,023,645.00	5,982,441.00	2,703,578.51	1,041,204.00	15%	3,278,862.49	55%
7.	2018	10,525,478.51	6,479,045.81	3,837,154.57	4,046,432.70	38%	2,641,891.24	41%
8.	2019	14,516,712.91	4,941,239.06	5,104,523.70	9,575,473.85	66%	-163,284.64	-3%
9.	2020	13,093,277.49	5,947,210.91	2,877,490.80	7,146,066.58	55%	3,069,720.11	52%

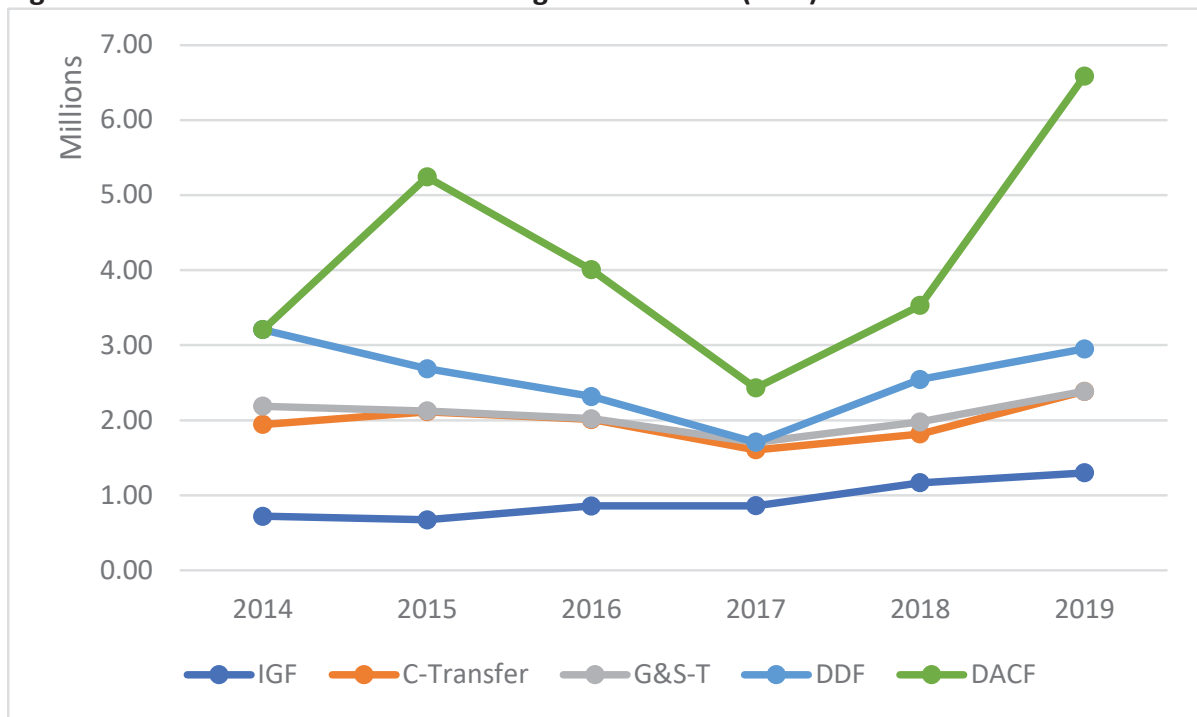
3.1.2 Financing Trends Analysis

Revenue sources for implementation of the development agenda in the KSMA include IGF, CGT, Goods and Services Transfer, District Development Facility (DDF) and DACF. Trends of actual expenditure for these funds are shown in figures 3.1a and 3.1b in the chart below. IGF has been increasing since 2014 but remains the least source of revenue for the KSMA.

Figures 3.1a Revenue to KSMA according to the source (GHC)



Figures 3.1b Revenue to KSMA according to the Source (GHC)



The various revenue heads that make up the IGF are defined in the Local Governance Act (2016), Act 936 as defined below:

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

Fees & Fines: The Act allows 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 tribunals and courts paid to the Assembly.

Licenses: Act 462 of the Local Government Act, empowers Assemblies to issue licenses for various activities. The licenses are for control purposes. These include licenses issued to Drinking Bars, Restaurants, Chop Bars and Hotels, among others.

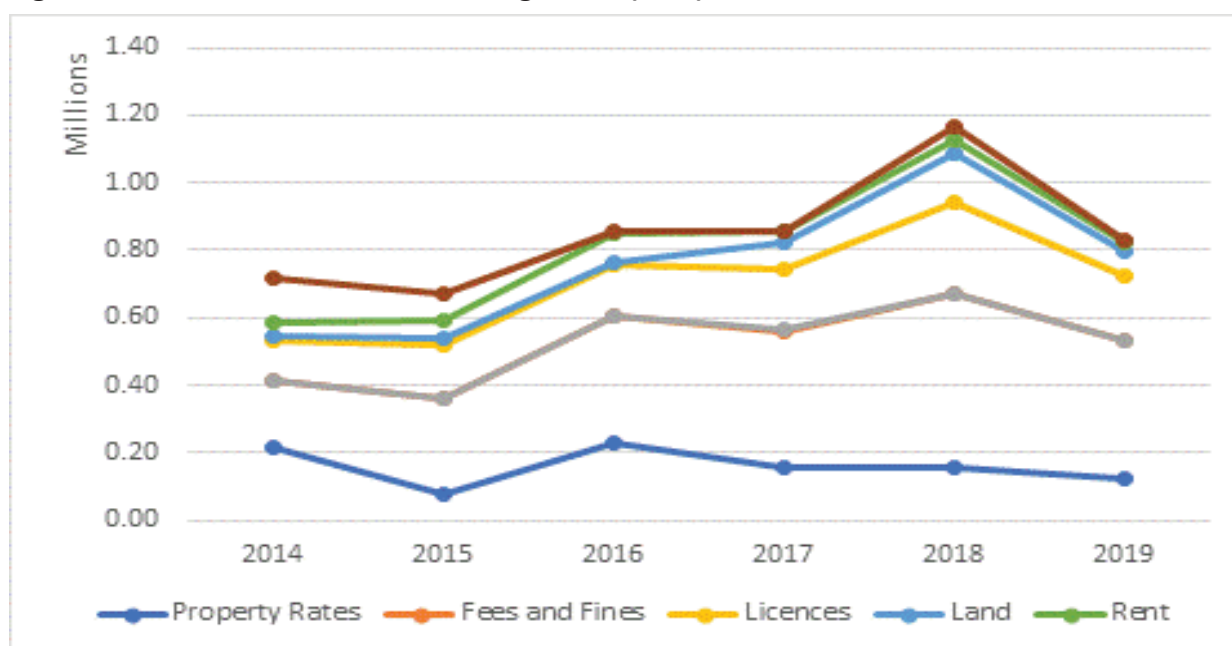
Lands (Royalties): This comprises of levies imposed on Building Plans and Permits as well as Stool Lands payable to the Assembly.

Annual Basic Rates: These are 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 years as well as students in educational training institutes without incomes. The tax is regressive.

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

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

Figures 3.2 Revenue to KSMA according to IGF (GHC)



The Assembly currently has a RIAP, which seeks to increase revenue from all sources to support the implementation of programmes and projects. The RIAP operates within the following legal environment:

- i. Public Financial Management Act, 2016 (Act 921);
- ii. Public Financial Management Regulations, 2019 (L.I. 2378);
- iii. The Financial Administration Act, 2003 (Act 654);
- iv. The Budget Statement and Economic Policy;
- v. Digital Financial Policy;
- vi. Local Governance Act, 2016 (Act 936) section 122 – 174 which outlines the “Financial matters of District Assemblies”;
- vii. Assembly Bye-laws and Fee Fixing resolutions.

The objectives of the current RIAP focuses on IGF financing and does not address the trade-offs between policies and regulations, private sector investment, the protection of businesses and Development Partner financing amongst others. Additionally, the RIAP does not:

- i. contain an implementation plan matrix;
- ii. show the diagnostics of financing sources;
- iii. demonstrate evidence of inventory that properly identifies taxpayers within the municipality;
- iv. consider the trade-off analysis in revenue sources.
- v. contain strategies for mobilizing resources and investments from Private Sector, Development Partners and other innovative financing sources.

In the medium term, KSMA intends to explore specific strategies that simultaneously expand revenue while at the same time spurring private sector investment in the municipality. The key to any financing strategy at the local assembly level is to ensure close cooperation among all spheres of government – local and central – as well as cooperation among Local Government, the Private Sector, Civil Society, Development Partners and the Diaspora amongst others.

The key components of the Financing Strategy are discussed below.

3.3 Consolidating the Existing Revenue

In consolidating existing revenue strategies, the KSMA will seek to improve efficiency and expand its revenue collection bracket within the existing legal provisions. This will be done through registration of properties and businesses, undertake a review of the tax rates in relation to the transformative direction with the view to maximizing the trade-offs, and strengthening revenue capacities. Specifically, the Municipality will seek to:

- 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, properties among others) within the Municipality;
 - 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 punitive measures for tax non-compliance.
- b. Enhance communication, advocacy, and dissemination strategies through:
- training of tax/fee collectors in communication and presentation skills to address beckoning questions from taxpayers.
 - continuous public education on tax responsibilities to encourage the general populace to honour their tax obligations in partnership with other stakeholders.

There are also opportunities for KSMA 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.

3.3.1 Attracting and Maintaining Private Sector

- a. The municipality will prepare and package projects to suit the criteria for private sector investors. This process will involve:
- developing a portfolio of bankable projects;
 - partnering with other Assemblies with similar needs to improve the viability of their projects;
 - building capacities to design, deliver and evaluate bankable projects.

In seeking to attract the private sector, efforts will also 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 attainment of the SDGs. They make a significant contribution to filling the financing gap by mobilizing private capital for the SDGs.

- b. Private-Public-Partnerships (PPPs) can also be appropriate financing mechanisms in collaborating with the private sector. In utilizing the opportunities presented by PPPs, KSMA can make use of Special Purpose Vehicles (SPVs) to finance the municipality's development aspirations through the:
- initiation of programs that are suited for PPP execution. For instance, the development of market squares and farming partnerships, among others.
 - creation of community businesses emergency funds.
 - development of a maintenance and parking depot to cater for haulage vehicles.
 - develop rest stops along major highways.

To utilise the full potential of PPP arrangement, the Assembly is recommended to undertake asset capitalisation evaluations to establish the value of the assets of the Assembly. The

evaluation should be broad to capture both the tangible and non-tangible assets of the Assembly. The asset value report will present the Assembly worthwhile information for any potential investor.

3.3.2 Attract and Sustain Development Partner Investments in the KSMA

Globally, there are a few international development agencies, both bilateral and multilateral, that are actively supporting reform and development programmes within various sectors with a view to developing the necessary human resource base that will effectively and efficiently deliver public services. While a number of them are geared towards addressing public policy and regulatory constraints, others have to focus on attracting private sector financing for critical areas of development including infrastructure. There are also others, which focus on assisting local governments in developing city development strategies and citywide upgrading programmes (e.g. Cities Alliance and UN-Habitat).

The Assembly must understand the peculiar interest of Development Partners in order to prepare tailor-made proposals. Thus, building the knowledge base of the staff of KSMA can enable them to develop tailor-made programmes to secure funding from these sources.

3.3.3 Improve Philanthropic

Several Philanthropic Organizations are emerging in many parts of the world which were traditionally considered as purely “aid recipient” Countries. Within the Philanthropic landscape, many organizations are now focusing on working directly with specific local authorities and avoiding the traditional modes of working through CSOs. 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. Apart from these calls, a number of these organizations turn to provide challenge grants² and grants for specific interventions.

KSMA 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 Municipality.

3.3.4 Diaspora Financing

Traditionally, diaspora resources have been viewed as on-going financing capital at the micro level to be utilized mainly for purposes of consumption. In recent years, while recognition of the role of the diaspora in development has grown coupled with the fact that members of the diaspora are important development stakeholders, they are still not viewed as significant social investors by Local Authorities.

² Donations made by a grant-making organization to a non-profit organization once that institution has raised a certain amount of funds as described by the challenge. The challenge is usually fiscally based.

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.

The KSMA will consider setting 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 Municipality will consider setting up and facilitating investment opportunities from the diaspora. In doing this, KSMA will consider options, mechanisms and the structures necessary for setting up and operating the diaspora fund.

3.3.5 Other Income Generating Investments

In addition to the above income sources to the Assembly, the following investment can be considered by the Assembly to augment its income sources:

- **Agriculture:** The district is noted for cultivating vegetables such as pepper, onion, tomatoes; fruits such as mangoes; crops such as rice and fish farming. Following the potential of these products and associated income, the Assembly can venture into large scale farming of these food crops and fish farming. While this may serve as an additional source of income for the Assembly, it provides a podium to address the high unemployment among the teeming youth in the area.
- **Mining:** Salt mining is a major activity in the area. The Assembly can help establish Salt Industry Enterprise Network that will give market power to the miners. This has the potential to increase the income level of the salt miners and consequently feeds into fees and taxes that the Assembly can generate from them.
- **Sanitation - untapped opportunity:** The Assembly takes concerns of how excreted waste is disposed of, which serve as a potential income-generating avenue for the Assembly. A feasibility study by the Assembly of investing in Septic cars for excretion disposal can be considered. Also, the municipal does not have any public cemetery. However, given the potential of this, the Assembly can acquire lands to be used as public cemeteries.

3.4 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 governance 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.

3.4.1 Current Governance and Coordination Mechanisms at MMDAs

The General Assembly (GA) comprises the Municipal Chief Executive, elected Assembly Members, Government Appointees to the Assembly, Representative of Traditional Authorities, Member(s) of Parliament and other interest groups. The GA is the highest decision-making body of the Assembly and is 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. An Assembly may create another sub-committee based on its specific and peculiar requirements. The Chairs of these sub-committees, together with the Municipal Chief Executive, chairpersons of any other ad-hoc sub-committee and two (2) elected Assembly Members constitutes an Executive Committee (EC), responsible for the performance of the executive functions of the District Assembly. The Municipal Coordinating Director as Secretary to the GA is also the Secretary to the EC.

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

The Assembly has the Municipal Planning Coordinating Unit (MPCU), which is made up of all existing Departments³ 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 Municipal Development Planning Officer is the DPCU's Secretariat. They are, therefore, responsible for the day-to-day performance of the functions of the MPCU and coordinates planning, budgeting, presentation of final plans to the General Assembly, implementation, monitoring & evaluation, and reporting.

It is important to note that the Municipal Assembly's Central Administration and Heads of Departments of decentralized entities constitute the Management of the Assembly, providing leadership for operations of the Assembly.

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

³ Refer to 2nd Schedule of Local Governance Act 936 (2016)

3.4.2 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 INFF National Oversight Committee, to be hosted by the Ministry of Finance:

1. **National Oversight Committee:** will Provide guidance, advisory, advocacy roles to, facilitate resource mobilization and advocacy for the successful implementation of the IAFF;
2. **The General Assembly:** to provides overall leadership, guidance and serves as the approving authority;
3. **The Executive Committee:** Oversees performance of the executive functions of the Municipal Assembly
4. **Municipal Planning Coordinating Unit (MPCU):** Provide technical support; planning, budgeting, monitoring and evaluation, reporting, etc to the District Assembly

3.4.3 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 of the Government of Ghana;
- ii. **Autonomy of Municipal Assemblies:** recognizes the autonomy of Municipal 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

3.4.4 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 KSMA 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, EU, and Germany), 1 Representative from Civil Society; and 1 Representative of 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, the European Union, or Germany on a rotational basis.

B. The General Assembly

- i. The KSMA's General Assembly 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 KSMA's GA
- iii. **Co-opted Members/Observers:** Relevant interest group(s) or Development Partner(s) 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 General Assemblies within the principle of continuity of functions of the Assembly and mandate to deliver development interventions

C. Executive Committee

- i. The EC of the KSMA 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 General Assembly.
- iii. **Membership:** The membership will be the existing/substantive members of the KSMA's EC

D. Municipal Planning Coordinating Unit (MPCU) :

- i. The MPCU of the KSMA as the technical arm of the Assembly will continue to provide technical support; planning, budgeting, monitoring and evaluation, reporting to the Municipal Assembly and particularly in respect of IAFF interventions.
- ii. **Membership:** The membership will be the existing/substantive members of the KSMA's MPCU.
- iii. **Co-opted Members/Observers:** Relevant interest groups, entities and relevant Development Partner(s) will be invited to participate in deliberations concerning IAFF interventions.

3.4.5 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 the relevant legal frameworks⁴ guiding the functioning and performance of Assemblies in Ghana.

The NOC will be consulted on plans of the KSMA before finalization and approval by the GA.

3.4.6 Terms of Reference

The AAAA on Financing for Development recognizes that to achieve the SDGs, countries have to 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 territories and people, and financing plays 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 the revenues and investments.

The governance and coordination structures of the KSMA's Integrated Financing Framework 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 Municipality.

The IAFF linked to the National Oversight Committee.

The governance coordination structures of the KSMA will be expected to:

- Provide overall direction in establishing functional and integrated financing frameworks in the Municipality
- 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 SDG Investor Maps.
- Work closely 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 Municipal levels.

3.4.7 Communication and Advocacy strategy

Planning how the data will be disseminated to relevant stakeholders and decision-makers is critical. Related stakeholders must be provided with copies of the implementation and evaluation reports of the KSMA's integrated funding systems. Sharing the content of these reports with the

⁴ Local Governance Act 936 (2016) and L.I. 2232

stakeholders at the level of the sub-district and community would increase the Assembly's accountability and transparency and demonstrate its 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 distribution strategy that, as shown in the matrix, indicates the operation, target audience, timeframe, Responsibility.

Table 3.4: 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, MPCU, Media, CSOs, Traditional Authorities
Awareness Creation on financial Policies, Financial Recovery Plans & Regulations	To enhance understanding of existing Financial Policies & regulations	MPCUs Members,	Workshops, seminars, radio & TV discussions, articles, flyers	2021-2025	MPCU, Media, CSOS, TAs
Community Sensitization	To increase awareness on paying of rates and Fines	Chiefs & Queens, Community Members, Opinion Leaders, Children, Teachers,	Durbar, drama, information service, radio & TV discussions	2021-2025	MPCU, Media, CSOS, TAs
Public Sensitization and Awareness Creation	To educate the general public on the negative effects of non-payment of fees and levies	The general public	Seminar, Durbar, drama, information service, radio & TV discussions	2021-2025	MPCU, Media, CSOs, TAs

3.5 Monitoring and review

Current arrangements at the local level for undertaking monitoring and evaluation will continue to serve as the basis for reporting on the progress of implementation of the IAFF of the Assemblies. This will essentially comprise MPCUs at the local level, with supervision from the Regional Coordinating Council. Monitoring will consist of the periodic or continuous assessment of performance based on selected indicators, while evaluation will rely on a wider variety of methods to examine the implementation status of programmes

The Assembly through its General Assembly (GA) meetings and Town Hall meetings assess the financial performance every year which informs the preparation of the yearly Composite Action (CAP) 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 utilization of funds for the achievement of the goals and objectives of the Assembly as outlined in the MTDPs.

The MPCU will ensure that there is a frequent review of the financing performance of the key indicators as indicated in Table 3.5 to track the performance of the Assembly’s IAFF. In addition, KSMA will conduct some forms of evaluation studies such as rapid evaluation within the first six months, mid-term evaluation within two years and impact evaluation in the long-term on the uses of mobilized funds and investment on implemented projects.

To enhance the demand and supply of M&E results, develop effective communications arrangements, ensure timely reporting on deliverables, the EC will review the submitted reports to provide feedback, technical assistance and strengthen Municipal capacity for effective M&E result guidance, advocacy and ensure accountability.

Table 3.5 Details of Indicators for Tracking Progress of Implementation

INTEGRATED ASSEMBLY FINANCING MONITORING FRAMEWORK			
MUNICIPAL LEVEL INDICATOR			
Indicator	Number of investments		
Indicator Definition	Count of investments made in the Municipality		
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>
	MPCUs	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		
	Others		
Focal Point/ Responsibility	Department	Unit	
	MPCUs	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 mobilized		
Indicator Type	Output		
Disaggregation Level	IGF		
	DACF		
	Donors Funds		
	Diaspora		
	Philanthropy		
	Others		
Focal Point/ Responsibility	Department	Unit	
	MPCUs	Finance	
Unit of Measurement	Money (GHc)		
Frequency of Update	Monthly/ Quarterly/ Annual		
Aggregation Rule	Sum of all sources at sub municipal 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		
	others		
Focal Point/ Responsibility	Department	Unit	
	MPCU	HR/ Administration	
Unit of Measurement	People		
Frequency of Update	Quarter/Annual		
Aggregation Rule	Sum of beneficial		
Indicator	Number of monthly Financial Reports submitted		
Indicator Definition	Count of number of Monthly financial report produced and submitted		
Indicator Type	Output		
Disaggregation Level			
Focal Point/ Responsibility	Department	Unit	
	MPCU		
Unit of Measurement	People		
Frequency of Update	Monthly/Quarterly		
Aggregation Rule	Integrated monthly		

Chapter Four

Managing Risks

Managing Risks

4.1 Introduction

The realization of the developmental agenda of the Municipality 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 KSMA. Several risk factors are identified in the Municipality which have the potential of derailing the financing of its development agenda. These include among others:

- Environmental risk
- Economic risk
- Socio-Cultural risk
- Demographic risk, and
- Capacity risk

4.2 Economic Risk

Commercial activities between Togo and communities along the Ghana-Togo boarder pre-dates colonial era. Individuals along the border towns derive the bulk of their livelihood from economic opportunities that the border offers. Mostly, finished goods and wares are imported into Ghana from Togo. The KSMA is viewed as a major cross-border commercial hub. This forms a major source of livelihood, as well as revenue generation opportunities for KSMA.

Factors that restrict the movement of persons across the border turn to create a major risk to economic activities in the Municipality. The closure of Ghanaian border during the outbreak of COVID-19, for instance, saw a huge decline in the flow of goods and services across the border, which resulted in the collapse of some businesses and losses in households' income. Closure of the Ghana-Togo border, therefore, serves as a major risk to the revenue mobilization capabilities of the Municipality, impacting negatively on revenue mobilization.

Furthermore, political instability in Togo can lead to loss of revenue and the Assembly's ability to mobilize the required resources needed for executing its developmental agenda.

Central Government transfers constitute the main source of revenue, forming about 56% of total revenue for the Municipality, and this serves as 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 Municipality. Changes in Central Government priorities will potentially result in a decline in government transfers to the Municipality as seem during the COVID-19 pandemic. Many Local Authorities, including KSMA, have performed poorly in their effort to promote economic development and reduce poverty, attributed partly to the inability of the central government to ensure the transfer of projected financial resources promptly to Local Governments.

4.3 Inadequate 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 their development initiatives. Assemblies are constrained in terms of technological capabilities to use existing technologies in resource mobilization drives. This situation poses 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 absence of 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 the Municipality in its operations can mitigate revenue leakages.

4.4 Environmental Risk

Ketu South Municipal Assembly 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 Municipality'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.

The risk of coastal erosion, sea-level rise and coastal flooding pose a major threat to communities and infrastructure along the coast. The development of tourism activities along the coast could be hampered by these risks.

These risks harm human lives, social and economic infrastructure, food security and businesses 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, constrain the growth of businesses and thereby limit revenue mobilization.

The economy of the KSMA 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 Municipal, and result in the loss of livelihoods, with potential ramifications for security and social cohesion.

4.4.1 Mitigation measures

As part of efforts to minimize the environmental risk, the KSMA 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.

4.5 Demographic risk

The KSMA has a youthful population with over 60 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, if there is not a critical mass of skilled youth to be engaged by businesses and industries, the probability of attracting investment and growing businesses to the Municipal is likely to be low.

4.5.1 Mitigation

The demographic risks can be reduced through the following measures:

- Provision of skills development, training and apprenticeships to meet current and future demand including
- Instituting an incentive scheme for businesses to employ the youth.

Chapter Five

Recommendation

Recommendations

To enhance the smooth implementation of the IAFF strategy, the following are recommended;

- The IAFF should be at the core of KSMA development and the Resources Mobilization Plan. It is to set the path and articulates how resources required to achieve the Assembly's sustainable development objectives will be mobilised and aligned with those objectives and serves as a tool for the implementation of the SDGs.
- The Assembly Members led by the presiding Member shall form an integral part in the implementation and realisation of the RMP.
- KSMA should work towards the implementation of the Climate and Disaster Risk Reduction Policies in addressing the farmer activities related problems.
- There is the need for a robust conflict resolution plan to end the series of unstable socio-cultural environment in the Municipality.
- The government should accelerate the implementation of the Ghana Development Cooperation Policy to guide Assemblies to formulate their Development Cooperation and Coordination Mechanisms.

5.1 Follow-up Actions

The Integrated Assembly Financing Framework (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.

5.1.1 Governance arrangement

To ensure the successful implementation of the IDAFF, the Municipal should quickly take steps to operationalize the governance and coordination arrangement proposed in Section 3.4. These steps include building the capacities of 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 work-plan 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. The Assembly Members shall form an integral part in the implementation IAFF.

5.1.2 Data Gaps and Opportunity for Further Analysis

KSMA's 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 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.

5.1.3 Blended Financing Assessment on the Ecosystem

Blended financing is an important means of effectively mobilizing and systematically leveraging all sources of finance, expertise, and solutions to stimulate impactful investment, inclusive economic growth, and sustainable development. The KSMA needs to lead a systematic consultation process to identify potential sources of financing and investments, 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 Municipality. Key stakeholders to be engaged in this process should include the Private Sector, Civil Society, Traditional Authorities, FBOs, 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.

5.1.4 Investor Map

A tremendous amount of financing and investment is required to meet the development needs of the KSMA, as well as realise 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 interests. The KSMA 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 Assembly. The investments could be structured to optimize the economic, social and environmental benefits and bridge the inequality gap.

5.1.5 Revenue Mobilization and Management

In the quest to mobilizing financing and investments to support local development, the KSMA must improve revenue mobilization and management systems. A strong financial base and fiduciary system is needed for boosting investor confidence and attracting funds. The Municipal 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, as well disincentives for late payments or non-payment. The Assembly must demonstrate a strong commitment to preventing revenue leakages and promote transparency in the utilization IGF.