

INTEGRATED ASSEMBLY FINANCING FRAMEWORK

Sagnarigu Municipal Assembly



REPUBLIC OF GHANA

MINISTRY OF FINANCE



*Empowered lives.
Resilient nations.*

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 Sagnarigu Municipal Assembly, Sefwi-Wiawso Municipal Assembly, Kassena Nankana West District Assembly, Kumasi Metropolitan Assembly, and the Ketu South 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

Foreword

Key requirement for achieving the Sustainable Development Goals (SDGs) is the need for municipalities 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, Sagnarigu Municipal Assembly 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 SAMA, 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 Municipality. 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 Municipal 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 Municipality.

Acronyms

AAAA	Addis Ababa Action Agenda
ActionAid	ActionAid International
AOC	Assembly Oversight Committee
APR	Annual Progress Report
CAMFED	Campaign for Female Education
CRS	Catholic Relief Service
CSOs	Civil Society Organisations
DACF	District Assembly Common Fund
DFA	Development Finance Assessment
DPs	Development Partners
EC	Executive Committee
FBO	Faith-Based organisation
GES	Ghana Education Services
GIZ	Deutsche Gesellschaft fur Internationale Zusammenarbeit
GoG	Government of Ghana
GSS	Ghana Statistical Service
ICT	Information Communication Technology
IAFFs	Integrated Assemblies Financing Frameworks
IGFs	Internally Generated Funds
INFF	Integrated National Financing Frameworks
LI	Legislative Instrument
MA	Municipal Assembly
MCE	Municipal Chief Executive
MLGRD	Ministry of Local Government and Rural Development
MMDAs	Metropolitan, Municipal and District Assemblies
MoF	Ministry of Finance
MoP	Ministry of Planning
MPCU	Municipal Planning Coordinating Unit
MP	Member of Parliament
MMTDP	Municipal Medium-Term Development Plan
NDPC	National Development Planning Commission
NORSAAC	Northern Sector Action on Awareness Centre
OXFAM	OXFAM International
PPAG	Planned Parenthood Association of Ghana
PPP	Public-Private Partnership
RIAP	Revenue Improvement Action Plan
SAGMA	Sagnarigu Municipal Assembly
SDGs	Sustainable Development Goals
SPVs	Special Purpose Vehicles
UN	United Nation
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WASH	Water Sanitation and Hygiene

Executive Summary

The visions and ambitions of the Addis Ababa Action Agenda to outline frameworks for financing the 2030 agenda has called for the adoption of Integrated National Financing Framework which seeks to help Governments and their Partners to build more integrated approaches to financing that strengthen the alignment between public and private investments and longer-term sustainable development objectives.

The Ministry of Finance in collaboration with the United Nations Development programme (UNDP) is therefore supporting five MMDAs including Sagnarigu Municipal to develop an Integrated Assembly Financing Framework (IAFF) to identify financing gaps in their financing landscapes and how the gaps identified can be bridged.

The Sagnarigu Municipality like many other MMDAs, is constrained to fully exploit its financing potential and relies principally on unpredictable revenue sources such as Central Government transfers and Donor support. This has resulted in the inability of the Assembly to fully accomplish its development objectives, hence underdevelopment of the Sagnarigu Municipality.

To overcome the financing challenges confronted by the Assembly, it aims to roll-out specific strategies that will simultaneously raise revenue while stimulating investment by the private sector in the Municipality. These strategies comprise consolidating existing revenues, Philanthropic Financing, Diaspora Financing and Private-Public-Partnership (PPP) among others. An Oversight Committee will be set up to ensure accountability, sustainability and continuity of the IAFF.

Moving forward, SAGMA seeks to conduct mapping of investment opportunities as per the Assembly's priorities and further identify data gaps for further analysis.

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Chapter One

Introduction

Introduction

The Addis Ababa Action Agenda (AAAA) assumes that countries will use their national development strategies and plans to respond to the Sustainable Development Goals (SDGs) which calls for the adoption of Integrated National Financing Frameworks (INFFs). It is therefore imperative for countries to develop an INFF to address the challenges of sustainable development financing for a more effective and integrated approach to managing public and private finance. Additionally, the framework is required to provide a structure for Governments to develop and implement a strategic, holistic, and results-driven approach to financing their development objectives.

As an opportunity to integrate these frameworks into national development plans and strategies, the Ministries of Finance, Planning and Local Government and Rural Development are collaborating to offer strategic services based on an integrated and holistic approach to mapping, managing, mobilizing and channelling financing for SDGs in the public and private sectors. The decentralized governance system in Ghana mandates Local Authorities, known as Metropolitan, Municipal and District Assemblies (MMDAs) to implement Government's policies at the local level. In view of this role the MMDAs play in the national development agenda, there is the consideration to support local authorities to formulate strategies that would enhance their local development aspirations.

The Ministry of Finance in collaboration with the United Nations Development Programme (UNDP) in Ghana agreed to undertake an assessment and subsequently support five (5) MMDAs to develop their Integrated Assembly Financing Framework (IAFF). The Frameworks will guide the Assemblies to better finance their local development priorities leading to the achievement of the SDGs and further facilitate the operationalization of the AAAA at the local level. The MMDAs were to conduct a thorough analysis of their financial situations and resource mobilization strategies to determine innovative ways to source funds to implement their programmes and projects.

The framework contains information that provides a better understanding of the MMDAs which is divided into various sections. Section 1 provides background information on the Assembly and how the IAFF will support them to finance and implement programmes and projects. Section 2 focuses on the approach used for the development of the framework while Section 3 deals with the building blocks; Diagnostics/Assessment, Financing Strategy, Monitoring and Review, and Governance and Coordination. The last section covers the Communication and Implementation Strategy.

1.1 Background

Integrated National Financing Frameworks (INFFs) are a planning and delivery tool to finance sustainable development at the national and sub-national levels. They help policymakers map the landscape for financing sustainable development and lay out a strategy to increase and make most effective use of all types of finance for sustainable development, coordinate technical and financial cooperation they receive, manage financial and non-financial risks, and ultimately achieve priorities articulated in a sustainable development strategy or plan. In short, INFFs are a tool for governments to operationalise the AAAA at the national level. This can be replicated at the sub-national levels to help local authorities to effectively mobilize financial resources for sustainable development.

The AAAA, which introduced the concept of INFFs, provides a framework for financing the 2030 Agenda for Sustainable Development. It recognizes that public and private finance have important and differentiated, roles to play in advancing sustainable development. The agenda lays out both national and global actions, underlining the importance of an enabling international economic environment. Member States of the United Nations (UN) have agreed that national efforts are crucial in delivering this global agenda, with 'cohesive, nationally owned sustainable development strategies, supported by INFFs at the heart of our efforts'. Further, the INFF provides a unique opportunity for the mobilisation of fundings towards the Government's Ghana Cares Programme which envisages to raise about GHC100 billion to stabilize, revitalize and transform Ghana's economy to create jobs and prosperity for Ghanaians over a three-year period.

This agenda can be achieved effectively and given more meaning to sustainable development if the bottom-up approach to development is employed; hence, SAGMA developing and owning this framework. This is because sustainable development can only be achieved when it is led and implemented at the local level through effective and efficient resource mobilization and utilization.

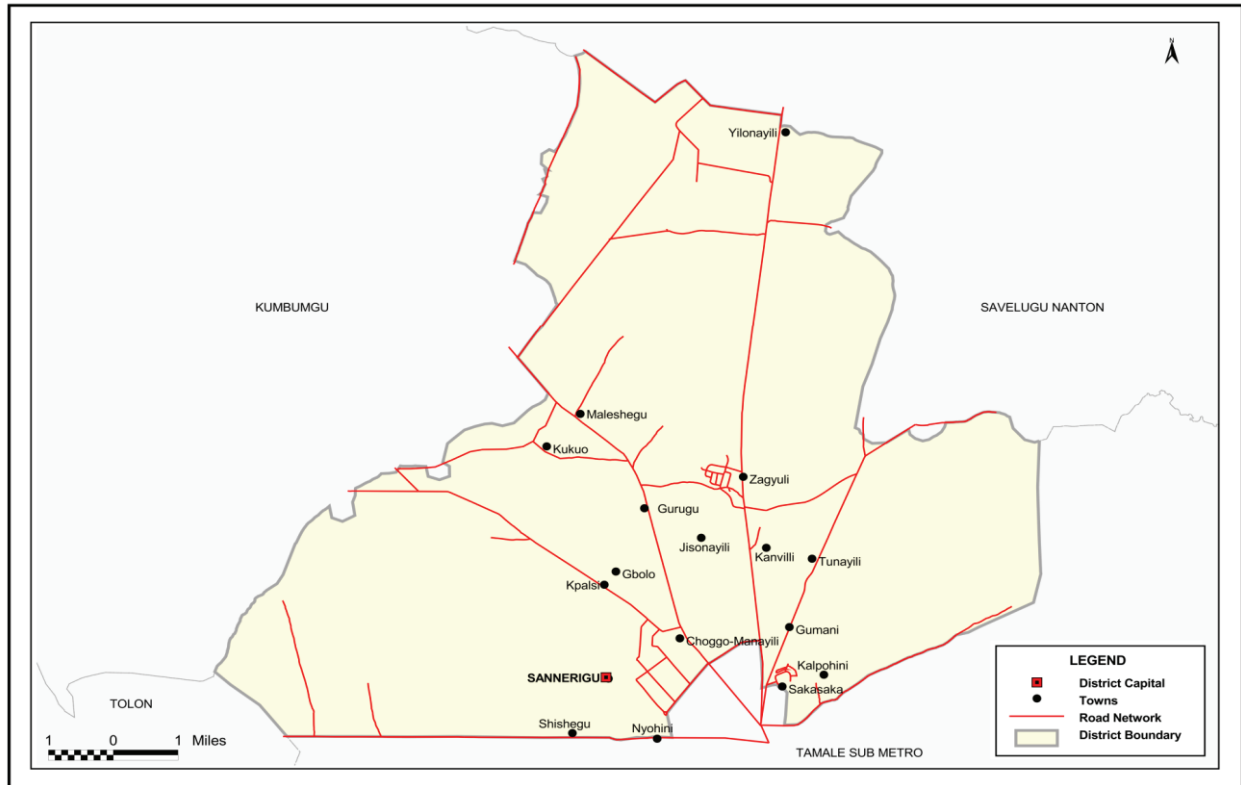
The Building Blocks of the framework comprises Diagnosis/Assessment of the Municipality, Financial Strategy, Monitoring and Evaluation and Governance and Coordination.

1.2 Brief District Profile

The Sagnarigu Assembly was created out of the Tamale Municipal in 2012 by a Legislative Instrument 2066 in the first half of 2012. A Legislative Instrument 2272 elevated the District to a Municipality in 2018. The Municipality has been strategically located and has made strides in the socio-economic development of the people. Sagnarigu is in the central part of the Northern Region of Ghana. It falls between Longitudes 0⁰57" N and 0⁰ 57" W and Latitudes 9⁰16" N and 9⁰34" N. The Municipality has an estimated total land size of 114. 29km². It shares boundaries to the North with Savelugu Municipality and Nanton District, to the South and East with Tamale

the North with Savelugu Municipality and Nanton District, to the South and East with Tamale Municipal, to the West with Tolon District, and to the North-West with Kumbungu District. See Map Below

Figure 1.1: Sagnarigu Municipal Map



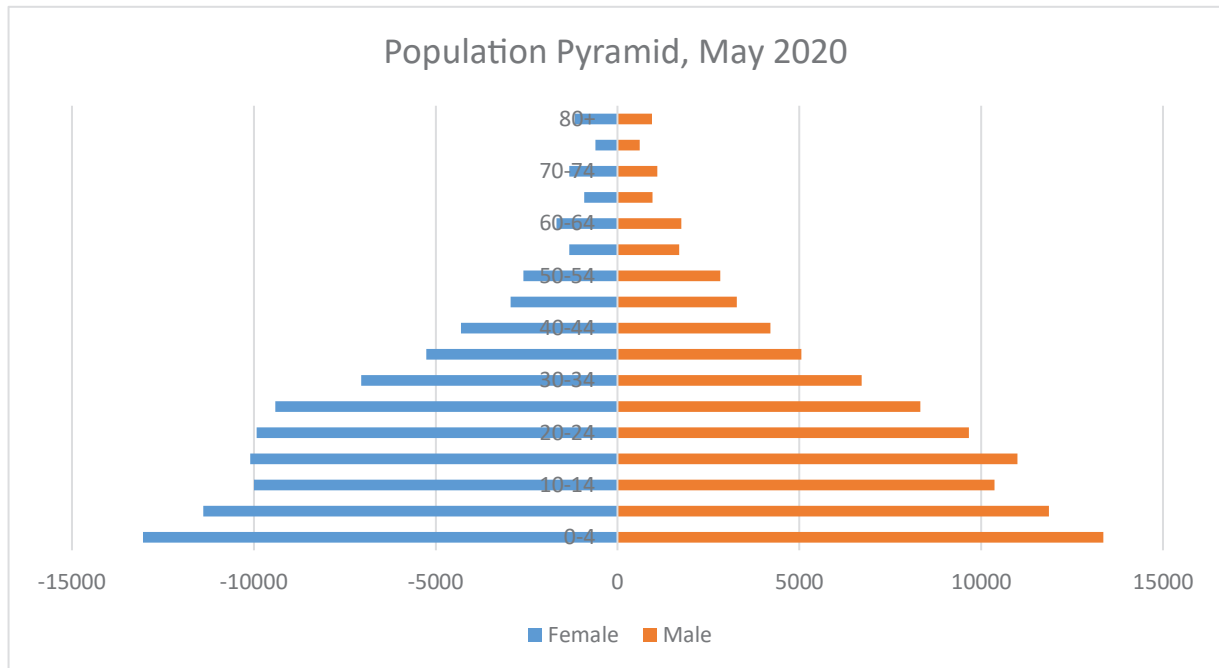
Source: Ghana Statistical Service

According to the 2010 population and housing census, SAGMA has an estimated population of 148,099 constituting 74,886 males representing 50.5% and 73,213 females representing 49.5%. There are 23,447 households in the Municipality with an average household size of 6.3 people.

The Municipal population for 2018 is estimated at 192,024 with rural and urban populations of 70,665 (36.8%) and 121,359 (63.2%) respectively. The Municipality is made up of 86 communities comprising 49 urban and 27 Rural. Out of the total population, 70,665 (36.8%) is rural and 121,359 (63.2%) is urban.

Figure 1.2 below shows that the Municipality’s population structure is broad at the base and narrows upwards as the age group increases. The Assembly’s population is, therefore, more youthful in nature and has the potential of increasing the productive workforce with time. It also implies the need for greater provision of social amenities such as schools, water, health facilities, and recreational centres to cater for the youthful population. With proper planning and prudent use of available resources, the youthful nature of the population should be considered as a blessing rather than a constraint.

Figure 1.2: Population Pyramid of the SAGMA



Source: Ghana Statistical Service, 2010 Population and Housing Census

1.2.1 Governance Mandate

In pursuance of section 3 of the Local Governance Act 2016 (Act 936), SAGMA is the highest Political and Administrative Authority, charged with the responsibility of formulating and executing plans, programmes, and strategies for effective mobilization of resources to ensure the overall development of the Assembly as enshrined in its mission statement.

1.2.2 Composition of the Assembly

SAGMA comprises of 35 Assembly Members; 30 males and 5 females, 23 elected and 12 appointed in addition to the MCE and MP who have no voting rights. The Assembly also has a Presiding Member who presides over meetings of the Assembly and oversees complaints and public relations.

1.2.3 Development Partners in the Municipality

As part of efforts to achieve the core development goals, the Assembly’s operations are being complemented by other Development Partners, who are collaborated with to design, implement and manage development programmes and projects. Table 1.1 highlights the various institutions and their area of interventions in the Municipality.

Table 1.1: List of Development Partners/Civil Society Organisations (CSO) in the Sagnarigu Municipal Assembly

Development Partners/CSOs	Activity Area
UNICEF	Child Right Promotion and Protection, Child Rights Based Water, Sanitation and Hygiene (WASH)
World Health Organisation	Health
World Food Programme	Food security
USAID	Nutrition, Water, Sanitation and Hygiene (WASH), AGRIC/Livelihoods & Governance
NORSAAC	Sexual/Adolescence Reproductive health, Governance
GIZ	Governance
OXFAM	Governance, Humanitarian
PPAG	Reproductive Health
ActionAid	Education, Health
CAMFED	Girl- Child Education
CRS	WASH

The Assembly coordinates the activities of all these Organizations and its decentralized Departments are to ensure the effective discharge of their functions.

1.3 The INFF and Local Level Financing

By taking an integrated approach, SAGMA can mobilise additional financing to support sustainable development priorities. These additional resources are outside the traditional sources of revenue such as the Private Sector, Faith-Based Organizations, Multi-lateral, and Bilateral institutions. The Municipal Assembly will also enhance coherence across different financing policies, addressing synergies, inconsistencies, and promoting trade-offs between sectors, and aligning them to medium and long-term sustainable development priorities. This will be achieved by harmonizing all various interventions into a composite policy with medium to long-term goals to avoid duplication of efforts for sustainable development.

The Assembly will leverage on the Public-Private Partnership policy, to go into medium to long-term investment and strengthen medium and long-term planning. The Assembly will also streamline the wide variety of financing tools and instruments; e.g. private capital, government-backed bank loans and bonds offered by the international community to support its medium to long-term programmes in achieving the SDGs.

The Assembly will match different types of financing – domestic and international, public and private - to their most appropriate use and in achieving greater impact vis-à-vis priorities and needs of the people.

Chapter Two

Methodology

2.1 Introduction

This section of the report provides a comprehensive analysis of the procedures and process used in developing the report. The approach employed in developing the Integrated Assembly Financing Framework (IAFF) for SAGMA, including the conceptual framework agreed upon, is also assessed in this section.

2.2 Process and Approach

The development of SAGMA IAFF was undertaken using an inclusive and participatory process with the active participation of important stakeholders at both the national and sub-national levels. At the local level, the stakeholders involved in the development of the IAFF included the heads of the various Departments at the Assembly, representatives from businesses, Civil Society Organizations (CSOs), Artisans, Traders, Religious Groups, Traditional Authorities and Students and Pupils. Stakeholders at the national level included the Ministry of Finance (MoF), Ministry of Local Government and Rural Development (MLGRD), Ministry of Planning (MoP) and the National Development Planning Commission (NDPC), with technical support from UNDP.

The process used in the development of the INFF was also guided by the four building blocks of the INFF stipulated in the 2019 financing for Sustainable Development Report. The various aspects of each of the building blocks are presented in Table 2.1 below.

Table 2.1: The building blocks and components of INFF

Building Block	Components
Assessment and Diagnostics	<input checked="" type="checkbox"/> Financing needs <input checked="" type="checkbox"/> Financing landscape <input checked="" type="checkbox"/> Risk Assessment <input checked="" type="checkbox"/> Policy and Institutional binding constraints
Financing Strategy	<input checked="" type="checkbox"/> Policies for Public Financing <input checked="" type="checkbox"/> Policies for Private Finance <input checked="" type="checkbox"/> Policies for non-financial Means of Implementation
Monitoring and Review	<input checked="" type="checkbox"/> Monitoring for results <input checked="" type="checkbox"/> Review and Accountability
Governance and Coordination	<input checked="" type="checkbox"/> Institutional Mechanisms <input checked="" type="checkbox"/> Coordination Tools

2.3 Data Collection

To undertake the assignment, both primary and secondary data were sourced from the National and Local Government levels and analysed, using both quantitative and qualitative techniques. Information for the development of IAFF were obtained through interviews, focus group discussions, and administering of structured questionnaires sent to the Assemblies. The main sources of secondary data were Municipal APR and MMTDP. Other secondary data sources included the Ghana Standard of Living Survey 7, the Ghana Multiple Indicator Cluster Survey report (2017/2018), and numerous COVID-19 monitoring reports prepared by the Ghana Statistical Service (GSS).

2.4 Desk Review

There was a literature review on existing theories of development financing to guide the choice of secondary data. Related documents were also reviewed to inform the development of the INFF. The documents reviewed included the AAAA, DFA Guide Book, 2019 Financing for Sustainable Development Report, National Budget and Economic Policy Statements, the Municipal Medium-term Development Plan (MMTDP) and Annual Progress Report (APR), and the reports on the COVID-19 Tracker surveys conducted by GSS.

- i. The Addis Ababa Action Agenda (AAAA): provides a new global framework for financing Sustainable Development by aligning all financing flows and policies with economic, social and environmental priorities.
- ii. DFA Guidebook: outlines a process for supporting Governments and their Partners to take a more integrated approach to SDGs financing.
- iii. 2019 Financing for Sustainable Development Report: provides policy options to harness the potential of digital technologies to accelerate long-term investment in resilient infrastructure for sustainable development, through public investment and incentives for the private sector.
- iv. National Budget and Economic Policy Statements outlines the Government's plan to set the country's economy on a path that accelerates growth in a given year.
- v. Municipal Medium-Term Development Plan and Annual Progress Report (APR) serves as a single source of information on the progress of an Assembly in the implementation of the country's development plans.

2.5 Questionnaire

The officials of SAGMA were administered questionnaires to gather primary data on the financial performance and the development plan of the Assembly. These questionnaires also gave insight into the challenges and opportunities to leverage resources for development activities from non-traditional sources. Given that most officials have busy schedules, the respondents were given a

week to respond to the questions in writing. Follow-up meetings on telephones and in person were arranged where needed, to seek additional details and clarifications.

2.6 Focus Group Discussions

Primary data was obtained from key stakeholders consisting of focus groups by employing a participatory method. Each group comprising the Municipal Planning Coordinating Unit (MPCU) representatives of CSOs, businesses, Traders, Youth Groups, Religious Groups, and Traditional Authorities, was made up of 12 to 20 members. Discussions in the various groups looked at the impact of COVID-19 on households and businesses. They also covered Municipal income and spending trends, along with the alternative sources of funding to improve the local economy and encourage sustainable development. The groups also discussed how to address issues on governance and monitoring, together with review arrangements and further validated some of the information gathered from the desk review and questionnaires.

2.7 Report Preparation

A team of officers from the Municipality, NDPC, MoF and MLGRD, with support from a consultant, gathered and evaluated information from the desk reviews, questionnaires and focus-group discussions. The analyses were based on the INFF's four building blocks; Assessment and Diagnostics, Financing Strategy, Monitoring and Review, and Governance and Coordination. The draft report on the Municipal Financing Framework was then prepared by the team and reviewed by officials from the Municipal, MoF, MLGRD NDPC and UNDP.

2.8 Validation

After reviewing the draft report, meetings were held with heads of Departments of SAGMA and major non-state stakeholders to confirm the details of the report. The meetings also helped to generate support for the implementation of the measures outlined in the report from all the main stakeholders. Besides, the stakeholders were encouraged to engage actively in the implementation, monitoring and review arrangements of the IAFF.

Chapter Three



Building Blocks

Building Blocks

In line with the design and operationalization of the financing system, there are four major building blocks, including Diagnostics Assessment; Financing Strategy; Monitoring and Evaluation; and Governance and Coordination. In an iterative process, the building blocks of the Integrated Financing Framework are intrinsically related to the policy framework for the National Development Plan and the Medium Term Policy Framework of the Assembly.

3.1 Diagnostics/Assessment

The Assessment and Diagnostics present the Municipality's financing needs, trends, risks and constraints as a basis for development financing strategy. This section focuses on the financing needs of the Municipality, existing financial flows, financial and non-financial risks, institutional and capacity binding constraints.

3.1.1 Financing Needs Assessment

This section provides an overview of the financing needs, existing financing sources and attributable challenges and risks for SAGMA. The financing needs of the Municipality is embedded in the medium-term development plan (MTDP), the Action Plan as well as the Composite Budget and is expressed in the vision of the Assembly. Additionally, the applicable financing flows for the development objectives outlined in the MTDP of the Assembly are identified.

Under the Local Governance Act 2016 (Act 936), MMDAs have authority and responsibilities to the complete development of the jurisdiction, which includes the following:

- a. formulate and execute plans, programmes and strategies for the effective mobilization of resources necessary for the overall development of the Municipality through the charging of fees for licenses or permits prescribed under the appropriate legislative instrument;
- b. receive funding from the Common Fund to undertake programmes and projects approved under the Assembly's development plan;
- c. promote and support productive activities and social development in the district and remove any obstacles to mitigating against and development;
- d. initiate programmes for the development of basic infrastructure and provide municipal works and services;
- e. in co-operation with the appropriate national and local Security Agencies, be responsible for the maintenance of security and public safety in the Municipality;

- f. initiate, sponsor or carry out studies that may be necessary for the discharge of any of the duties conferred by law.

In addition to the MMDAs mobilizing revenue to finance the delivery of services in the Assembly, there is also the transfer from the Central Government through the District Assemblies Common Fund (DACF) according to a formula approved by Parliament. The Assemblies develop their MTDP, guided by the National Development Planning Commission (NDPC). The local assemblies are generally faced with continuous financing constraints in the planning and implementation of their development plans, thus, resulting in the widening of the financial gap. Resources mobilized by the Local Authorities constantly fall short of spending needs and this is largely attributed to rapid population growth and increase in the demand for public services, vis-à-vis dwindling inflows.

Over the years, the SAGMA has faced financing challenges in its developmental efforts. The resource mobilisation potential of the Municipality has not been maximised, leading to failure in raising the required revenue needed to finance developmental projects in the assembly. Sagnarigu is therefore compelled to rely heavily on Central Government transfers and donor support, which are unpredictable. Table 3.1 illustrates the financing gap of the Municipality from 2017 to 2019.

Table 3.1: Financing Gap in the Municipality, 2015 - 2019

Year	Planned Amount (P)	Budgeted Amount (B)	Actual Receipts (A)	% Fin Gap between P & B	% Fin Gap between B & A
2015	6,935,429.57	5,533,097.24	3,234,720.05	79.78	58.46
2016	7,352,734.39	6,525,684.25	5,985,682.80	88.75	91.72
2017	9,456,999.84	8,283,540.45	5,439,764.70	12.41	34.33
2018	24,276,552.90	9,959,389.40	7,034,536.70	58.98	29.37
2019	90,737,681.10	14,180,613.01	9,692,626.30	84.37	31.65
2015 - 2019	124,471,233.84	32,423,542.86	22,166,927.70	73.95	31.63

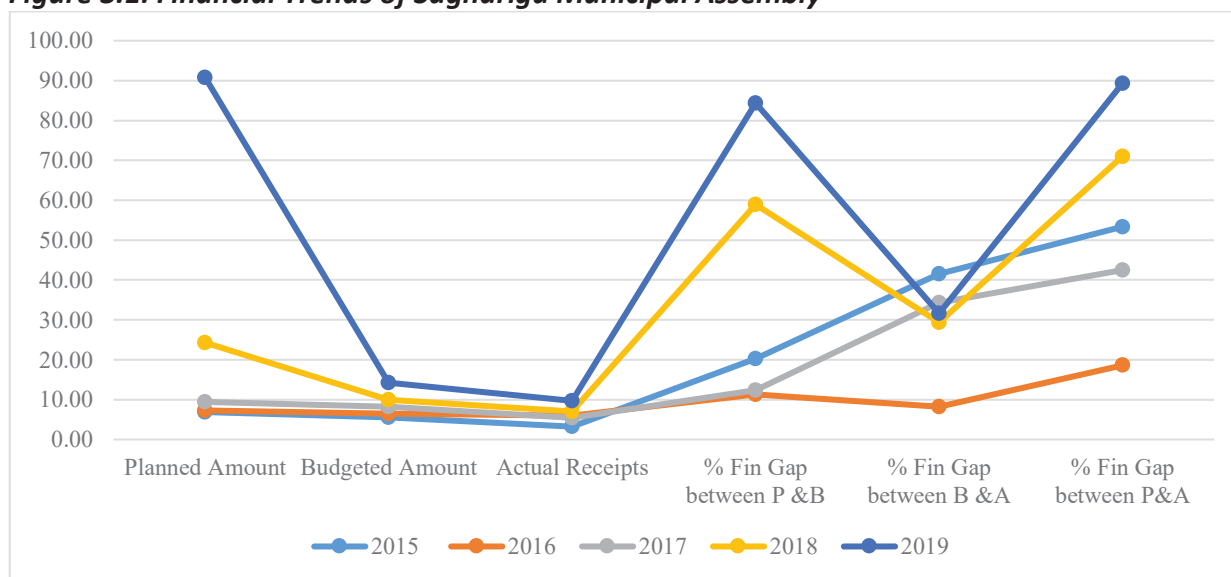
From Table 3.1, in 2017, the Municipality experienced a financing gap of 12.41% and 34.33% between planned amount and the budgeted amount and between the budgeted amount and actual receipts respectively. Also, in 2018 the percentage of Financing Gap between Planned activities cost and budgeted Amount stood at 58.98% while between Budgeted amount and Actual receipts was 29.37%. This was due to the Municipal planned to construct more roads under the Ghana Secondary Cities Support Programme (GSCP) and the year was earmarked by elevating the district in municipal and therefore providing additional development projects such as roads under the Municipal Urban roads project. The financial gap saw a decrease even though most of the roads were constructed but the funds were not released to the Assembly for payment but pay directly from the national. In 2019 the planned activities cost amounted to

GH¢90,737,681.10 and the budgeted amount GH¢14,180,613.01 out of which GH¢9,692,626.30 was realized. In effect, from 2017-2019, the financing gap in the municipality stood at 73.95% between planned activities cost and budgeted amount and 31.63% between the budgeted amount and actual fund realised. Therefore, there is a need to identify additional sources of financing to implement plans and budget.

3.1.2 Financing Trends Analysis

Figure 3.1 provides the financing trend analysis of Sagnarigu Municipal Assembly. The trend shows an increasing financing gap from 2015-2019. It is evident that between 2015 and 2017, the gap between planned, budgeted and actual funding reduced on average while there was a significant increase from 2018-2019. This is due to the over-dependence on Central Government transfers and Development Partners which are erratic and unpredictable as well as the inability to collect enough fees and rates to complement the inadequate statutory funding. The need for leveraging on other sources of financing is therefore critical to achieving the SDGs in the municipality. Among the sources that ought to be leveraged on are the private sector, Public-Private Partnerships (PPP), Multilateral and Bilateral institutions as well as strengthening and automating the revenue collection systems.

Figure 3.1: Financial Trends of Sagnarigu Municipal Assembly



The figure below presents the funding percentage of the various programme areas for the Municipal Assembly.

Figure 2.2: Percentage of Funding Programmes

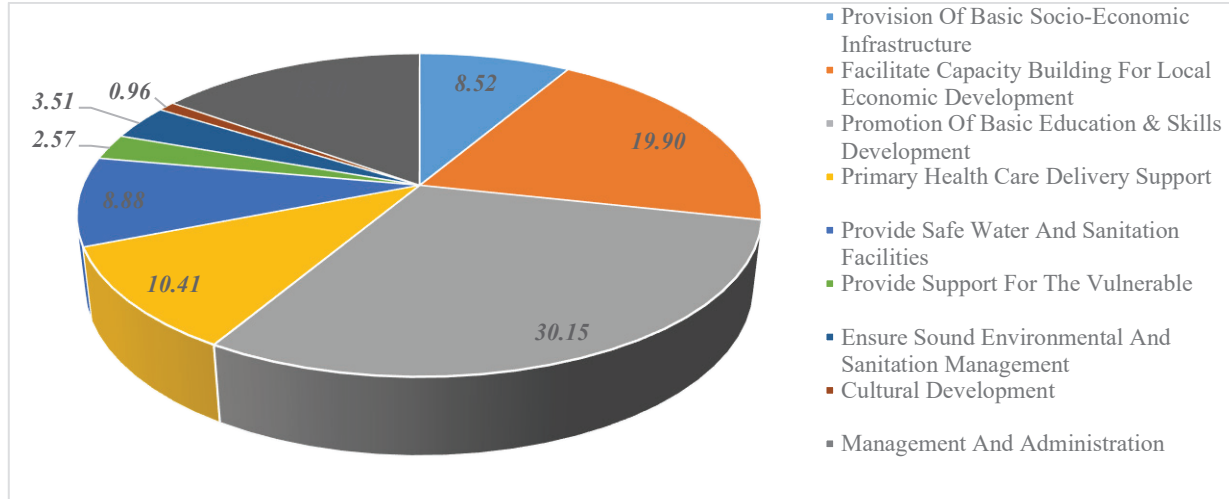
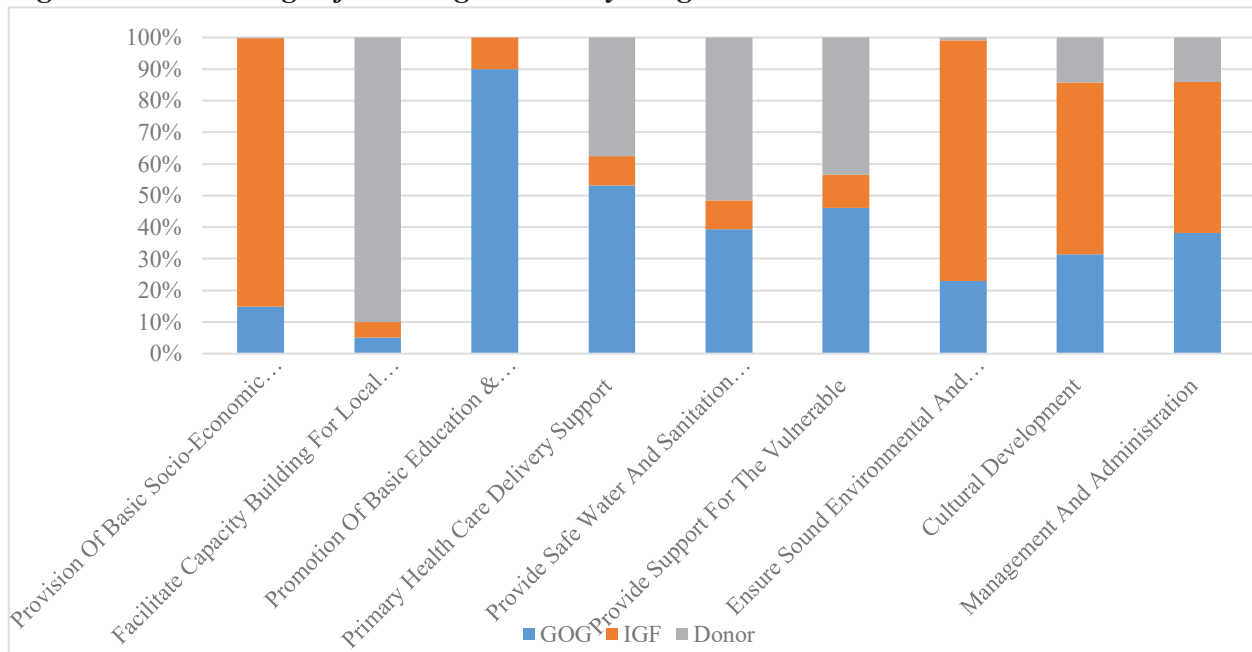


Figure 3.3 details the various funding sources - GOG, IGF and Donor - expected to support the implementation of the programmes. In total, it is evident that revenue from Government of Ghana constitutes the highest funding source for programme implementation, followed by the assembly's IGF while funding drawn from Donor sources is the least.

Figure 3.3: Percentage of Funding Sources by Programme



The Local Governance Act, Act 936, Section 124 stipulates the revenue sources available to Assemblies, which include central government transfers, IGF, donations and grants from Development Partners. The revenue sources, therefore, provide direction for investments to undertake activities in the Annual Action Plan and the budgets. Box 1 provides a detailed definition of the various sources of the Assembly's IGF.

Box 1: Definition of Various Sources of IGFs

Property Rates: It is a rate levied on immovable property at a special rate per cedi 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: Section 34 of Act 462 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 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 institutions without incomes. The tax is regressive.

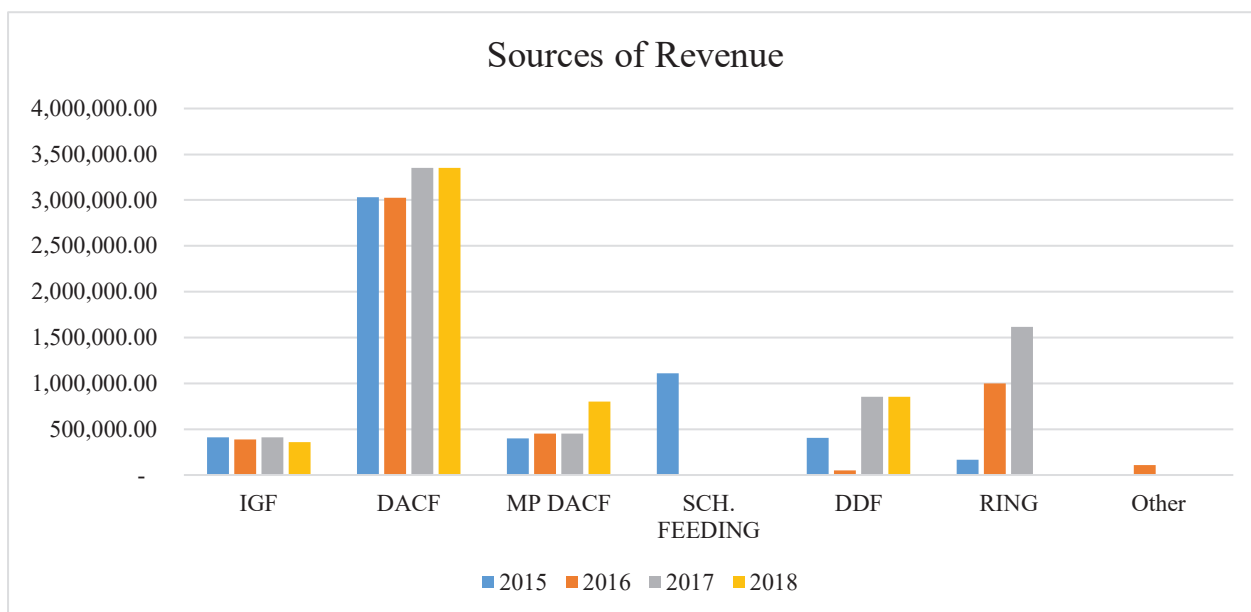
Investment Income: Section 89 of the Act permits an Assembly to invest all or any portion of its surplus funds in any interest yielding investment as may be approved by the GA.

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

Among the revenue sources, the DACF constitute the major segment of the funding sources available to SAGMA with over 70% representing GHc12.4million for the period 2018 to 2021. Resources from donors are estimated at GHc4.1million accounting for about 23% while that from IGF is projected to be about GHc763, 000.00 being 4%.

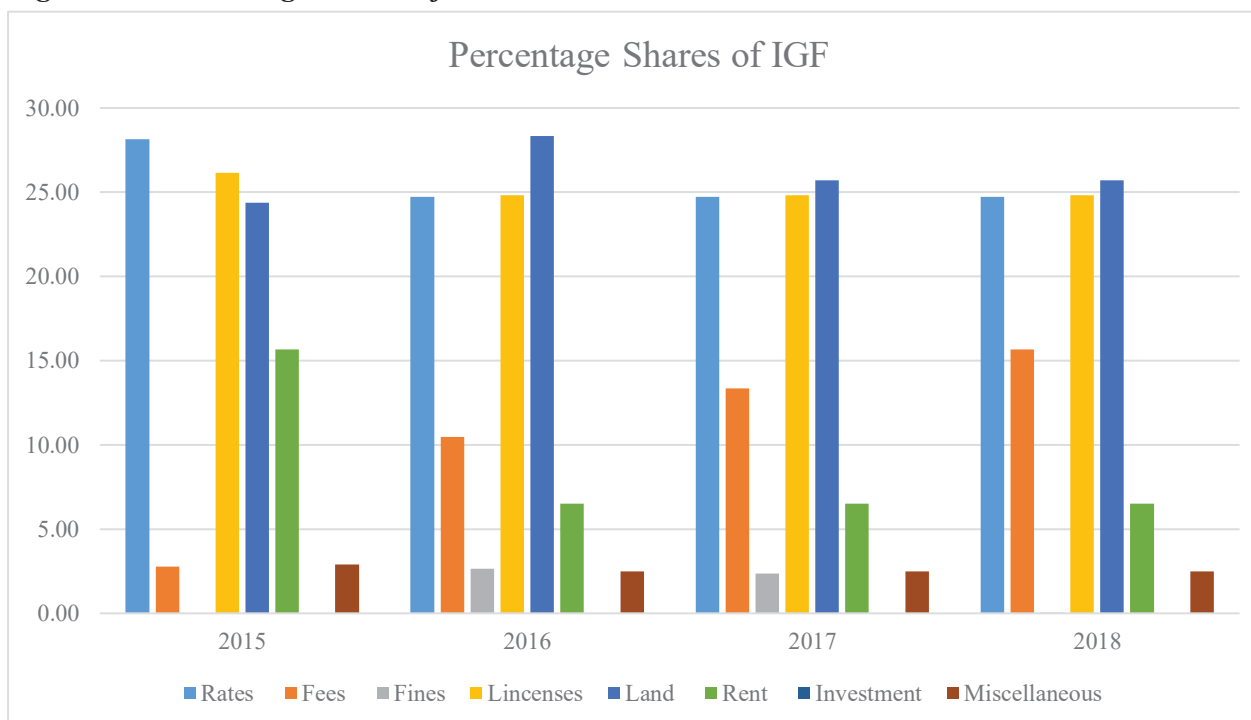
Local Authorities are mandated to mobilize and manage revenues to fund their operations. The assemblies, therefore, have three main revenues sources: IGF, Central Government transfers and Donor Funds. The IGF include property rates, ground rent, fees and licenses, commercial investments, and service charges. Assemblies struggle in their efforts at revenue generation to fund their numerous developmental projects that are critical to enhancing the livelihoods of their constituents. Figure 3.4 highlights the revenue sources for the SAGMA.

Figure 3.4: Revenue Sources of Sagnarigu



The composition of the IGF for Sagnarigu Municipal is largely dominated by rates, licences and land for the period 2015-2018. Fig. 3.5 below presents the percentage shares of the various components of IGF generated by Sagnarigu Municipal.

Figure 3.5: Percentage Shares of IGFs



The fiscal capacity of SAGMA makes it capable of collecting the necessary revenue and to enable it to carry out its fiscal responsibilities. However, due to limited capacity for revenue mobilisation and misappropriation, the Municipal Assembly has not been able to collect the needed resources to provide the public service that the constituents expect though efforts have been made to automate what is term as District Local Revenue System (dlREV).

3.1.3 Binding Constraints

The funding and execution of sustainable development initiatives by the national and sub-national authorities are often affected by capability restraints, structural deficiencies, market failures, and policy gaps. It is, therefore, necessary to evaluate and define these constraints and to establish policies to address the associate effects.

There is a low level of private investment (both international and domestic). The Assembly has the ability to attract more private investments to provide various socio-economic infrastructure in order to narrow the infrastructure gap and strengthen the delivery of services to the people. However, the core team of the Assembly does not have the resources and data required to plan the numerous investment potentials in the metropolis for bankable projects. The Assembly is also limited by a higher level of revenue leakage.

Again, the Assembly can raise IGF by more than 50%, if measures are taken to upgrade its revenues data using geographic information systems and other ICT resources. This will mean that leakages will be minimized, and inflows will be correctly reported. Likewise, revenue collectors need to be well-trained to acquaint themselves with new trends and ways of collecting revenue. The metropolis, however, owns few immobile assets. This constraint has also been identified to discourage the generation of enough revenue. The high cost of reassessing property in Ghana is partly responsible for this. Aside from that, the public is apathetic to the payment of rates, which affects revenue generation. This situation is mainly attributed to poor public education about the activities carried out by the Assembly and the perception of the public about the Assembly's lack of capacity to meet its demands in providing amenities. It is known that PPP makes an available large number of resources for development. However, lack of capacity to manage and coordinate Public-Private Partnership (PPP) at the Assembly level makes it an unattractive option of sourcing funding. Such non-financial organisations as the NGOs, Traditional Authorities, and Faith-Based Organisations are equally possible sources of funding for growth, however, these avenues are unexplored. This is accounted for by the poor collaboration and interaction that exists between these agencies and the metro authorities.

3.2 Financing Strategy

The financing strategy is a critical aspect of the IAFF as it sets out how funds and investments required to achieve the MMDAs development objectives will be mobilized and aligned. The financing strategy for SAGMA provides the needed solutions to essential questions on what kind of transformation SAGMA envisages. Therefore, it sets out how the funds and investment required to achieve SAGMA's development objectives are mobilized and aligned. This 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.

The Assembly currently has a Revenue Improvement Action Plan (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 ;
- 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 or mechanism;
- 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, SAGMA 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 between all levels of government – local and central – as well as cooperation between local government, the Private Sector, CSOs, Development Partners and the Diaspora Cooperation amongst others. It is evident that financial resources at the Assembly level are always likely to be constrained, so making imperative that these scarce resources are utilized most effectively to promote inclusive SDGs aligned strategies that address the real needs of the local community.

The key components of the Financing Strategy are discussed below.

3.3 Consolidate the Existing Revenue Sources

In consolidating existing revenue strategies, SAGMA will seek to improve efficiency and expand its revenue collection bracket within the existing legal provision. 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 ensure maximizing the trade-offs, and strengthening revenue capacities. Specifically, SAGMA 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 sanctions for tax non-compliance.
- b. Enhance communication, advocacy and dissemination strategies through
 - training of tax/fee collectors in communication and presentation skills to address pertinent questions from taxpayers;
 - 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 SAGMA to own, operate, acquire or dispose of discretionary assets such as land property and real estates. The Assembly can thus make use of available space to augment current revenues. An example is the Airport City Housing Development.

3.3.1 Attract and maintain Private Sector Investments

- a. SAGMA will initiate bankable projects and take advantage of economic advantages available in the Municipality. 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.
 - Improve business environment in the Municipal by strengthening Security and Legal Institutions.

In seeking to attract the Private Sector, the Municipal's efforts will also focus on establishing SDG 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 local 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 the financing gap by mobilizing private capital for the SDGs.

- b. Private-Public-Partnership (PPP) can also be appropriate financing mechanisms in collaborating with the Private Sector. In utilizing the opportunities presented by PPPs, SAGMA can make use of Special Purpose Vehicles (SPVs) to finance the district's development aspirations through the:
- ☒ initiation of programs which are suited for PPP execution. For instance, the development of market squares, farming partnerships among others.
 - ☒ creation of community businesses emergency funds.
 - ☒ In addition, the conversation of the Modisco forest Reserve into a recreational centre through PPP arrangement
 - ☒ Furthermore a dialogue between the TA and the Municipal to buy-into the idea of converting all stool Lands into services land which will address the issues non-payment of property rates

3.3.2 Attract and Sustain Development Partner Investments in the Municipality

Several international development organisations – both bilateral and multilateral – are actively promoting reform and development programmes across different sectors globally. This is geared towards building the needed human resource base to deliver public services effectively and efficiently. While a number of these organisations are focused on resolving public policy and regulatory restraints, others are committed to securing support from the private sector for key areas for development. Others are focused on helping local governments establish city development strategies and upgrading projects across the city (such includes Cities Alliance and UN-Habitat).

To formulate tailor-made proposals, the Assembly must consider the specific desires of the Development Partners. Building the knowledge base of the employees of SAGMA will, therefore, allow them to come up with innovative programmes to obtain funding from these organisations.

3.3.3 Enhance Philanthropic Financing

Many Philanthropic Organisations are emerging in several parts of the world. The benefiting countries are conventionally known as solely “aid recipient” Countries. Recently, these organisations are focused on directly collaborating with Local Authorities within their domain by passing the conventional ways of working through CSOs. There is an existence of ‘community philanthropy’ that aims to gain support from community members to exploit community resources to promote wellbeing. These philanthropic agencies typically provide support through calls for proposals.

The Municipality can build capacity in vital areas to attract Philanthropic support. The important skills required include the writing of proposals aimed at solving problems within the municipality.

3.3.4 Improve Diaspora Financing

Traditionally, resources from the diaspora have been considered as funding capital at the micro-level. These resources are predominantly used for consumption purposes. In recent times, the awareness of the role of the Diaspora in development has increased. Along with that, people from the DIASPORA are considered important stakeholders in development.

This presents Local Authorities with a unique opportunity to leverage and scale-up Diaspora Investment for socio-economic development. The SAGMA would consider establishing and promoting Diaspora Investment Opportunities. Additionally, SAGMA will set up a diaspora fund which provide an opportunity for members who hail from communities living in the diaspora to contribute to the fund. In doing this, SAGMA will consider options, mechanisms and the structures necessary for setting up and operating the diaspora fund.

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 MMDAs, 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), is the highest decision-making body and, the Municipal Chief Executive, elected Assembly Members, Government Appointees to the Assembly, Representative of Traditional Authorities, the Members of Parliament and other interest groups. The GA 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-members elected Assembly members constitute an Executive Committee, responsible for the performance of the executive functions of the Municipal Assembly. The Municipal Coordinating Director as Secretary to the GA is also the Secretary to the Executive Committee.

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

The Municipal Assembly has the Municipal Planning Coordinating Unit (MPCU), which is made up of all existing Departments¹ 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-members who are from agencies or organizations that have not been decentralized. The office of the Municipal Development Planning Officer is the MPCU'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.

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

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.

3.4.2 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** – Provides advocacy, guidance, advisory roles and facilitate resource mobilization for the successful implementation of the IDFF;
2. **The General Assembly** – provides overall leadership, guidance and approving authority;
3. **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 - IDFF 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 policy of the Government of Ghana;
- ii. **Autonomy of MMDAs** – recognizes the autonomy of Assemblies in Ghana;

¹ Refer to 2nd Schedule of Local Governance Act 936 (2016)

- 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 SAGMA 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 and Representative 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

B. The General Assembly – Overall leadership, guidance and approving authority;

- i. The SAGMA’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 SAGMA’s GA
- iii. **Co-opted Members / Observers:** Relevant interest groups or development partners will be invited to participate in deliberations concerning the IDFF, 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 Executive Committee (EC) of the SAGMA will ensure coordination and the functioning and performance of all Departments and relevant entities in respect of the delivery of the Plans of the Assembly and particularly IDFF interventions.
- ii. It will also spearhead the identification and implementation of resource mobilization plans. Through the relevant statutory sub-committees, IDFF 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 SAGMA EC

D. Municipal Planning Coordinating Unit (MPCU):

- i. The MPCU of the SAGMA 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 SAGMA's MPCU.
- iii. **Co-opted Members / Observers:** Relevant interest groups, entities and DPs will be invited to participate in deliberations concerning IDFF interventions.

3.4.5 Functioning & Meetings

The governance and coordination structures will function according to existing Local Governance mechanisms. Meetings will also align with existing meeting requirements per relevant legal frameworks² guiding the functioning and performance of MMDAs.

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 SAGMA before finalization and approval by the GA.

3.4.6 Terms of Reference

The AAAA on Financing for Development recognizes that in order 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 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 Assembly'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 Municipality.

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

- Provide overall direction in establishing functional and integrated financing frameworks in Municipality.

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

- ☒ Advocate for integrated financing at all levels of government and with all partners, including the Private Sector, Development Partners and Citizens.
- ☒ Organize Assembly SDG 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 Municipal levels

3.5 Monitoring and Review

The existing arrangements at Local Administration for undertaking monitoring and review will continue to serve as the basis for reporting on the progress of the implementation of the IAFF. At the local level, the Municipal Planning Coordinating Units (MPCUs) would essentially be required to take control of the process, with supervision from the Regional Coordinating Council. The monitoring will consist of a periodic or ongoing performance assessment based on the metrics chosen, while the assessment will be based on a wider variety of methods for assessing the execution of the program.

The financial output, which informs the preparation of the annual Composite Action Plan, budget reviews and refines the strategy for the continuation of the execution of the plan, is assessed annually by the Assembly through its General Assembly (GA) meetings and Town Hall meetings. As part of the legislative provisions of the NDPC, the Assembly reports on a quarterly and annual basis on the allocation of funds to achieve the Assembly's goals and objectives, as outlined in the MTDPs.

The MPCU will ensure that the financing performance of the main indicators, as shown in Table 3.2, is periodically checked to monitor the performance of the IDFF of the Assembly. In addition, SAGMA will carry out such types of assessment studies, such as a rapid assessment within the first 6 months, a mid-term assessment within two years and a long-term impact assessment on the usage of mobilized funds and expenditure in implementation projects.

To enhance the demand and supply of M&E Results; develop effective communications arrangements, ensure timely reporting of deliverables; EC will review the reports submitted to provide direction, advocacy and ensure accountability.

Table 3.2 Monitoring of SAGMA Integrated Financing Framework

INTEGRATING ASSEMBLY FINANCING MONITORING FRAMEWORK			
DISTRICT LEVEL INDICATOR			
Indicator	Number of investments		
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 investments 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	
	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 mobilized		
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		
	Others		
Focal Point/ Responsibility	Department	Unit	
	DPCU	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	
	DPCU		
Unit of Measurement	People		
Frequency of Update	Monthly/Quarterly		
Aggregation Rule	Integrated monthly		

3.5.1 Communication and Advocacy strategy

Planning how 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 Municipal Integrated funding systems. Sharing the content of these reports with the Municipal Assembly and other stakeholders at the level of the sub-district and community would increase the Municipal Assemblies 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 dissemination strategy that, as shown in the matrix, indicates the operation, target audience, time period and responsibility. This will be done through

accountability fora and information dissemination using various means. This will engender confidence among ratepayers, development partners and the private sector, which will enhance more financial inflows. The Assembly will strengthen the citizens' voices to inform decisions at the local level. This will lead to a people-centred development, which through advocacy will influence national policies.

Table 3.3: 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, TA
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, TA
Community Sensitization	To increase awareness on paying of taxes and fines	Chiefs, Community Members, Opinion Leaders, Children, Teachers,	Durbar, Drama, Information Service, Radio & TV Discussions	2021-2025	MPCU, Media, CSOs, TA
Public Sensitization and Awareness Creation	To educate the general public on the negative effects of non-payment of taxes	The general public	Seminar, Durbar, Drama, Information Service, Radio & TV Discussions	2021-2025	MPCU, Media, CSOs, TA

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 SAGMA. Like other assemblies across the Country, several risk factors are identified in the Sagnarigu Municipality, which has the potential of negatively and affecting the financing of its development agenda. These among others include:

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

4.2 Economic Risk

Commercial activities between Burkina Faso and communities in Northern Ghana pre-dates colonial era. Individuals along the border towns derive the bulk of their livelihood from economic opportunities that the border offers. Mostly, fresh tomatoes are imported into Ghana from neighbouring Burkina Faso and it 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 Local Administration in Northern Ghana, through the charges of market tolls. It is estimated that annually, between January and June, about 35,000 tons of fresh tomatoes are imported from Burkina-Faso into Ghana.

Factors that restrict the movement of persons across the border turn to create a major risk to the economic prosperity of communities in Northern Ghana. The closure of Ghanaian border during the outbreak of COVID-19, for instance, led to a decline in the importation of tomatoes into the Municipality, resulting partly in the decline of its IGF. The 2020 mid-year projected revenue from IGF was GH¢384,101.83, compared to, the actual amount realized of GH¢212,984.73 representing 55.45% of the projected amount. Closure of the Burkina Faso border, therefore, served as a major risk to the revenue mobilization capabilities of the Municipality, thereby impacting negatively on the revenue mobilized.

Furthermore, political instability in Burkina Faso could affect SAGMA's ability to mobilize the required resources needed for the pursuance of its developmental agenda. Burkina Faso since 2016 has experienced terrorist attacks and political unrest in the, disrupting economic and social activities that assist in revenue generation.

Central Government transfers as mentioned earlier, constitute the main source of revenue, forming about 56% of total revenue for SAGMA. 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 inadvertently affect government transfers to the Municipality as was the during the COVID-19 pandemic, which led to a decline in government transfers. Many Local Authorities have performed poorly in their effort to promote economic development and reduce poverty, due 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 Assemblies. However, many assemblies across the country lack capacity in their efforts to mobilise adequate resources to execute development needed. Assemblies are constrained in technological capabilities to employ modern ways of mobilizing resources. This situation poses a challenge to revenue collection, proper storage of data and dissemination of information. In addition, Local Authorities cannot identify potential taxpayers due to the paucity of a reliable database on property owners, which results in revenue losses to the Assemblies

Information Communication Technology (ICT) is well documented to have great potential to enhance the effectiveness and efficiency of public sector policies and has the potential of propelling development when used effectively. ICT can also be used to block revenue leakages and corrupt practices. It has been instrumental in both Developing and Developed Countries in Public Revenue Mobilization. Therefore, the adoption of ICT by Sagnarigu Municipality in its operations can mitigate revenue leakages.

4.4 Environmental Risk

Sagnarigu Municipal Assembly is exposed to a range of environmental threats to which the capacity to mobilize and use financial resources and investments for development may be adversely affected. These hazards that pose threats to livelihoods, human health and wellbeing, prospects of investments, investor confidence, as well as the general business environment, are associated with either the climate or the ecosystem.

A significant challenge to the Municipal's quest to boost funding for implementing the SDGs is the climate-related risks. Projections for climate change predict an increase in global temperatures, changes in rainfall and an increase in severe events like floods and droughts. These could have detrimental effects on human life, social and economic infrastructure, food security, as well as the agricultural value chain-related industry. The Micro, Small and Medium-sized Enterprises (MSMEs) are particularly vulnerable, owing to their low access to capital and capacity

to deal with the expected effects of climate change. If these threats are not well handled, they are likely to affect economic activities, restrict business growth and thus limit the mobilization of revenue.

With a large proportion of households' dependent on natural resources, the economy of the Municipality is agrarian. Hence, desertification, decrease in soil fertility, wildfire, and other severe disturbances to terrestrial and aquatic ecosystems may reduce the ease of engaging in economic activities in the Municipality. This may further lead to a loss of livelihood, with possible repercussions for security and social cohesion.

4.4.1 Mitigation measures

As part of the efforts to reduce environmental harm, the district will partner with other stakeholders to enhance its disaster response programmes and increase climatic resilience. Relevant steps to achieve these shall include the following:

- ☒ improve early warning systems for disasters;
- ☒ promote climate-smart agriculture;
- ☒ adopt climate-resilient infrastructure;
- ☒ embark on afforestation; and
- ☒ explore Green Bond Investment opportunities

4.5 Demographic risk

With over 60 percent of the population being 34 years or younger, the Municipality is noted to have a youthful population, which implies that the youthful population has the potential to provide a large labour force. However, the absence of suitable job opportunities engenders young people to migrate to other towns and cities in search of jobs. This situation remains a major concern. Even so, if the young population is not trained to have the essential skills needed by companies and industries, the likelihood of attracting investments to and growing businesses in the Municipality would be low.

4.6 Mitigation measures

- ☒ Provide the needed skills to meet current and future demands through training and apprenticeships.
- ☒ Provide incentives for businesses to employ the youth.

Chapter Five

Recommendation

Recommendations

5.1 Follow-up Actions

The Integrated Assemblies 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 its successful implementation, 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 Assembly should quickly take steps to operationalize the governance arrangement proposed in section 3.5.4. These steps include building the capacity of 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, disseminate good practices and promote learning among stakeholders in and outside SAGMA. 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 Assemblies to formulate their Development Cooperation and Coordination mechanisms

5.1.2 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.

5.1.3 Blended Financing Assessment on the Ecosystem

Blended financing is an important means of effectively mobilizing and systematically leveraging all sources of funding, expertise, and solutions to stimulate impactful investment, inclusive economic growth and sustainable development. The SAGMA 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 may include the Private Sector, Civil Society, Traditional Authorities, Faith-Based Organisations, and Philanthropy Organisations, the Diaspora Coordination 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 local level, 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 interest. The SAGMA 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 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, Assemblies 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 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 sanctions for late payments or non-payment. The Assembly must demonstrate a strong commitment to preventing revenue leakage and transparency in the utilization of IGF.