

INTEGRATED ASSEMBLY FINANCING FRAMEWORK

SEFWI-WIAWSO



*Empowered lives.
Resilient nations.*

Foreword

The Means of Implementation of the Sustainable Development Goals (SDGs), the Addis Ababa Action Agenda (AAAA) recognises nationally owned sustainable development strategies, supported by Integrated National Financing Frameworks (INFFs) as the heart of all delivery efforts. However, most strategies developed do not have concrete financing plans to fund their implementation. As such, the need for a tool for governments and their partners that analyses all financing sources and non-financial means of implementation available to a country and designs a financing strategy to mobilise resources, manage risks, and achieve sustainable development targets.

It is within this context and Government's policy to Strengthen Institutional Capacity for Domestic Resource Mobilization as well as to implement the SDGs through its decentralised planning system that, the Sefwi Wiawso Municipal Assembly (SWMA) has developed an Integrated Assembly Financing framework (IAFF) to support implementation of the its sustainable development interventions.

The Municipality has predominantly relied on the traditional sources of Internally Generated Funds (IGFs); central government transfers and Development Partners (DPs) support to fund its development. However, central government transfers are unreliable and DP support continues to decline increasing the financing gap of the Municipality. Consequently, this IAFF seeks to guide the Municipality in the identification of alternative and innovative sources of financing which hitherto have not been explored.

The SWMA IAFF outlines innovative initiatives that have the potential to raise adequate resources to deliver strategic infrastructure and services need of the Municipality. The initiatives include but not limited to the following; 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.

Implementation of these resource mobilisation initiatives will require the unremitting support of all development actors of the Municipality. Finally, I would like to commend Ministries of Finance; Local Government and Rural Development; the National Development Planning Commission; the UNDP; the Metropolitan Planning Coordinating Unit Members and other stakeholders for their commitment and unrelenting support in developing this Integrated Assembly Financing Framework. It is my fervent hope that these efforts will culminate in improved development in the Municipality.

Hon.....
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 Sefwi-Wiawso Municipal Assembly, Ketu South 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
CSOs	Civil Society Organisations
DACF	District Assembly Common Fund
DDF	District Development Fund
DFA	Development Finance Assessment
DPs	Development Partners
EC	Executive Committee
GA	General Assembly
GoG	Government of Ghana
GSS	Ghana Statistical Service
IAFFs	Integrated Assembly Financing Frameworks
ICT	Information Communication Technology
IGF	Internally Generated Fund
INFF	Integrated National Financing Frameworks
LI	Legislative Instrument
MA	Municipal Assembly
MCE	Municipal Chief Executive
M&E	Monitoring and Evaluation
MMDAs	Metropolitan, Municipal and District Assemblies
MMTDP	Municipal Medium-Term Development Plan
MoF	Ministry of Finance
MLGRD	Ministry of Local Government and Rural Development
MoI	Means of Implementation
MPCF	Member of Parliament Common Fund
MPCU	Municipal Planning Coordinating Unit
MSMEs	Micro, Small and Medium Scale Enterprises
MTDP	Medium-Term Development Plan
NDPC	National Development Planning Commission
NOC	National Oversight Committee
OHLGS	Office of the Head of Local Government Services
PHC	Population and Housing Census
PPP	Public-Private Partnership
PwDs	People with Disabilities
RIAP	Revenue Improvement Action Plan
RMTDP	Recovery and Medium-Term Development Plans
SDGs	Sustainable Development Goals
SPVs	Special Purpose Vehicles
SWMA	Sefwi-Wiawso Municipal Assembly
UN	United Nations
UNDP	United Nations Development Programme

Executive Summary

Sefwi-Wiawso is the capital of the Western North Region, one of the newly created regions that were established on February 15, 2019. The Municipality covers a land area of 2,634 square kilometres, and has a population of 139,200 representing 5.9 percent of the region's population (2010 PHC).

Agriculture is the main economic activity of the Municipality, employing over 71% of the population. The Municipality aims to achieve total socio-economic growth and rural development through harnessing human and material resources and full participation of the citizenry in decision making and implementation processes. Achieving this goal requires sustained financing strategies that will integrate opportunities and promote trade-offs between sectors. This report, therefore, presents the INFF roadmap, the baselines and evidence-based information that leads to the development of a local level SDGs financing strategy.

A diagnostic analysis of the SWMA's finances revealed that the main revenue sources are the traditional sources consisting of Government of Ghana (GoG) transfers and Internally Generated Funds (IGF) - property rates, fees & fines, licenses, lands (royalties), annual basic rates, and investment income. An analysis of the income and expenditure between 2017 and 2019 indicates that the Municipality has a challenge with raising the required resources to meet its development needs.

The factors that limit the Municipality's ability to generate the required IGF include inadequate data for landed properties, inadequate data on revenue sources/business activities, and a lack of private sector engagement. Additionally, inadequate revenue collection mechanisms, inadequate in-service training for revenue collectors who often have a low level of education as well as the unwillingness of citizenry to honour their tax obligations, and inadequate public infrastructure have constrained revenue mobilization at the Assembly.

Specific initiatives will achieve the broad theme of consolidating revenue through 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, and enforcement of sanctions for tax non-compliance; PPP arrangement through 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 SDGs Investor Maps as an input to the SDGs Investment Fair; Philanthropic Financing and leverage on the specific interests of Development Partners to address the Municipal's development needs.

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

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Chapter One

Background

1.1 Background

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

The United Nations estimates a gap of about \$2.5 trillion per year in developing countries alone to achieve the SDGs. Addressing this gap requires significant private sector investment. Government, cognizant of this, is committed to implementing the tenets of the AAAA by strengthening domestic resource mobilization and providing an enabling environment for domestic and international private business and finance. In addition, Ghana has developed a mechanism to holistically target SDGs budgeting, tracking, as well as involving the SDGs Impact Investment ecosystem in the financing of the SDGs.

INFFs brings together all financing and related policies to address a country's financing challenges. INFFs look at the full range of financing sources and non-financial MoI that a country has available and develop a financing strategy to raise resources, manage risks and achieve sustainable development priorities.

INFFs present important advantages to a country. First, by connecting financing and related policies with longer-term objectives, INFFs will assist in surmounting challenges relating to short term-oriented decision-making. INFFs also allow policymakers to exploit synergies and manage possible trade-offs across different policies during implementation. Further, INFFs help countries manage the increasingly complex and changing financing landscape by helping them to mobilize different funding, appropriate for country-specific characteristics and risks. Further, it 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.

The changing development finance landscape coupled with Ghana's fiscal decentralization system mandates Local Authorities, known as Metropolitan, Municipal and District Assemblies (MMDAs) to implement Government's policies at the local level, providing opportunities for innovations in resource mobilization. In this regard, Ghana is developing Integrated Assembly

Financing Frameworks (IAFFs), which are expected to provide prospects 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. The Sefwi-Wiawso Municipal Assembly (SWMA) is one of the five Assemblies being piloted for the process.

1.2 Municipal Profile

Sefwi-Wiawso is the capital of the Western North Region - one of the newly created Regions that were established on February 15, 2019. The Municipal Assembly was initially established under Legislative Instrument, L.I 1386 on November, 23rd 1988 under PNDC Law 207 but it was elevated to a Municipal status in March 2012 under Legislative Instrument, L.I 2015 (GSS, 2014). The Municipality covers a land area of 2634 square kilometres. It is bordered to the north by former Brong Ahafo Region, to the west, by Juabeso and Bia Districts and by Aowin/Suaman to the south. It is also bordered by Bibiabi-Anhwiaso Bekwai District to the east and Wassa Amenfi to the south-east (GSS, 2014).

The population of Sefwi-Wiawso Municipality is 139,200 representing 5.9 percent of the region's population (2010 PHC). The 2010 PHC shows the male population to be 50.1 percent (69,753) and 49.9 percent (69,477) for females, which are slightly higher than the regional average for both males and females. The sex ratio for the district is 104 males per 100 females. The Municipality has a child (0-14) dependency ratio of 74.4 and an adult (65+) dependency ratio of 6.8. The total dependency ratio is 81.5, which is slightly higher compared to the regional average of 79.8%

1.2.1 Economic activity status

Over 71 percent of the population of 15 years and above are economically active, while those economically inactive constitute 28.7 percent. Among the economically active population, 97 percent are employed and 3.2 percent are unemployed in the Municipality. Among the economically inactive population, 58.2 percent are students, about a quarter (24.5%) are performing household duties while 3.1 percent are less-abled or too sick to work. Slightly more than two-thirds of the unemployed are first-time job seekers while 32.9 percent have ever worked. A higher proportion of females than males are employed among persons 15 – 24 years in the Municipality.

The main economic activities in the area are;

Agricultural Activities

Agriculture is the major economic activity in the SWMA in terms of employment and income generation, with about 66 percent of the working population engaged in this sector which

constitutes the main source of household income in the Municipality¹. Crops produced include cocoa, palm tree, plantains, cocoyam, cassava and maize.

Tourist Attraction

The Municipality can boast of several tourist potentials, albeit, not developed. It has a comparative advantage of eco-tourism, supported with festival activities. Some of these tourist attraction sites include;

i. The Tree of God (Nyame Dua):

The tree of God is located at Nyamebekyere, a distance of about 5km from Sefwi-Wiawso. It is said that about 150 years ago, a farmer struck a machete into the stump of the tree and this is still visible in the trunk of the tree. The tree has continuously been growing ever since, and today the trunk of the tree is completely surrounded by the machete.

ii. Abombirim sacred tortoise forest:

It is a sacred forest preserve in which a giant tortoise lives. When one sees the tortoise and picks it, there is total darkness in the forest. Until the tortoise is left for light to re-appear, visitors will not be able to find their way out of the forest. It is located at Sefwi Boako, a 21 km distance from Sefwi-Wiawso.

iii. Ancestral hole:

The ancestral hole is at Sefwi Bosomoiso, about 4km from Sefwi-Wiawso. It is believed that the royal family of Bosomoiso community originated from this hole. It is believed to be a bottomless hole surrounded by trees but no leaves fall into it. The hole is alleged to have healing powers².

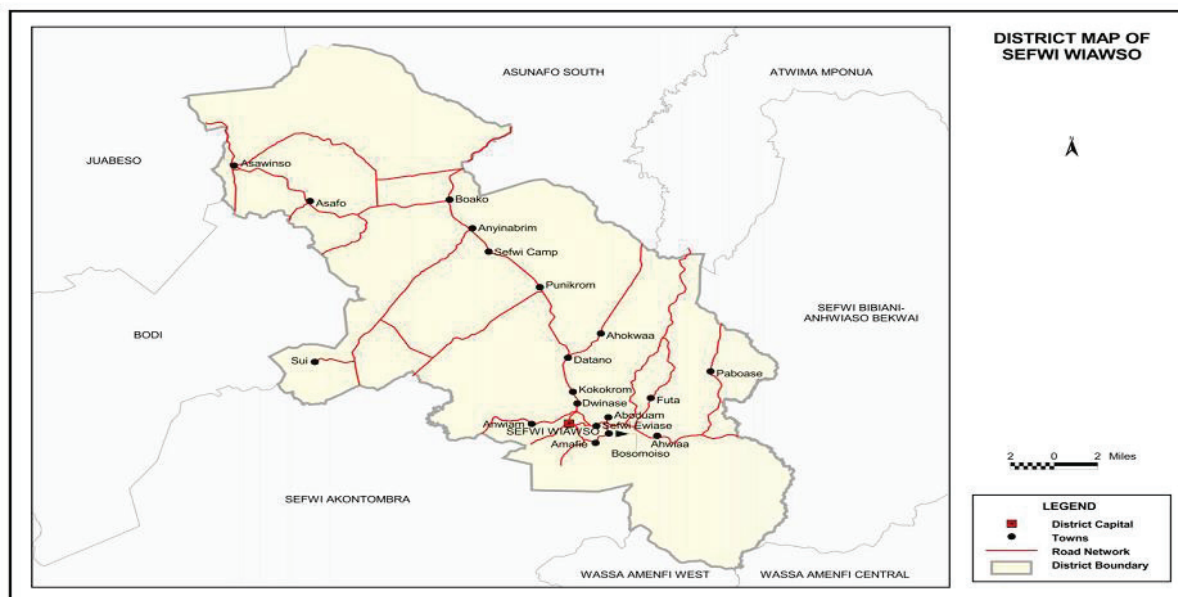
Mining

Gold mining is being undertaken at Akoti and its surrounding areas, by Chirano Gold Mines Limited, an Australian mining firm. It commenced commercial production in 2004 which contributes to the IGF of the Assembly and also provides employment opportunities for the people.

¹ sefwiwiawso.ghanadistricts.gov.gh

² Western region: Human development report 2013 by UNDP

Map 1: Sefwi-Wiawso Municipality



1.3 Integrated Financing Framework

The Integrated Assembly Financing Framework (IAFF) for SWMA is a tool targeted at mobilizing funds and investments for financing the Municipality’s Recovery and Medium-Term Development Plans (RMTDP). It consists of 4 building blocks: the Diagnostics, the Financing Strategy, the Monitoring and Review, and the Governance and Coordination arrangements. The framework is underpinned by the Revenue Improvement Action Plan (RIAP) of the Assembly and also goes a step further to include financing and investments by multiple actors. The RMTDP for SWMA also seeks to fully reflect the totality of funding and investments from all stakeholders in a bid to get a comprehensive plan for the Assembly.

The Assembly over the years has been dependent on traditional sources of funding, notably the IGF from businesses operating permits, property rates, fees and fines as well as rent; Central Government transfers; and the Development Partners’ support. This dependency has limited the Assembly’s capacity to identify alternative revenue sources, creating huge funding and investment gap. It has negatively impacted the Assembly in its provision of socio-economic infrastructure and service delivery as well as achievement of the assembly’s SDGs development aspirations.

The Integrated Assembly Financing Framework serves as a guide in the identification and pursuit of non-traditional sources of funding and investments which hitherto have not been fully explored. These represent additional resources that could be tapped to accelerate the development of the SWMA.

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 Assembly.

Chapter Two

Methodology

2.1 Introduction

This section outlines the process used in preparing the IAFF for the SWMA. It describes the approach and methods used, as well as the conceptual framework adopted.

2.2 Process and Approach

An inclusive and participatory process involving key stakeholders at both the national and sub-national levels was adopted in the preparation of the IAFF. The stakeholders at the Municipal level included heads of the various departments and representatives from Businesses, CSOs, Artisans, Traders, Religious Groups, Traditional Authorities and Pupils & Students. The national level stakeholders included the Ministry of Finance (MoF), Ministry of Planning, Ministry of Local Government and Rural Development (MLGRD), the National Development Planning Commission and the United Nations Development Programme (UNDP).

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

Primary and secondary data were collected and analysed for this report using both quantitative and qualitative methodologies. Primary data was obtained through interviews, focus-group discussions and questionnaires. The main source of secondary data was the Municipal's Annual

Progress Report (APR), Municipal Medium-Term Development Plans (MMTDPs) and its Revenue Improvement Action Plan (RIAP). Other secondary data sources included the Ghana Living Standard Survey Round 7, the Multiple Indicator Cluster Survey Report, 2019 and various COVID-19 tracker reports prepared by the Ghana Statistical Service (GSS).

2.4 Desk Review

A review of literature on development financing concepts was undertaken to obtain secondary data and information, and also to provide the theoretical underpinning for the IAFF. The documents reviewed included the AAAA, Development Finance Assessment (DFA) Guide Book, 2019 Financing for Sustainable Development Report, National Budget and Economic Policy Statements, the Municipal's Medium-Term Development Plan and Annual Progress Report (APR), and the reports on the COVID-19 Tracker surveys conducted by GSS.

- i. The 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 Guide Book is a tool developed by UNDP to support Governments as they respond to covid-19 and establish INFFs to finance the agenda of Building Better with greater sustainability, resilience and inclusivity.
- 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; The statement contained a review of the macroeconomic performance in the first three quarters of a current year as well as projected fiscal outturns for the whole year. It also outlined the macroeconomic policy direction and targets for the ensuing year and the medium term.
- v. Municipal's 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 plan.

2.5 Questionnaire

Questionnaires were administered to officials of the SWMA to collect primary data on the financial performance and the development plan of the Municipality. 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, where needed for additional information and clarifications.

2.6 Focus Group Discussions

Primary data was collected using a participatory approach from key stakeholders that were composed into focus groups of 12 to 20 people each. The groups were made up of members from the Municipal Planning Coordinating Unit (MPCU), representatives of CSOs, Businesses, Traders, Youth Groups, Religious Groups and Traditional Authorities. The group discussions explored the impact of COVID-19 on households and businesses, the revenue and expenditure patterns, potential sources of funding to boost the local economy and promote sustainable development, governance and monitoring and review arrangements. The focus group discussions were also used to verify some of the information obtained from the desk review and questionnaires.

2.7 Report Preparation

A team comprising officers from the Municipality, 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.

2.8 Validation

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

Chapter Three



Building Blocks

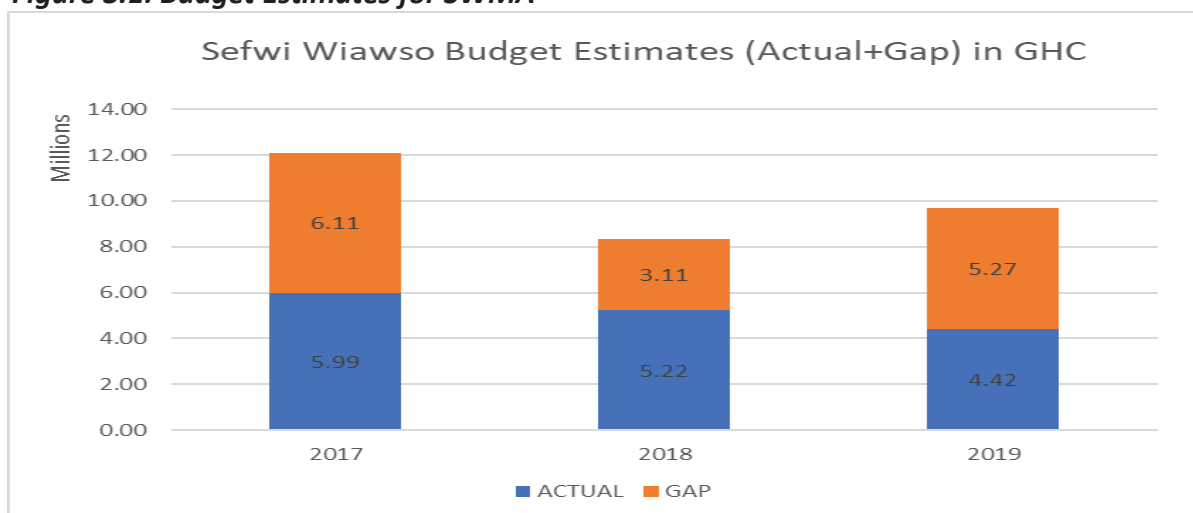
There are four main building blocks for the design and operationalization of financing frameworks. They include Assessment and Diagnostics; the Financing Strategy; Monitoring, Review and Accountability; and Governance and Coordination. The building blocks of INFFs are developed in a systematic process, with each step informing the others, and they are intrinsically linked to the National Development Plan Framework and the Medium-Term Development Plan of the Assembly.

3.1 Assessment and Diagnostics

3.1.1 Financing Needs Assessment

The legal framework that mandates MMDAs to be responsible for the overall development of their localities is the Local Governance, Act 936, 2016. The Act also outlines the various sources of funds available to the Assemblies to finance development agenda. Statutorily, Assemblies are required to develop Medium Term Development Plans (MDTP) to guide their development comprehensively. Annual action plans and composite budgets are prepared to implement the projects and programmes outlined in the MTDP. However, the analysis of the income and expenditure of SWMA for the past recent years reveals a big financing gap. For example, the estimated budget for 2017, 2018 and 2019 was GHC30.1 million and the actual expenditure was GHC14.5 leaving a financing gap of 48.1%. There is a critical need to explore alternative sources of financing this gap in order to achieve the objectives of the development plan. Figure 3.1 below presents a funding gap analysis. From the expected revenue flow and the actual revenues available for development, there is a funding gap of about GH¢ 14.5 Million.

Figure 3.1: Budget Estimates for SWMA



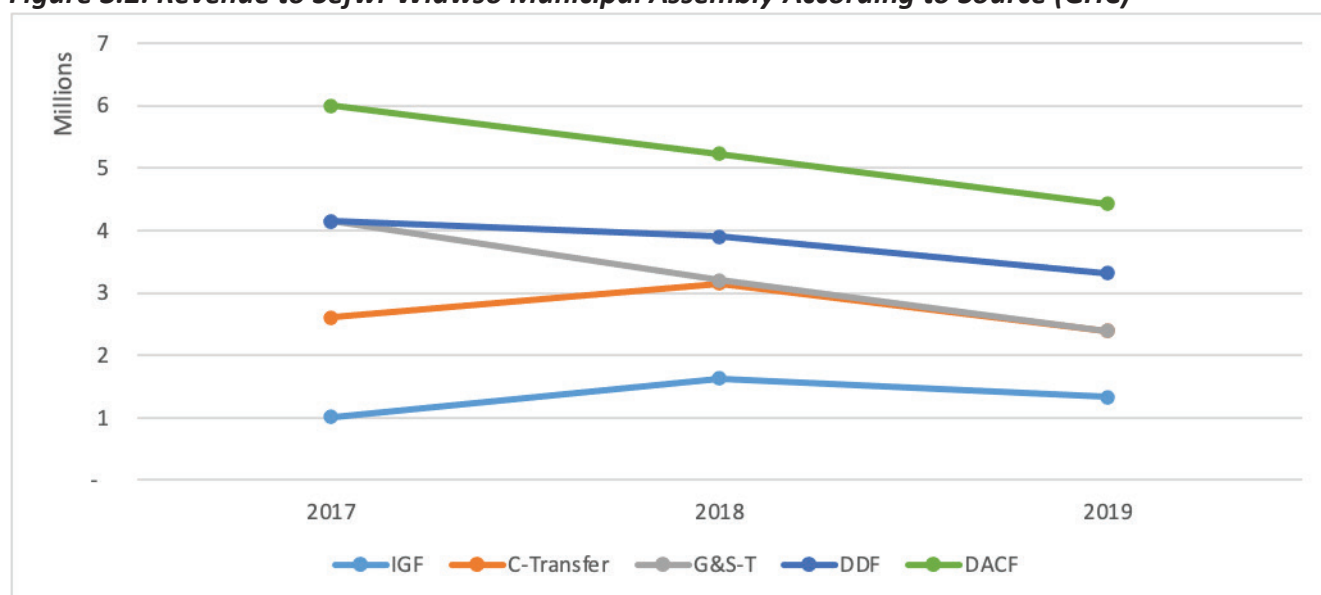
3.1.2 Financing Trends Analysis

Section 124 of the Local Governance Act, Act 936 provides the legal backing for revenues available to Assemblies in the form of transfers from Central Government, IGF, donations and grants. These sources inform investments that are incorporated into the annual action plan and budgets.

The major source of revenue to SWMA is the District Assemblies Common Fund (DACF) which accounts for well above 60% inflows of the review period 2017 to 2019. In the Medium Term, DACF will remain the dominant source of revenue to the Municipality. Nevertheless, the SWMA in its Revenue Improvement Action Plan is working at making IGFs the main source of funds going forward. In other not to undermine the growth process of businesses within the Municipality, the drive to generate more revenue through tax should factor in the trade-offs that may emanate.

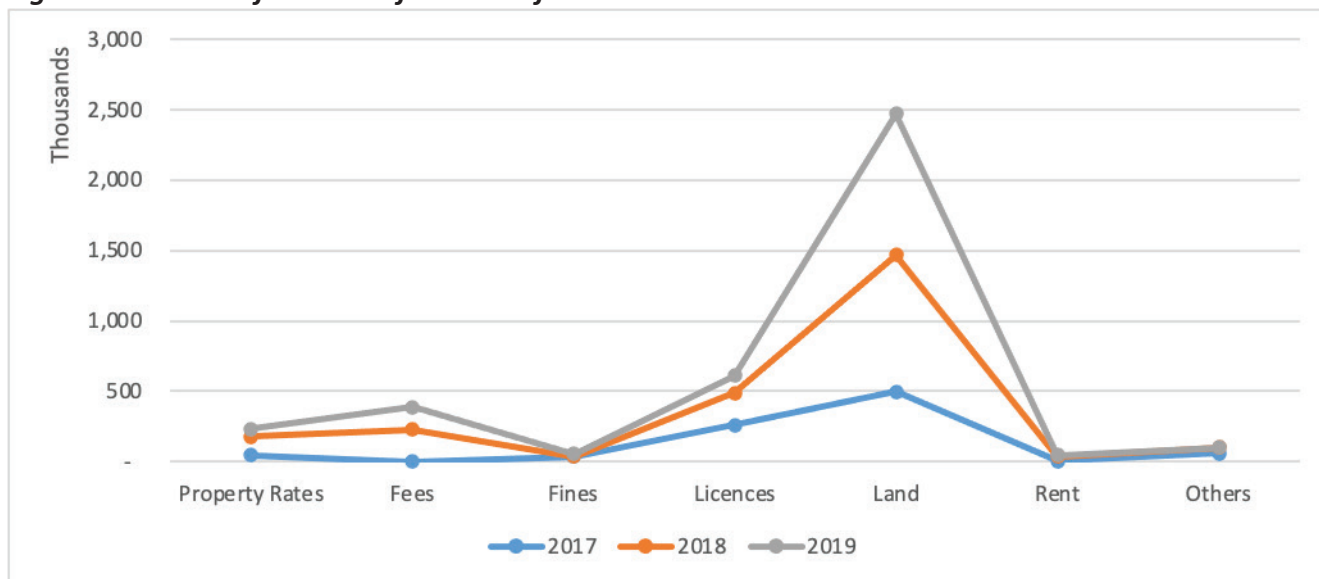
The District Development Fund (DDF), an instrument developed to ensure efficient provision of basic community infrastructure and services delivery through judicious use of resources is the second largest contributor in terms of inflows. However, in the year 2018, IGF declined by 34%.

Figure 3.2: Revenue to Sefwi-Wiawso Municipal Assembly According to Source (GHC)



For the sources of IGF, Land and licenses are the highest contributors followed by fees. Box.3.1 provides an explanation of each of the sources. However, in 2018 all IGF dropped with land becoming the highest inflow.

Figure 3.3: Trend of Sources of Revenue for SWMA



Source: SWMA’s Composite Budget

Box 3.1: Explanation of Sources of IGF

Property Rates: It is a rate levied on 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: 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 among others. 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.

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 Assembly. Such investments go into transport equity shares, etc. to yield income to the Assemblies.

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

3.1.3 Risks and Constraints

Municipalities are not immune to many of the risks that other types of organizations face. That said, their unique structure and operational goals have its brand of risk. Private and public companies need to make a profit to survive, thrive, and meet their bottom lines. On the other

hand, the public sector exists to serve the needs and interest of the general public. As a result, success for local governments is measured by the overall weight of their citizens' satisfaction. This expectation places urgency on the need to manage risks associated with the services provided by the Assembly.

The SWMA recognises the discretionary and important role that revenue mobilization plays in the success and long-term sustainability of services it provides to its constituents. Raising these funds however come with some risks and constraints, notably;

- I. Limited capacities to prepare bankable projects.
- II. High levels of revenue leakages.
- III. Low utilization of technology in revenue mobilization .
- IV. Inadequate revenue collectors.
- V. Inability to value properties in the Municipality to facilitate property rate collection.
- VI. Inability to gazette fee fixing guidelines to facilitate enforcement.
- VII. High level of political and other influence peddling hinders revenue mobilisation and enforcement of fee fixing guidelines.
- VIII. Absence of a risk management framework/risk profile to guide plan implementation.
- IX. Poor asset management, particularly commercial assets like markets, lorry parks etc.
- X. Apathy to rates payment by the public which may be due to lack of information/education regarding the Assembly's activities and the perceived inability of the Assembly to live up to their expectation in the provision of amenities.
- XI. Inefficient management and coordination of Public-Private Partnership (PPP) have made this source of financing unattractive.
- XII. Non-financial organizations like CSOs, Traditional Authorities and Faith-Based Organizations constitute a potential source of financing development which remains untapped. This is due to low collaboration and engagement between them and the Municipal Authorities.

3.2 Financing Strategy

A key feature of the IAFF is the Financing Strategy which guides how funds and investments required to achieve the MMDAs development objectives will be mobilized and aligned. The Financing Strategy for SWMA provides the needed solutions to essential questions on what kind of transformation the Municipality envisages. It, therefore, sets out how the funds and investment required to achieve its 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 Municipality 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), Public Financial Management Regulations, 2019 (L.I. 2378);
- ii. The Budget Statement and Economic Planning;
- iii. Digital Financial Policy;
- iv. Local Governance Act, 2016 (Act 936) section 122 – 174 which outlines the “Financial matters of District Assemblies”;
- v. 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, SWMA intends to explore specific strategies that simultaneously expand revenue while at the same time spurring private sector investment in the Municipal. The key to any financing strategy at the local level is to ensure close cooperation between all levels of government – local and central – as well as cooperation between Local Government, the Private Sector, Civil Society, Development Partners and the Diaspora Coordination amongst others. It is evident that financial resources at the Assembly level are always likely to be constricted 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 Consolidating the Existing Revenue Sources

In consolidating existing revenue strategies, the Assembly 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, to ensure maximizing the trade-offs, and strengthening revenue capacities. Specifically, SWMA 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;
 - ☒ 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 beckoning 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 SWMA 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 Investments

- a. The SWMA will need to initiate bankable projects. This process will involve
 - ☒ developing a portfolio of bankable projects;
 - ☒ development of an Investment Plan for the Municipality;
 - ☒ 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, the Assembly will focus on establishing SDGs Investor Maps as an input to the SDGs Investment Fair, which will provide investment opportunities to be linked to private sector investors. An SDGs Investor Map is a piece of market intelligence to help private investors (funds, financiers and corporations) to identify investment opportunities and business models that advance the SDGs. The Maps provide the insight and tools needed by the private sector to increase their investments towards the SDGs. They make a significant contribution to filling the financing gap by mobilizing private capital for the SDGs.

- b. Public-Private Partnerships (PPP) can also be appropriate financing mechanisms in collaborating with the private sector. In utilizing the opportunities presented by PPPs, SWMA can make use of Special Purpose Vehicles (SPVs) to finance the Municipality's development aspirations through the:
 - ☒ Initiation of programs which are suited for PPPs execution. For instance, the development of market squares and farming partnerships among others.
 - ☒ Creation of community businesses emergency funds.

3.3.2 Attract and Sustain Development Partner Investments SWMA

Internationally, bilateral and multilateral agencies are engaged in supporting reform and development programmes within various sectors to develop the required human resource base that will effectively and efficiently deliver public services. While some are involved in areas addressing public policy and regulatory constraints, other supports focus on attracting private sector financing for critical areas of development including infrastructure. Some Development Partners focus on assisting Local Governments in developing city development strategies and city-wide 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 SWMA can enable them to develop tailored made programmes to secure funding from these sources.

3.3.3 Philanthropic Financing

Countries traditionally referred to as "aid recipient" have now become the birthplace for a number of emerging philanthropic organizations. The traditional concept where organizations work through CSOs has evolved, to their working directly with specific Local Authorities. 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 provide challenge grants³ and grants for specific interventions.

SWMA 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 Coordination Financing

Traditionally, diaspora resources have been viewed as on-going financing capital at the Micro, Small and Medium Scale Enterprises (MSMEs) 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 seen as important development stakeholders, they are still not viewed as significant social investors by Local Authorities.

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 SWMA 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 SWMA will consider setting up and facilitating investment opportunities for the diaspora Constituency. In doing this, SWMA 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 of governance and coordination for the IAFF. 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 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 of the Municipal Chief Executive (MCE), elected Assembly Members, Government Appointees to the Assembly, Representative of Traditional Authorities,

³ Challenge grants are 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.

Members 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 MCE, a chairperson of any other ad-hoc sub-committee and two (2) elected Assembly Members constitute an Executive Committee, responsible for the performance of the executive functions of the Assembly. The Municipal Coordinating Director as Secretary to the GA is also the Secretary to the Executive Committee.

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

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 Assembly has the Municipal Planning Coordinating Unit (MPCU), which is made up of all existing Departments⁴ at the Assembly, chair of the Development Planning Sub-Committee and expanded by L.I. 2232 to include representatives of Traditional Authorities, 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 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 GA, implementation, monitoring & evaluation, and reporting.

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 can 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 guidance, advisory and advocacy roles, and facilitates resource mobilization for the successful implementation of the IAFF;
2. **The General Assembly** – Provides overall leadership, guidance and approving authority;

⁴ Refer to 2nd Schedule of Local Governance Act 936 (2016)

3. **Executive Committee** – Oversees performance of the executive functions of the Municipal Assembly
4. **Municipal Planning Coordinating Unit (MPCU)** – Provides technical support; planning, budgeting, monitoring and evaluation, reporting to the 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 policy of the Government of Ghana;
- ii. **Autonomy of MMDAs** – recognizes the autonomy of MMDAs;
- 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 SWMA 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, Representatives of CSOs 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, European Union on a rotational basis.

B. The General Assembly;

- i. Sefwi-Wiawso Municipal Assembly'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 SWMA's GA
- iii. **Co-opted Members / Observers:** Relevant interest groups including Development Partners will be invited to participate in deliberations concerning the IAFF, but will not have voting rights.
- iv. **Decisions of the GA on IAFF Activities:** Decisions of the GA on IAFF activities will be binding on subsequent Administrations within the principle of continuity of functions of the Municipal Assembly and mandate to deliver development interventions

C. Executive Committee;

- i. The Executive Committee (EC) of the SWMA 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. The EC will also spearhead the identification and implementation of resource mobilization plans. Through the relevant statutory sub-committees, IAFF proposed interventions will be assessed and presented to the EC for dialogue before submission to the GA.
- iii. **Membership:** The membership will be the existing/substantive members of the SWMA's EC.

D. Municipal Planning Coordinating Unit (MPCU);

- i. The MPCU of the SWMA as the technical arm of the Assembly will continue to provide technical support; planning, budgeting, monitoring and evaluation, reporting, and others to the Assembly and particularly in respect of IAFF interventions.
- ii. **Membership:** The membership will be the existing/substantive members of the SWMA's MPCU.
- iii. **Co-opted Members / Observers:** Relevant interest groups, entities and Development Partners 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 relevant legal frameworks⁵ guiding the functioning and performance of Assemblies in Ghana.

Through the EC, the relevant statutory sub-committees will be required to perform needed functions and report to the EC.

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

⁵ Local Governance Act 936 (2016) and L.I. 2232

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 SDGs 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 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 IFF 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 coordination structures of the SWMA 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, CSOs and citizens.
- ☒ Organize Municipal SDGs Investment Fair, informed by the SDGs 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 information will be disseminated to relevant stakeholders and decision-makers is a critical but sometimes overlooked action. Related stakeholders must be provided with copies of the implementation and evaluation reports of SWMA's Integrated funding systems. Sharing the content of these reports with the Municipal and other stakeholders at the level of the sub-district and community would increase the Assembly's accountability and transparency and demonstrate its commitment to growth.

Also, 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 time period.

Table 3.1: 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 Authority (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 of paying rates and Fines	Chiefs, Community Members, Opinion Leaders, Pupils & Students, 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

3.5 Monitoring and Review

The existing arrangements at Municipalities level for undertaking monitoring and review will continue to serve as the basis for reporting on the progress of the implementation of the IAFF. Local level 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) 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 IAFF of the Assembly. SWMA will also 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 the implementation projects.

In addition to expanding investment in the demand and supply use of M&E outcomes, and to establish efficient communications arrangements to ensure timely reporting of deliverables to provide input, technical assistance and improve Municipality's capacity for effective M&E outcomes, the EC will review the submitted reports to provide direction, advocacy and guarantee transparency.

Table 3.2: Monitoring of the Municipal's IAFF

MONITORING THE INTEGRATED ASSEMBLY FINANCING FRAMEWORK (IAFF)			
MUNICIPAL LEVEL INDICATOR			
Indicator	Number of investments		
Indicator Definition	Count of investments made in the Municipal		
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 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	
	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 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	
	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

4.1 Introduction

The realization of the developmental agenda of the SWMA 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 the Municipality. Like other Municipalities across the country, a number of risk factors are identified which have the potential of derailing and negatively affecting the financing of its development agenda. These include among others:

- Environmental risk
- Economic risk
- Demographic risk
- Capacity risk

4.2 Economic Risk

The economy of Sefwi-Wiawso is agrarian, 80% of the working population engage in this sector which constitutes the main source of household income in the Municipality. There are three (3) prominent types of farming activities in the Municipality. These are livestock farming, food and cash crop farming. The most predominant amongst the cash crop production is cocoa which constitutes a greater percentage of the farmers in the Municipality. This makes Sefwi-Wiawso one of the largest cocoa producing Municipality in the Western North Region⁶.

The Assembly is also one of the largest producers of timber in the Western North Region and Ghana as a whole. The major species found in the Municipality are Sapele, Wawa, Emire, Mahoghany and Red Ceder etc. Some logging/lumbering industries that exist in the Municipality include Suhuma Timber Company, A.G. Timbers, Bomplex Company, Bibiani Logging and Lumber Company Limited, Western Veneer, Buadac Timber Company, Boison Timber Company, and A-List Timber Company.

Nonetheless, depletion of the forest, a decline in soil fertility, wildfire and other major disruptions to terrestrial and aquatic ecosystems as well as old age of farmers and land tenure system pose a significant risk to the economic well being in the Municipality resulting in the loss of livelihoods as well as having potential ramifications for security and social cohesion.

⁶ Sefwi Wiawso composite budget, 2015

4.3 Lack of Capacity

The provision of efficient and effective services to the general public by MMDAs in Ghana to address developmental issues associated with poverty is an important aspect of the revenue mobilization capacity of Assemblies. Many Assemblies, however, lack capacity in their efforts to mobilise adequate resources to execute these development needs. Assemblies are constrained in terms of technological capabilities to use existing technologies in resource mobilization drives. This situation poses a challenge of revenue collection, proper storage of data and dissemination of information. In addition, local authorities lack the capacity to identify potential taxpayers due to lack of a reliable database on property owners, resulting in revenue losses to the Assembly.

Information Communication Technology (ICT) is well documented to have great potential of enhancing effectiveness and efficiency of public sector policies and has the potential of propelling development when used effectively, blocking revenue leakages and corrupt practices. It has been instrumental in both Developing and Developed Countries in public revenue mobilization, which is at the core of state administration. Therefore, the adoption of ICT by SWMA in its operations can mitigate revenue leakages and increase the much-needed inflows.

4.4 Environmental Risk

The SWMA is exposed to a number of environmental risks that have the possibility of adversely affecting its ability to mobilise the required revenues 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. These could have a negative impact on 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, constraint the growth of businesses and thereby limit revenue mobilization.

The economy of the Municipality is agrarian with livelihood activities of a large proportion of households dependent on natural resources. Desertification, a decline in soil fertility, wildfire and other major disruptions to terrestrial and aquatic ecosystems could reduce the ease of doing business in the Municipality, 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 SWMA will do well to 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 population size and age-sex composition of the Municipality have implications for socio-economic development and well-being of the Municipality. The changes in the population of an area are mainly due to three factors - Migration, Fertility and Mortality levels, which to a large extent are influenced by age-sex composition.

The age structure of an area follows the known trend of a broad-based, that gradually tapers off with increasing age. In SWMA, the birth rate is far higher than the death rate, resulting in a more rapid increase in the size of the younger population. Fewer economically active people, therefore, support a largely dependent population. With a general increase in life expectancy, the growth is more likely to be due to higher birth rate; which means fewer people working to cater for more people, thereby reducing savings amongst the population.

The Municipality has a vast population of the youthful workforce, the unavailability of suitable job opportunities however remains a major challenge pushing the youth to migrate to other towns and cities in search of better lives. Additionally, the lack of a critical mass of skilled youth to be engaged by businesses and industries hinders the probability of attracting investments to the Municipality.

4.5.1 Mitigation Measure for Demographic Risk

- ☒ provides skills development and training to meet current and future demand.
- ☒ provide incentives for the Agricultural and business sectors of the Municipality to employ the youth.

Chapter Five

Recommendation

Recommendations

5.1 Follow-up Actions

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

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

The IAFF is a new concept but has been developed by taking into consideration existing financing and governance structures. For 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 IAFF, the SWMA should quickly take steps to operationalize the governance arrangement proposed in section 3.4. These steps include building the capacity for the members of the governance sub-structures to equip them with the relevant skills and knowledge to champion innovative ways of mobilizing and utilization of 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 monitoring and evaluation plans. In addition, a mechanism should be set-up to help document lessons learned, disseminate good practices and promote learning among stakeholders in and outside the Municipality. The Assembly members, through 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 MMDAs 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 finance, expertise, and solutions to stimulate impactful investment, inclusive economic growth and sustainable development. The SWMA needs to lead a systematic consultation process to identify potential sources of financing and investments and to understand the capabilities, requirement, and expectations. The process should culminate in a strategy to mobilise resources to address development needs, priorities and capacities within the Municipality. Key stakeholders to be engaged in this process may include the Private Sector, CSOs, Traditional Authorities, Faith-Based Organisations, and Philanthropy Organisations, the Diaspora and Development Partners. A blended financing strategy should support local development priorities; ensure consistency with the local and national financial markets and should be used alongside efforts to promote a sound enabling environment for investments.

5.1.4 Investor Maps

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

5.1.5 Revenue Mobilization and Management

In the quest to mobilizing financing and investments to support local development, the SWMA 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 as sanctions for late payments or non-payment of taxes and levies. The Assembly must demonstrate a strong commitment to preventing revenue leakages and transparency in the utilization of IGF.