West Africa Governance and Economic Sustainability in Extractive areas (WAGES)

Local Governance Toolkit
Economics
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**Abbreviations**

AP – Action Plan
DA – District Assembly
DACF - District Assemblies Common Fund
LED – Local Economic Development
MMDA - Metropolitan, Municipal and District Assemblies
ToR – Terms of Reference
Introduction
This toolkit reviews economic approaches for local governance stakeholders to improve social accountability. It also incorporates gender equality and youth inclusion as a cross-cutting component of local economic development. This toolkit will provide the reader with education, training, and activities for:

1. Local Economic Development (LED)
2. Modern Approaches to Revenue Mobilization and Management
3. Project Management
4. Gender and Youth Mainstreaming in Local Plans and Activities

By the end, participants will be able to answer the review questions to test their ability to identify and apply the appropriate tools and techniques to improve economic development in their localities.
1. Local Economic Development (LED)

Local Economic Development can include various initiatives to create support for economic growth in the municipality or district. Generally, it involves:

- Supporting small business development
- Providing skills training
- Encouraging domestic or foreign investment by providing infrastructure like good roads, water, electricity, reducing crime, etc.
- Providing services, such as transport, education or regulations

LED is based on local initiative, driven by local stakeholders, and it involves identifying and using primarily local resources, ideas, and skills in an integrated way to stimulate economic growth and development. The ultimate goal is to create jobs, empower people economically, and improve the quality of life.

**Reflection:**

Is your LED women and youth inclusive? Can women and youth participate actively?

**Local:** A process of valuing the endogenous potential and optimal use of existing local resources including competence.

**Economic:** It is about identification of investment opportunities, supporting entrepreneurial activities and facilitating access to markets. Mainstay is creation of competitive advantage.

**Development:**
- Economic development
- Social development (e.g. community development)
- Physical infrastructure development

In some countries, LED has become a mandatory task of local government as part of an extensive decentralisation effort. In Ghana, the *National Local Economic Development Policy (2013)* sets out clear objectives for Metropolitan, Municipal and District Assemblies (MMDAs) which include:

- Improving coordination of economic development planning and implementation
- Enabling local governments to support local economies to realize their potential and make local communities active participants in the economy of the country;
- Empowering local governments to facilitate functioning partnerships between the public and private sectors in order to unlock the local economy and drive new growth; and
- Promoting broad-based local participation in the economy
1.1 Local Economic Development Planning Process:
Local Economic Development requires considerable investment in terms of time, expertise, product development, and capacity building within a national strategic framework. The LED planning process can be categorized into seven steps.

**Table 1: Local Economic Development Planning Process**

<table>
<thead>
<tr>
<th>Step</th>
<th>LED Planning Process</th>
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</thead>
<tbody>
<tr>
<td><strong>Step One</strong>&lt;br&gt;Establish a team</td>
<td>The District Assembly (DA) appoints one of its officers (with requisite knowledge) to lead the process. DA must institutionalize the committee so that it will have formality and its LED activities will become integral to the overall planning process of the Assembly. <strong>The Team Leader is</strong> responsible for extending communication to all stakeholders throughout the entire process.</td>
</tr>
<tr>
<td><strong>Step Two</strong>&lt;br&gt;Engage Stakeholders</td>
<td>The Stakeholders include traditional authorities, private sector, staff of the Assembly, civil society groups, women groups, youth groups, opinion leaders, community leaders, among others. <strong>The Team</strong> creates a database of individuals and organisations for future reference. The Team must have a Terms of Reference (ToR) and set a framework for its activities. The Chief Executive plays an important role in energizing the Team.</td>
</tr>
<tr>
<td><strong>Step Three</strong>&lt;br&gt;Gather Information and Data</td>
<td>The Reference Team: gathers detailed information about the local economy, using qualitative and quantitative methods. An analysis of the collected data will reveal the local economic status, its competitive and comparative advantages.</td>
</tr>
<tr>
<td>Step</td>
<td>LED Planning Process</td>
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</table>
| **Step Four**  
Involve the Public | **The team** must use various platforms to explain their work and its relevance to the livelihood of the people. By so doing, many people will volunteer and support the process including, relaying information that will support the work of the team.  

**Reflection:**  
Are women and youth included in this stage?  
Are meetings held at a time and place that works for women?  
Youth? |
| **Step Five**  
Analyze Data | **The Team** collect the data, conduct a detailed analysis of the data statistically and interpret it.  
**The Tools** should reveal occupations on the rise or decline, demand and supply patterns, sources of products whether within or outside of local economy, potential job opportunities, the value chain, among others. very important to collect data that is relevant to LED. |
| **Step Six**  
Develop Action Plan (AP) | **All Stakeholders:** The development of the AP should be participatory, and not limited to the LED Team only  
- Stakeholders briefed on findings  
- AP must be divided into immediate, short term and long-term categories.  
- AP must identify stakeholder responsibilities, sources of resources, and a budget  
- AP must prioritize economic activity and how it is linked to other sectors  
- AP must be linked to the Medium-Term Development Plan or Annual Action Plan, then implementation can commence  
**The District Assembly** must approve the LED Action Plan to make it binding and officially implementable |
There must be an LED Management and Communication Plan. The various stakeholders must be informed about the progress of implementation of the LED Action Plan. This is important in order to sustain stakeholder interest and participation in the LED process.

Reflection:
Does the Management and Communication Plan include the voices of women and youth?

2. Modern Approaches to Revenue Mobilization and Management

One of the key mandates of district assemblies is the mobilization of revenue. The Local Government Act 1993 (ACT 462) authorises and empowers the district assemblies to mobilise revenue in the form of rates, fees & fines, licences, rent, among others to help finance projects in their various areas of authority. The decentralization policy presented five sources of revenue to the district assemblies and these included the:

- District Assemblies Common Fund (DACF)
- Ceded revenue
- Internally generated fund through local taxation
- Loans and permits
- Sale of lands

MMDAs are partners to the central government and they are required to undertake development projects. Revenue generated internally, is used to support the statutory DACF to provide infrastructural development and services to the people. Due to budgetary constraints, the Government attempted to find other sources of revenue to the assembly, so that they can perform their roles effectively and efficiently. It is in light of this that Article 240 (2) of the 1992 Constitution of Ghana, provides that Parliament enacts appropriate laws that transfer power, responsibilities, and resources from the Central Government to Local Government in a coordinated manner for their effective functioning.
2.1 The Legal and Institutional Framework for Revenue Mobilization

- **Article 240 (2) (c)** of the 1992 Constitution makes the Assembly the rating authority and Article 252 creates the District Assemblies Common Fund (DACF).

- **Article 245 (a)** imposes resource mobilization obligations on all MMDAs and require them to undertake the formulation and execution of plans, programs and strategies for effective mobilization of resources, necessary for overall development of the district.

- Local governments however are allowed under **Article 245(b)** to levy and collect appropriate taxes, rates, duties and fees in accordance with any law enacted for that purpose.

- **The Local Governance Act, 2016 (Act 936)** provides the framework for financial and regulatory strategies for Assemblies to achieve efficient and effective service delivery and infrastructure.

- The over-reliance of MMDAs on Central Government Transfers results in neglect of improving locally generated revenue.

### Table 2: Modern Strategies for Revenue Generation & Mobilization

<table>
<thead>
<tr>
<th>Modern Strategies for Efficient and Effective Revenue Generation &amp; Mobilization</th>
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<tbody>
<tr>
<td>Sensitization and awareness creation</td>
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<tr>
<td>Compilation and updating database</td>
</tr>
<tr>
<td>Overhauling techniques for collection, accessing, utilizing and accounting for resources</td>
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<tr>
<td>Building capacities of functionaries</td>
</tr>
<tr>
<td>Formation, equipping and encouraging the functionality of resource mobilization teams</td>
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<tr>
<td>Undertaking a comprehensive street naming and house numbering of structures</td>
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<td>Publication of performance reports and accountability to key stakeholders</td>
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<tr>
<td>Use of data generation and management solutions to track payments</td>
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<tr>
<td>Tax education</td>
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<tr>
<td>Training and motivation of revenue staff</td>
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<tr>
<td>Establishment of databank on revenue sources</td>
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<tr>
<td>Enforcement of by-laws</td>
</tr>
<tr>
<td>Prosecution of defaulters constantly</td>
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</tbody>
</table>
2.2 Application of Modern Revenue Collection Methods: Challenges and Opportunities

Revenue Mobilization Challenges
District Assemblies face many challenges in their revenue mobilization efforts. Some of the challenges are planning, monitoring, control of revenue collectors, and the coordination of sources of revenue.

Other factors include:
- Inadequate consultation, collaboration and recognition of key stakeholders (especially rate payers and traditional authorities)
- Perceived mistrust between the key stakeholders and the Assemblies
- Perceived lack of transparency and accountability in the utilization of resource to key stakeholders.
- Inadequate structured revenue collection monitoring systems
- Dishonesty of Revenue Collectors in Local Government Revenue Mobilization

2.3 Electronic and Technological Approach to Revenue Mobilization
IT systems enable governments to:
- Be faster
- More efficient
- More accurate
- Harmonise processes

Moreover, information can be made available across departments to ensure actions are harmonised. Policy/legislative processes can be streamlined through IT – for example, if a bill is overdue, a system will provide notification to the revenue authority, and with the use of mobile technology, to the taxpayer. Payments by phone can also be integrated to reduce transaction costs.
- For efficient tax collection, priority should also be given to education of the taxpayer on the rationale, procedures, obligations and responsibilities related to the tax being paid. Having the capacity to link revenue collections to improved service delivery, and a better-educated taxpayer population will enhance compliance.
- Mobilising the community through enhanced participatory budgeting and civic participation will engage the citizens and also facilitate enhanced revenue collection. Collection and enforcement must rely on a combination of positive incentives, sanctions and penalties.
3. Project Management

All projects follow five phases to the project management process:

**Figure 1: Phases of the project management process**

Initiating
- Business Case
- Stakeholder Value
- Benefits
- Bid/No Bid
- Preliminary Scoping

Planning
- Bid/Proposal Requirements
- Budget
- Time
- Procurement
- Team
- Risk

Executing
- Execute Against PMP
- Quality Objectives KPI's

Controlling
- Measure
- Actual v Planned
- Make Adjustment
- Scope Change
- New Risks

Closing
- Test
- Accept
- Handover
- Document
- Close
- Accounts
- Lessons
- Disperse

Project management is a combination of steps and techniques required for a successful project. There are **characteristic features** that define every project:

- A project has a defined beginning and an end
- Getting from the beginning to the end of a project typically involves a definable sequence of steps or activities
- Projects use resources (time, people, money) that have been specifically allocated to the work of the project
- The end results of a project have specific goals of quality and performance
- Projects follow a planned, organized approach to meet their objectives
- A project involves a team

**Reflection:**
Did you involve women and youth in the design stage? In order for their concerns to be addressed, their views need to be incorporated into the project design stage, to ensure active and full participation.
Every project is unique. This does not mean that certain activities must be unique, but rather because of their different contexts and their particular use of resources, time, and results that make them unique.

All projects are bound by the Triple Constraints of Project Management: **time, cost, and scope**. Quality is affected by the balance of these three components. The Triple Constraints is also known as the Iron Triangle.

**Figure 3: The Iron Triangle / The Triple Constraints**

- **Time**
  - Activities
  - Characteristics
  - Project schedule
  
  Define the activities, plot out their sequence, and calculate the project duration

- **Cost**
  - Planning
  - Estimating
  - Budgeting

  To control costs, research and monitor expenditures at all stages

- **Scope**
  - Planning
  - Creation
  - Protection

  Work Breakdown Structure will guide project scope
4. Gender and Youth Mainstreaming in Local Plans and Activities

The dynamics in socio-economic and political indicators show that the issue of gender can no longer be ignored. It is therefore important for local authorities to understand and address the issue of gender parity and youth inclusion in the democratic governance and participatory development process.

Figure 3: National Gender Policy

National Gender Policy, May 2015
Ministry of Gender, Children and Social Protection
Theme: Mainstreaming Gender and Women’s Empowerment in Ghana’s Development Efforts

The overall goal of the policy is to mainstream gender equality and women’s empowerment concerns into the national development process, in order to improve the social, legal, civic, political, economic and cultural conditions of the people of Ghana; particularly women and men, boys and girls in an appreciable manner and as required by National and International Frameworks.

Do You Know the Difference Between Sex and Gender?

Table 3: The difference between sex and gender

<table>
<thead>
<tr>
<th></th>
<th>Sex</th>
<th>Gender</th>
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<tbody>
<tr>
<td>Biological make-up</td>
<td>Socially constructed</td>
<td></td>
</tr>
<tr>
<td>Universal for all human beings</td>
<td>Differs between cultures, location, climate</td>
<td></td>
</tr>
<tr>
<td>Unchanging</td>
<td>Dynamic and changes over time</td>
<td></td>
</tr>
<tr>
<td>Identifies the biological differences between men and women</td>
<td>Identifies the social relations between men and women</td>
<td></td>
</tr>
</tbody>
</table>
‘Gender’ refers to the socially determined ideas and practices of what it is to be female or male, how a person’s biology is culturally valued and interpreted into locally accepted ideas of what it is to be a woman or man.

‘Sex’ refers to the biological characteristics that categorize someone as having either a female or male body.

‘Youth Engagement and Inclusion’ refers to the active, empowered and intentional partnership with youth as stakeholders, problem solvers and change agents in their community.

Gender issues do not only concern women. It is essential to involve women and men in all stages of development at the household, project, the community and the government levels, so that women’s and men’s, as well as girls’ and boys’ specific needs are taken into account. This way it can be ensured that they are equally benefitting.

There is growing consensus to eliminate all forms of discrimination in development actions via gender mainstreaming. In that regard, efforts are made to recognize that both women and men play equally significant roles in community development and delivery of services.

Gender and Youth Mainstreaming enables us to:

- Recognize that every policy, program and project affect women and men differently
- Transform women and youth’s participation in reconstruction processes from passive beneficiaries to active agents at all levels and in all fields
- Achieve an enabling environment where women and men work as partners and carry values of mutual respect

Gender and youth mainstreaming is the process of ensuring that both women and men have equal access to and control over resources, decision-making, and benefits at all stages of the development process and in development projects. In achieving this, governments over the years have created institutions, policy, project and programs to ensure that both men and women have equal opportunity to be integrated in development issues. In the District Assemblies, Gender Desk Officers are appointed to help mainstream issues of gender in decision-making. In the preparation of the Medium-Term Development Plan (MTDP) of Metropolitan, Municipal and District Assemblies (MMDAs), issues of women empowerment and gender mainstreaming are strongly included. For instance, when schools are built, there are available washrooms for the pupils to use. Also it has been observed that there are more washroom spaces for the girls than the boys.

Did you know?
Each District has a Gender and Youth Inclusion Strategy. Contact your District Gender Officer to learn more!
Module Review

1. In what ways can LED in the mining contribute to creation of related jobs in your district?
2. What is the role of stakeholders in the LED process?
3. What is the relevance of the District Assembly to the development of local economic development plans and implementation?
4. Identify the available infrastructure to support the mainstay of your local economy. Is it adequate? What must be done to improve it?
5. What is the performance of these sources of local government revenue?
6. What are the factors that hinder the effective mobilization of local government?
7. In your view, how has low local government revenue mobilization by the Assembly affected the local level development of the community?
8. What strategies can the Assembly adopt to facilitate the efficient mobilization of local government revenue for local level developmental purposes?
9. Mention some of the educational programmes for revenue collectors in the assembly
10. What is the different between projects and Programs?
11. In project management administration, every successful project has to go through a process, describe these processes.
12. All projects are bound by the Triple Constraints of Project Management, what constitute these triple constraints?
13. As an opinion leader, what do you make of the contributions of the district assembly role to your community especially in respect of local developmental projects initiatives?
14. In your opinion, what are the difficulties encountered in successful completion of a project in your community
15. What contribute to lack of stakeholder participation in community project management procedures?
16. What characterises a gender equality planning and operation?
17. What are the benefits of gender-equal activities?
18. How will gender mainstreaming improve community governance?
19. What do community members stand to gain in gender mainstreaming activities?
20. How will you ensure the integration of the views of women and youth in planning?
References


