

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



*Hagar Opoku, Seamstress, Senchem, Wassa East District, June 2018 (Photo Credit: WAGES)*

## Local Governance Toolkit *Economics*

## Table of Contents

Abbreviations .....	3
Introduction .....	4
1. Local Economic Development (LED) .....	5
1.1 Local Economic Development Planning Process: .....	6
2. Modern Approaches to Revenue Mobilization and Management.....	8
2.1 The Legal and Institutional Framework for Revenue Mobilization .....	9
2.2 Application of Modern Revenue Collection Methods: Challenges and Opportunities .....	10
2.3 Electronic and Technological Approach to Revenue Mobilization .....	10
3. Project Management .....	11
4. Gender and Youth Mainstreaming in Local Plans and Activities .....	13
References .....	16

## **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.

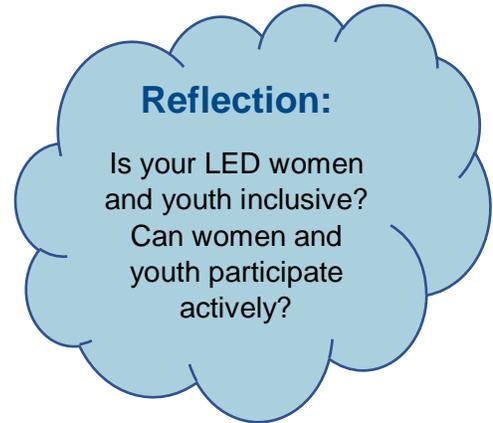


# 1. Local Economic Development (LED)

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.

**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



Step	LED Planning Process
<p><b>Step Four</b> <b>Involve the Public</b></p>	<p><b>The team</b> 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.</p> <div data-bbox="841 457 1404 909" style="border: 1px solid #0070C0; border-radius: 50%; padding: 20px; text-align: center; background-color: #E6F2FF;"> <p><b>Reflection:</b> Are women and youth included in this stage? Are meetings held at a time and place that works for women? Youth?</p> </div>
<p><b>Step Five</b> <b>Analyze Data</b></p>	<p><b>The Team</b> collect the data, conduct a detailed analysis of the data statistically and interpret it. <b>The Tools</b> 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.</p>
<p><b>Step Six</b> <b>Develop Action Plan (AP)</b></p>	<p><b>All Stakeholders:</b> The development of the AP should be participatory, and not limited to the LED Team only</p> <ul style="list-style-type: none"> <li>• Stakeholders briefed on findings</li> <li>• AP must be divided into immediate, short term and long-term categories.</li> <li>• AP must identify stakeholder responsibilities, sources of resources, and a budget</li> <li>• AP must prioritize economic activity and how it is linked to other sectors</li> <li>• AP must be linked to the Medium-Term Development Plan or Annual Action Plan, then implementation can commence</li> </ul> <p><b>The District Assembly</b> must approve the LED Action Plan to make it binding and officially implementable</p>

Step	LED Planning Process
<p><b>Step Seven</b> <b>Monitor Progress</b></p>	<p>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.</p> <div data-bbox="927 485 1458 869" style="border: 1px solid #0070C0; border-radius: 50%; padding: 20px; text-align: center; background-color: #E6F2FF;"> <p><b>Reflection:</b></p> <p>Does the Management and Communication Plan include the voices of women and youth?</p> </div>

## 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**

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

## 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 co-ordination 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



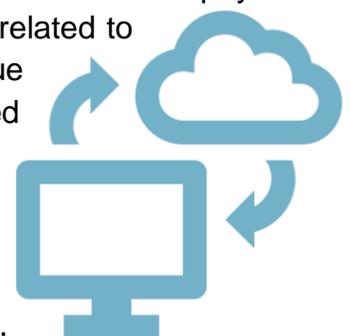
### 2.3 Electronic and Technological Approach to Revenue Mobilization

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



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

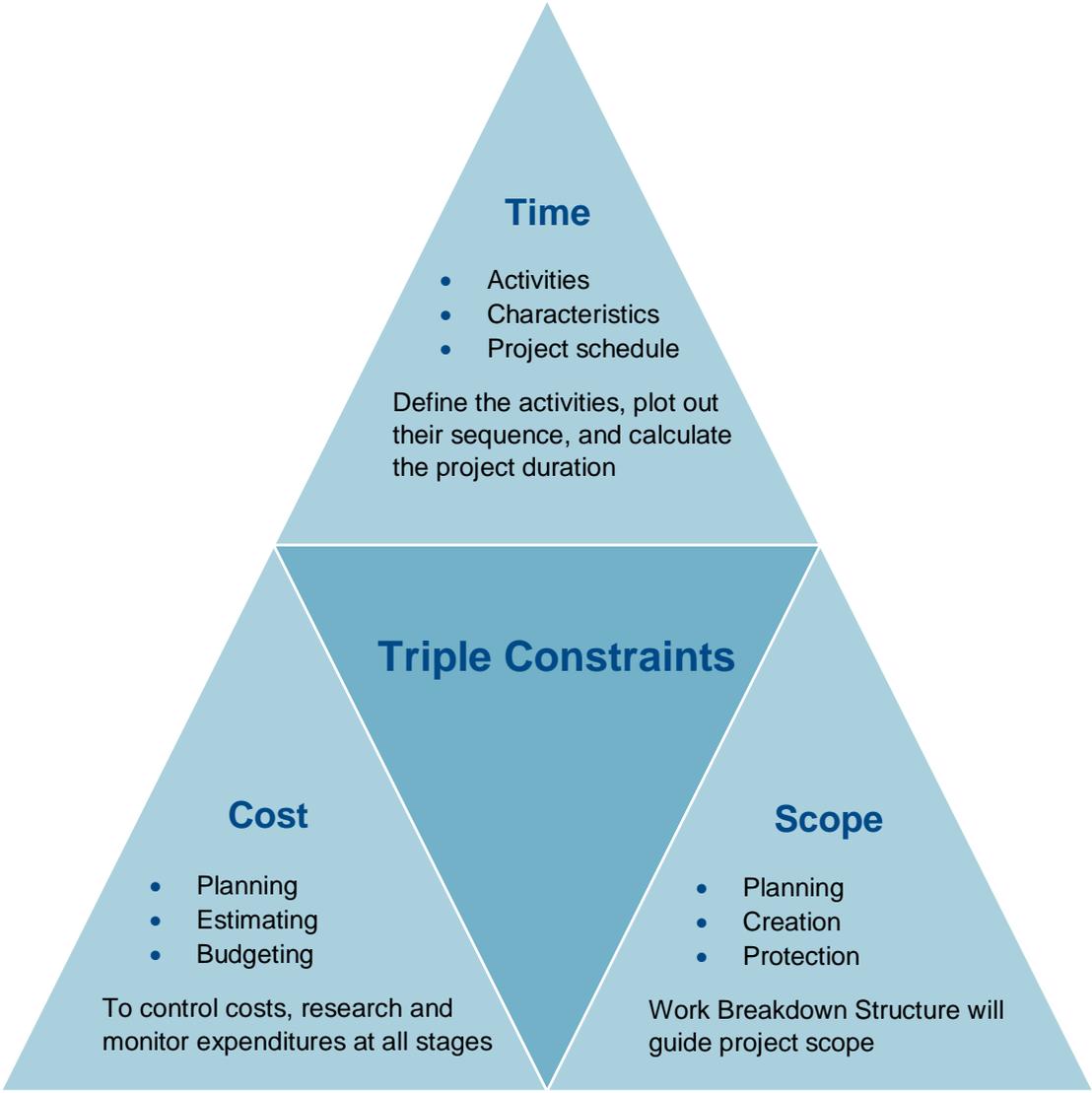
#### Reflection:

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.

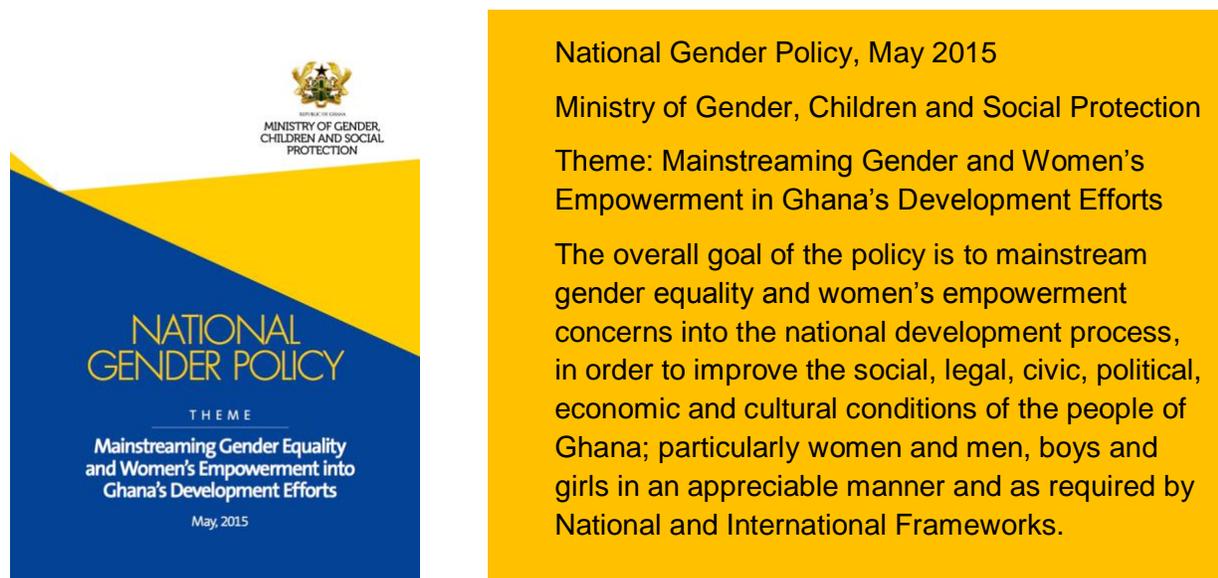
**Figure 3: The Iron Triangle / The Triple Constraints**



## 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**



## Do You Know the Difference Between Sex and Gender?

**Table 3: The difference between sex and gender**

Sex	Gender
Biological make-up	Socially constructed
Universal for all human beings	Differs between cultures, location, climate
Unchanging	Dynamic and changes over time
Identifies the biological differences between men and women	Identifies the social relations between men and women



**‘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.

### Did you know?

Each District has a Gender and Youth Inclusion Strategy. Contact your District Gender Officer to learn more!

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.

## 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?

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