

A PAPER PRESENTED BY DR. ERIC ODURO OSAE ON ' RESOURCE MOBILISATION FOR URBAN INFRASTRUCTURE FINANCING' AT THE GHANA URBAN FORUM 2016 HELD IN SUNYANI ON TUESDAY 12TH JULY, 2016.

1.0 Introduction

The emergence of globalization after the demise of bipolarized global politics , accompanied accentuated shift towards market economy and the mad rush for the adoption of decentralization as one of the effective ways of promoting and fast tracking development have implications and prospects for urbanization and urban growth. These changes led to an automatic call on subnational governments to quickly accept devolved functions and effectively, efficiently and in a responsible manner discharge devolved services and manage the change brought about as a result of the increasing demographic growth within their jurisdictions as a result of urbanization. Areas of urban infrastructural needs may include; Electricity, Road Transport, Water and Sewage services, Drainage and Flood Control, Liquid and Solid Waste Management , Communication and Technology, Housing and Land Management, Spatial Planning, Environmental and Sanitation Management issues etc.

1.1 The Influence of Sustainable Development and the SDGs

Urbanization is expected to be management to produce sustainable development in all countries. The Brundtland Commission report of 1987 has defined Sustainable development as '*Development that meets the needs of the present without compromising the ability of future generations to meet their own needs*'. Countries are therefore required to respond to the use of urbanization as a major development driver by promoting a new model of urban development under an urban agenda that is able to integrate urbanization into development to promote equity, welfare and shared prosperity among persons.

1.2 The New Urban Agenda

The new Urban Agenda of June 2016 serves both as a new way of thinking and a framework for policy development and implementation at the national and subnational levels for sustainable urban development. The New Urban Agenda is expected to drive the achievement of the new Sustainable Development Goal (SDG) 11 *of making cities and human settlements inclusive, safe resilient and sustainable*, as well as other relevant global development goals. The New Urban Agenda can be said to be first most important step towards operationalizing sustainable development in an integrated and coordinated manner at global, regional, national, sub-national and local levels.

Principally Paragraph 11 of the New Urban Agenda commits countries to resolve to using urbanization to promote total development in that will:

- Transform the way they plan, develop, govern, manage cities and human settlements as well as recognizing the role of sustainable urban developments as a catalyst for economic growth and development.
- Ensure adequate deployment of sustainable , people-centered and integrated approaches to urbanization by implementing policies, laws, strategies, and actions at all levels based on a set of four(4) universally acceptable and applicable fundamental drivers of change:
 - **Developing and implementing national urban policies**
 - **Strengthening urban legislation**
 - **Reinvigorate urban and territorial planning** in order to optimize the spatial dimension of the urban form and deliver the urban advantage

- **Supporting effective financing frameworks**, by strengthening municipal finance and local fiscal systems in order to create and sustain the value generated by sustainable urban development.

By the above, since urbanization and developments are perceived to be inextricably linked, it is necessary to find a way of ensuring the sustainability of growth.

1.3 Required National Efforts

According to the UN Habitat, rethinking the urban agenda requires countries to:

- **Embrace urbanization at all levels of human settlements** by assisting governments to address challenges of urbanization through practical national and local development policy frameworks;
- **Integrate national urban planning and planned city extensions** into all national development processes;
- **Make decision and commitment on the relevance** of the Sustainable Development Goals(SDGs) towards achieving sustainable urbanization and
- **Aligning and strengthening institutions** to ensure effective delivery of the new Urban Agenda.

1.4 Implications for Complying with the New Urban Agenda

The above implies that implementing and localizing the urban agenda means:

- Adequacy of framework guidelines on planning and budgeting for urban infrastructural development;
- Adequacy and Availability of enforceable urban development rules and regulations;
- Adequacy of urban planning and designs for houses, environmental management, city development, streets and open spaces, together with an efficient pattern of buildable plots;
- Availability of Implementable Urban Financial Management System aligned to the country's fiscal systems to redistribute and properly clarify the roles of financing and managing urban infrastructure according to levels of governments, institutions and stakeholders.
- Availability of National Urban Policies aligning itself to the existing national development plans and other key policies for effective policy coordination and implementation.

1.5 Why Prioritizing Resource Mobilization For Urban Infrastructural Financing

- Urban areas in Ghana have a relatively stable political climate with well defriend institutional policy and legal framework.
- The awareness raised among decision makers and local level leadership and key stakeholders on the need for a new approach to infrastructure planning, delivery and financing in a partnership manner needs to be built upon and channelled into increasing resources for urban development..
- Ghana has attained a high country institutional performance index being 7th in sub-Saharan Africa which placed us on a very good position to use our urban areas as catalyst for development;
- Ghana has natural resources, timber, limestone, iron ore, bauxite, etc. to support urban infrastructure development through Corporate Social Responsibility(CSR) obligations of Companies and other direct benefit support from the natural resources and the extractive sector;

- Ghana has a well-defined national PPP framework and an accompanying law with clear provisions on the roles and areas of local and urban infrastructure to be supported and delivered through PPP;
- Ghana has improved systems and assurance of good PFMs to support fiscal discipline in budget and revenue management among urban local authorities and a good legal and policy framework with adequate incentives to support and protected foreign direct investment
- Ghana has laid the foundation in the capital and financial markets (both locally and internationally) to use appropriate security instruments to mobilise resources to finance and develop its infrastructural sector
- Ghana has open new ways of infrastructure financing through the establishment of a National Infrastructural and Investment Fund(GIIF) and the process is on-going for the development of a Local Governance Borrowing(Agency) Bill to facilitate access to private capital by qualified local authorities to finance urban infrastructure;
- Ghana has laid the foundation for economic diversification in key sectors of its economy to promote and propel development in urban areas
- Ghana has above all initiated a process of developing a long-term national development plan to have a comprehensive national infrastructural plan and financing scheme to meet the current national infrastructural needs of the country over a period of 40 years. This is one of the ways of providing coordinated national and central leadership in providing a framework for improved urban infrastructural provision and finance
- Ghana also has a national comprehensive resource mobilisation which can be aligned with the national intergovernmental framework to properly design and clarify the roles of central and local governments in the provision of urban infrastructure and financing same.
- Ghana has also operationalized a national infrastructural fund and the proposed Local Government Borrowing Bill to support the structuring of infrastructure financing in Ghana. The need for a thriving municipal financing system and market readily comes to mind, since it would create an opportunity for urban local authorities to raise additional resources through the issuance of municipal bonds for urban infrastructural support.

2.0 The Ghanaian Urban Space Worthy of Consideration

Fortunately our national constitution 1992, national Medium Term Development Plan , GSGDA II, our local Government Act 1993, Act 462 and a host of policies including our National Decentralization Policy 2015-2019 and the National Urban Policy(NUP) creates spaces for central and local governments authorities to be better placed to perform various roles towards meeting our national urban development agenda. What is missing is the absence of a coordinating forum.

In Ghana Urbanization has been defined by the National Urban Policy(2012) as “ *Proportion of the total population living in settlements defined as ‘urban’ or else a rise in this proportion*”

We have also defined an Urban area (Centre) as ‘..... as any settlement with a population of 5000 or more’ this obviously has an effect on the way and criteria considered before creating local authorities in Ghana. By this we can have more urban local authorities than rural local authorities which call for serious policy strategisation. I was expecting to see a Nation Rural Development Policy (NRDP) as well which would be implemented hand-in-hand with the NUP for proper coordination and comprehensive development by the MLGRD.

Importantly, one of the main objectives of the NUP specifically **paragraph 2.3 XII** makes resource mobilization an important agenda. It seeks to ‘*expand sources of funding for urban development and strengthen urban financial management*’. This means in working towards the delivery of our urban

mandate as a nation, prioritizing resource mobilization is an important requirement both in law and policy. Specifically the NUP outlined the following initiatives to be implemented towards achieving these resource mobilization objectives:

- To find new ways of mobilizing finance for investments and urban development;
- Promoting Public Private Partnerships (PPP) as alternative source of funding for urban infrastructure and services;
- Adopting best practices in municipal finances and non-conventional and innovative ways of revenue (resource) mobilization;
- Supporting customary landowners in prime urban areas to negotiate and collaborate with banking institutions to develop site and services projects to enhance industrial and residential development;
- Undertake the servicing of land for private development and recover the cost by a levy of service charges from beneficiary land owners and development charges from beneficiary developers
- Promote the use of pension and other investment funds as investments in specified urban development.

The paper would explore the viability and feasibility of national interventions towards exploring the opportunities and options available to mobilize adequate resources to support urban infrastructural financing. The challenge I have with the resource mobilization provision in the NUP is its failure to pin down responsibility to institutions to better coordinate, facilitate and occasionally crack the whip for actors to perform or deliver their urban mandate under the policy.

2.1 Establishing Infrastructural Gaps and Challenges of Financing .

Infrastructure can be explained as long-lived capital facilities used in providing certain types of services to households and also in providing services that enhance private sector production. They include services from water, solid waste management, sewer systems, roads, mass transportation etc. Ghana has had the history of developing a national infrastructural plan before but this has suffered from the following:

- absence of an accompanying strategy to develop resource requirements structure to pursue the agenda;
- absence of an acceptable financing plan, in terms of sources and strategies to mobilise required resources on a timely, adequacy and reliable basis to support urban infrastructure;
- absence of role clarification and prioritisation of the urban local governments as key stakeholders and drivers of the plan.

In reviewing the processes and systems for urban infrastructure financing, we have to consider financing major infrastructure improvements in major economic centers, finance expansion of basic municipal services and intergovernmental systems for financing investments with impacts beyond jurisdictional limits.

In recent times, Ghana's central governments have increasingly shared the responsibility for service provision with the local governments under various intergovernmental arrangements (Ghana Intergovernmental Fiscal Framework, 2014).

Resource mobilization is important for meeting the challenges of growing urban population and their needs of municipal services. In the absence of adequate supply of this urban development

infrastructure, more and more number of people is forced to live with poor services and quality of life that hampers the economic and human development.

The above clearly suggests allowance for flexibility in the use and management of local resources to address local needs. It is therefore imperative that these resources are adequately managed and controlled by the local authorities themselves.

The biggest challenge in the quest to find appropriate mix of resource mobilization options to finance urban infrastructure is the absence of a credible data to support the establishment of the urban infrastructural gap.

2.2 Responsibility for Promoting Urban Infrastructure, Fiscal Decentralization and the Principle of Subsidiarity

Though overall national leadership for the provision of infrastructure rests with central governments, provision of urban infrastructure, depending on the system of Ghana can rest on either the regions or the local authorities. In a typical decentralization system with serious fiscal decentralization at play, the responsibility for promoting urban infrastructure rests with the local authorities. Ghana is no exception since the underlying rationale for our fiscal decentralization generally and for municipal provision of capital projects is the subsidiarity Principle of Oates (1972, 1993, 1999) and others. *This principle states that government services should be provided by the lowest level of government that can do so efficiently.* When tastes, incomes and needs differ across regions, local governments will be in the best position to determine the expenditure priorities of its citizens, and assigning responsibilities to the lowest level of government allows government services to be adapted more closely to the specific demands of local citizens.

In Ghana therefore by virtue of the way local authorities are created and the functions allocated to them, they automatically assume responsibility for providing majority of the required urban infrastructure.

By the principle of subsidiarity (supra) therefore, certain specific urban functions are without gainsay the preserve of urban local authorities. These can include; Roads and Bridges, Public Transit and Toilet, Street lighting, Sidewalks, water systems, Sewerage systems, Garbage collections and disposal, Police protection, Fire suppression, Land use planning, Economic development, Parks and recreation, Libraries etc.

In Ghana performance of urban services are largely influenced by the local government Act 1993 Act 462 and the L.I. 1961.

It is said that demands for urban services increases as urbanization continues in major cities around the world. Improved urban infrastructure for water supply, sanitation, urban transportation and solid waste management is widely believed to essentially lead in encouraging and facilitating economic growth.

3.0 The Nature of Urbanization in Ghana and Urban Policy Issues

The National Development Planning Commission (NDPC) of Ghana has estimated that Ghana's urbanization rate, is projected to increase from about 54 per cent in 2014 to 95 per cent in 2057 (NDPC). The United Nations Department of Economic and Social Affairs (UNDESA) however pegs its projections of the country's urbanization rate in 2057 to be at a lower rate of about 71%. This implies the total number of people living in urban areas in Ghana will increase from 14.58 million in 2014 to about 46.65 million in 2057 at an average annual rate of 2.7% according to the NDPC projections. This obviously calls for pragmatic action towards meeting the urban infrastructural needs of this growing population.

In Ghana, a UN Habitat country profile report 2012 has estimated that more than 50 percent of our population now live in urban areas. The urban share of Ghana's national population has grown from 23 percent in 1960 to 50.9 percent in 2010 and projected to hit 65 percent by 2030 (National Urban Policy, 2012). With a national population of over **24,658,823** in 2010 projected to hit **34,715,384** in 2030 and an annual urban population growth rate of 4.25 percent between 2000-2010 (National Urban Policy, 2012), it seems Ghana will continue to face various challenges in responding to the demands of an increasing population, especially in urban areas if pragmatic measures are not taken to deal with the issues as and when they arise. .

Additionally, it is estimated that, the number of urban localities has increased by 373.5 per cent between 1960-2000 i.e from 98 to 366 and is growing. These means the issue of urban management and infrastructural financing and development can no longer be toiled with by any nation and must be of great concern for all. Though Ghana has made remarkable progress towards democratic and national development efforts uncontrollable human settlements growth and lack of readily accessible funding to resolve the growing urban issues continue to mar the beauty of our democracy and good governance as well as respect for human rights.

Perhaps we have to blame ourselves for creating the urban areas we have today since the criteria for creation local authorities have been developed to revolve around promoting urbanization once population is used as a criteria. Though we have created the Urban Development Grant(UDG) aimed at supporting the development and financing of urban infrastructure its sustainability has been questioned on a number of platforms. Perhaps the additional criteria under section 4(b) and section 5 of Act 462, 1993 on local authorities satisfying the '*economic viability*' test before been created lays some foundation and need for improved resource mobilization by local authorities to support the financing of urban infrastructure.

3.1 Challenges of Urbanization Necessitating Immediate Action

The ever rapid increase in the population world over has resulted in the growing urbanization and its associated demands of societies. This situation has given rise to paradigm shift in the overall global definition and understanding of development indicators. There cannot be total development when segments of the population are left behind. In order to ensure total development and enhancement of economic efficiency in the local service delivery, several Governments adopted the decentralization process where local people themselves are best at handling their development challenges and the provision of services are differentiated according to local tastes and circumstances (Oates, 1993).

For instance the projected growth of population between the rural and urban areas in Ghana together with the accompanying development requirements makes prioritizing the need to mobilize resources to finance urban infrastructure very critical. Principally the population growth trends in Ghana for 2015-2030 projected the percentage of urban population to grow from 55.1 percent of the total population of Ghana in 2015 to about 64.8 percent of the population in 2030.

Table 1: Population Growth Trends in Ghana, 2015-2030 (thousands of inhabitants)

Year	2015	2020	2025	2030
Total	26,562	28,790	30,964	33,075
Rural	11,922	11,946	11,860	11,655
Urban	14,640	16,844	19,104	21,420
% urban	55.1	58.5	61.7	64.8

Source: 2005 World Urbanization Prospects

From Table 1 above, between the years 2015 to 2030, the population in Ghana is going to grow for both rural and urban areas putting a lot of pressure on urban local authorities to efficiently manage the challenges accompanying such growths. Also, the year 2030, 58% of Ghana's population will be living in urban local government areas. This averages an annual growth rate of 2% from 2020-2030.

Mr. Chairman, the problem of securing or mobilizing the appropriate mix of resources to finance urban infrastructure has existed from the national policies. We seem not to until recently get it right from the very basics of planning to meet the infrastructural needs of a lower middle income country like Ghana.

From the national level, we seem not to have appropriately mapped out a comprehensive national infrastructural deficit/gap-municipality by municipality to propel the anticipated level of development. We continue to plan and budget for infrastructure and other development needs on an annual basis and in a short sighted manner. Not even do we budget for our Medium term development plans in the form of MTD Budgets.

By this we are compelled to plan and budget for only short term or at best into the medium term without having a long-term vision of our infrastructural requirements. This has also affected the urban local authorities in their efforts at coordinating and promoting effective urban infrastructural development.

The starting point of issuing planning guidelines for the development of district MTDPs and AAPs does not clearly make provision for prioritizing identified urban infrastructural deficit of the various local authorities. This by implication dovetails into their composite budgets making the identification, financing and management of urban infrastructure either difficult or at the whims and caprices of the leadership of such urban local authorities. This has the potential of slowing than national development especially when our national development has been structured in a bottom-up manner. That is why the recent efforts of the NDPC to lead a process towards development a long-term national development plan with an embedded comprehensive national infrastructural plan (which sought) to properly align Ghana's infrastructural agenda and also clarify the various roles of levels of government and stakeholders is commendable.

3.2 Other Global Practical Urbanization Challenges

- Funding of urban initiatives have not been based on a comprehensive urban sector needs assessments to establish a realistic gap for planning;
- Lack of rolling out comprehensive interventions and limited funds resulting in slower impact of projects expected to promote urban centers as engines or catalysts for growth
- Challenges of resource mobilization due to lack of adequate jurisdictions by local government authorities due to boundary issues to adequately address the planning and urban needs of the peripheral population. In Ghana district boundary demarcations have not taken into consideration the over-spilling growth of urban settlements and the socio economic linkages. Our inability to properly and bring definite finality to the various boundary disputes among the local authorities is seriously hampering the management of urban areas and effective planning.
- Also affecting this is the unwillingness of the various local authorities to undertake joint planning and investment in urban infrastructure required by Act 480 and Act 462.
- Programme integration, duplicated interventions and coordination as key challenges affecting the success of most urban development interventions.

3.2 Why are we where we are?

We are where we are today as a nation because of the following:

- **Over reliance on development partner funding to support urban development** though the principle of '*Common but differentiated responsibilities among parties*' under international conventions and protocols obligates them to support us as a developing nation, the recent instant reduction in grants, aids and support to the country on account of our attainment of the lower middle income status greatly affect our development efforts.
- **Overall lack of adequate funding as a result of:**
 - Ineffective and inefficient fiscal transfers systems from the central government
 - Insufficient locally generated resources to support urban infrastructural service delivery
 - Limited access to loans and other forms of debt financing
- **Non prioritization and strategisation for resource mobilization** by typical urban local governments
- **Frequent quick bailouts by central governments** when they are in slight difficulties
- **Lack of coordination between different line agencies** and other institutions in the urban development space. Not even the existence of the Inter-Ministerial Coordination Committee has neutralized this.
- **Insufficient legal and administrative frameworks for private sector participation** and insufficient accounting standards for local authorities
- As more and more people seek a better life in towns and cities, the urban slum population in Africa is projected to double every 15 years in a process known as urban poverty.

4.0 Resource Mobilization to Operationalize the Urban Agenda Through Fiscal Decentralization

Developing countries have identified decentralized governance as a way of ensuring effective and efficient governance (Bird & Vaillancourt, 1999). Developing countries including Ghana have no alternative than turning to decentralization to escape from the traps of ineffective governance, macroeconomic instability, and inadequate economic growth (Koranteng, 2008) Bird & Vaillancourt, 1999). Local governments in Ghana perform planning and budgeting functions. They are expected to mobilize resources, develop local infrastructure and promote the development of local productive activities. Functions of Local Governments in Ghana are indicated generally under Article 245 of the 1992 Constitution with a more detailed listing under section 10 of the Local Government Act, 1993 as follows:

- *Formulation and execution of plans, programmes and strategies for the effective mobilization of resources necessary for the overall development of the local government area; and*
- *The levying and collection of taxes, rates, duties and fees*

For decentralization to work, it is not enough simply to shift responsibilities from the center to the local level. Finance or opportunity to mobilize finance must follow functions on a timely and consistent basis to empower local governments to plan, budget, and execute the assigned responsibilities (Article 240, 1992 Constitution).

However, one of the main reasons attributable to the slow decentralization process has been the unreliable, unpredictable, and untimely fiscal transfers to the local governments (Intergovernmental Fiscal Framework [IGFF], 2014).

Ghana's fiscal decentralization efforts have entrusted local government units with the authority and capacity to generate, allocate, and utilize financial resources to promote socio-economic development. The importance of fiscal decentralization and financing of local service provision is a fundamental requirement under the 1992 Constitution, article 240 (a), which stipulates that *"Parliament shall enact appropriate laws to ensure that functions, powers, responsibilities and resources are at all times transferred from central government to local government units in a coordinated manner"*. Article 240 (2) (c), of the Constitution particularly recognizes the developmental role of local governments and emphasizes on the adequacy and reliability of the local government financial resources stating: *"There shall be established for each local government unit a sound financial base with adequate and reliable revenue"*.

However, Kessey and Kroes (1992) and later Korkor (2001), stated that financing local government development programmes in Ghana by local governments has become a major problem due to limited resources in the form of seed capital, physical infrastructure, and human and social capital to enable them to effectively performed their assigned fiscal functions thus undermining the national decentralization implementation process.

Despite the enormous resource options availed Ghanaian local governments, most of them have not been able to raise and manage their resources in a manner that promotes adequate resource potential to finance urban infrastructure. This may be constrained in the case of Ghana with the passage of tax laws, which recentralizes taxes that were previously the preserve of local governments. According to Brosio (2000), many local government authorities are financially weak and rely on financial transfers and assistance from the central government. Although there are statutory provisions in the 1992 Constitution, the District Assemblies Common Fund Act, Act 455 (1993) and the Local Government Act, Act 462 (1993) which compel the Central Government to transfer funds from the District Assemblies Common Fund (DACF) to local governments in Ghana (in addition to other generated locally), the Common Fund alone is not sufficient to finance the numerous developmental projects undertaken by the local governments. The effective combination of these two funding sources, through the application of appropriate financial management strategies, is what local governments in Ghana are lacking (Osae, 2010).

The Fiscal Equation

The fiscal decentralization equation can be derived as:

$$\text{Fiscal Decentralization} = \text{Revenue Assignment} + \text{Expenditure Assignments} + \text{Intergovernmental Transfers}$$

(Osae, 2009)

However, for the equation to balance the following expenditure assignment equation is required:

$$\text{Expenditure Assignments} = \text{Revenue Assignments} + \text{Intergovernmental Transfers}$$

Ironically because of the non-prioritization of urban infrastructural issues in our planning and budgeting system and the inappropriate costing of functions transferred to local governments there is always a resource gap in the functioning of local government authorities to deliver on their mandate. Can we prioritize urban issues in our planning and budgeting process for local authorities?

5.0 Resourcing Local Authorities For Delivery on Their Urban Infrastructural Mandate

Although local Governments in Ghana have appropriate legal provisions to mobilize enough resources to complement other inflows from central Government, research has shown that none of them have been able to generate enough to meet all their obligations (Osae, 2010). The above has led to an over-reliance on central government to finance most important infrastructural activities likely to

promote the required development. This has accounted for the slow pace of infrastructural development in local governments in Ghana.

Appropriate legislation has been formulated to support resourcing the local governments in Ghana. The following summarizes the legislative provisions:

- **The 1992 Constitution is clear that no tax can be imposed except** under the authority of an Act of Parliament. Provisions has however been made for local governments under Article 245(b) to levy, charge, collect appropriate fees and taxes in accordance with any law passed by Parliament; The enabling Act was subsequently passed in the form of the Local Governments Act 462, 1993;
 - **Parts VII and VIII of the Local Government Act, 1993**, also allow local governments to mobilize and generate revenue in the form of fees and taxes, including rates, rents, royalties as well as all other revenues specified under the sixth schedule of the Act 462;
 - **The District Assemblies Common Fund Act 455** mandatorily require central government to make yearly allocations from the consolidated fund into a common fund as supplementary funding to local governments. This is then distributed according to a formula approved by Parliament. However the ode of spending this fund is according to a guideline which does not also specifically mention the spending on identified urban infrastructure though have bits and pieces of some urban infrastructural issues in it which kept changing from year to year.
- Local authorities are also allowed to pass fee fixing resolutions and gazette same to impose rates and other forms of taxes.

5.1 Sources Considered External sources of funds to Ghanaian local governments. A review of the local government legislations and policy framework in Ghana would reveal the following as external sources of funds for Ghanaian local authorities are:

- **Allocation from the District Assemblies Common Fund(DACF)** in line with Article 252 of the Constitution , subsequently operationalized by Act 455
- **Urban Development Fund (UDG)** which does not also seem to priorities urban issues and have left some urban local authorities out. Aside from that it is a development partner supported grant which may dry up soon necessitating the development of new strategies to sustain it if we want to implement the new urban agenda to the later.
- **District Development Facility(DDF)** is also available but suffers from the same deficiency of nonspecifically prioritizing urban infrastructure and is gradually drying up.
- The closest and the best form of funding which can be replicated and improved upon to support typical urban infrastructural development is the Ghana Urban Management Pilot Project(GUMMP) which ensures that typical urban issues are prioritized by the pilot local authorities and is well managed and coordinated by the UDU of the MLGRD to they can keep an eye on process and impact. One would have thought that the UDG would have enjoyed the same streamlining and coordinating support from the UDU . Can we bring UDU and the fiscal decentralization secretariat of the MLGRD into the grants and other resources available to fund urban infrastructure the more for better coordination and alignment with achieving the requirements of the New Urban Agenda?
- **Contracting Loans with a limit of GHC 2,000** unless recourse to the Centre for approval (Section 88 of Act 462);

- Grants in respect of property rates on properties located in the MMDAs but owned by Central Government institutions this has also not been forthcoming;
- Share of royalties on oil, land, timber, and minerals to MMDAs in whose jurisdictions the royalties have been collected by Central Government;
- Funding for programmes in respect of development projects financed by Central Government with credit/ loan/ grant funds and external inflows from donors to improve infrastructure and enhance capacity of the local governments; and
- Allocations for district projects implemented by other sector Ministries and Department e.g., Road Fund, Get Fund, HIPC.

5.2 Sources Considered Internal and Available to Support Urban Infrastructure

Since direct central government transfers and other external transfers have been found inadequate to fund urban infrastructure and other related service delivery activities, a number of provisions have been made in the local government Act 1993 ,Act 462 and other legislations to facilitate mobilization of additional resources by local authorities to support development their areas. The additional sources provided under the local government Act 462, 1993 are:

- Rates – Basic / Property/ special rates;
- Lands Permits and related matters;
- Fess / Fines for breaching Assemblies’ Bye-laws;
- Licenses for business operations;
- Trading / investment funds;
- Rent and rental fees; and
- Others or miscellaneous sources.

5.3 Areas Requiring Improvement for Sustainable Resource Mobilization for Urban Infrastructural Support:

- Very little long-term credit - bank loans; corporate bonds; government bonds exists to finance urban infrastructure
- Absence of development banks dedicated to urban infrastructure financing
- Low savings rate and habit among Ghanaians
- Low capital market liquidity and crowding out of the private sector by Central Government
- Substantial amount of money operating in the informal system and outside the banking system which requires mobilization
- Large cash-based transactions affecting tracking for taxation and proper monitoring for fiscal and monetary policy reconciliations
- Low financial capacity of the banks and insurance companies to undertake huge business leading to sub-contracting and re-insurances.
- High spread between borrowing and lending rates on account of high risk due to fear of default and absence of adequate and reliable data based on which lending decisions can be taken
- Delays in adopting Basel II & III by the Bank of Ghana which sought to further strengthen the safety, soundness and stability of the banking system, provide a higher risk sensitive approach for the measurement of capital , Promote the development and use of stronger risk management techniques by banks to monitor and manage their risks, allow for greater use of banks’ own existing internal models as inputs for the calculation of capital, ensure that Banks maintain capital commensurate with their risk profile and control environment, and that a bank’s management

continually ensures that the bank has adequate capital to support its risks beyond the core minimum requirement,

5.4 Funding Options Available to Urban Local Authorities for Infrastructural Financing

Depending on the nature and type of urban infrastructure, I will propose the following resource or funding option:

- Option 1 – Secure Funding Support from Central Government directly.
- Option 2 – Secure partial Funding from Central Government and Fund Part from Locally Generated Resources.
- Option 3 – Fund infrastructure from available Private and Public Partnerships allowable by the PPP framework and Law.
- Option 4 – Fund them Wholly from locally Generated Resources
- Option 5- Fund it from the issuance of Municipal Bonds or other forms of Borrowing from the Capital Market
- Option 6- Encourage Private Sectors to Fund the Project Entirely
- Option 7- Enter into arrangement with traditional authorities to provide land as equity and the local authority provides funds for the project under a joint venture arrangement
- Option 8- Enter into arrangement with any of the religious institutions to enable them channel some of their religious resources(offerings, tithes and other such funds) which are lying free in bank into partnership to support urban infrastructure.
- Option 10- Explore the use of Corporate Social Responsibility Obligations of businesses operating the local authorities area of jurisdiction to provide such urban infrastructural needs.

6.0 .Considerations for Mobilizing Resources for Urban Development

According to James Aim (2010) of the Wolfensohn Centre for Development, the following issues are very critical towards settling on a financing scheme for urban infrastructure:

- Unavailability of reliable data on the extent of urban infrastructural requirements to be met by subnational governments and their cost'
- How to build the long term borrowing capacity and urban project conceptualization capacities of local authorities;
- How local credit markets can be built in developing countries , including establishment of credit agencies;
- Need for comprehensive data on local authorities assets and their valuations for the purpose of efficient verification and taking them on ledger charger for balance sheet purposes
- The extent of cost recovery from users of urban projects ;
- The absence or full implementation of local level service delivery standards;
- The nature of the distributional effects of different financing schemes;
- Impacts of intergovernmental transfers on infrastructure spending
- Impact of infrastructure spending on governance, including the impact of different governance structures on cost of service delivery, on the level of government expenditures and on accountability of local governments.
- Building administrative capacities of local authorities to manage urban infrastructure;

- Finally what lessons of “ ancient” history are there to be learnt on infrastructure financing

6.1 Questions to be answered

Since mobilizing resources for urban development can be both laborious and a daunting task. Answers to the following questions may reduce the difficulties and risks associated with the mobilization process: Have i

- identified the required urban infrastructural requirement gaps?
 - prioritized them into short, medium and long-term?;
 - planned for infrastructural activities in both the MTDP and AAP?
 - identified the resource or funding options available and securing commitment from would-be financiers?;
 - incorporated the infrastructural into our annual composite budget and taken steps to develop a Medium Term Budget as well?
 - identified the repayment modalities and infrastructural management strategy for the project?
 - identified the characteristics of each of the earmarked sources available to finance the infrastructural requirements?
 - undertaken a success risk analysis and developed a risk management strategy to reduce the effect of risk?
- undertake a sensitization and awareness raising of staff and key stakeholders of the local authority?
 - conducted a shopping and sourcing for funds based on my infrastructural prioritized list?
 - put in place a continues review, monitoring and evaluation systems to monitor project performances?

6.1.1 Options Available To Mobilize : Domestic Sources

- Ghana has a number of funding programmes for infrastructure which will be evaluated. For example, Ghana has established the following:
 - Ghana Infrastructure and Investment Fund(GIIF);
 - Ghana Investment Fund for Electronic Communications (GIFEC)
 - Ghana Road Fund has been established to finance routine, periodic maintenance and rehabilitation of public roads, including roads under the jurisdiction of local authorities;\
 - Ghana Cocoa Board has a Cocoa Roads Project to construct roads in cocoa-growing communities.

GET Fund: not working as well as should. Identify issues that need to be tackled to enhance its performance

- *Municipal long-term Financing*

6.1.2 Options Available To Mobilize : External sources

Under the *principle of common but differentiated responsibilities*, development partners and other international institutions are obliged to support developing nations with technical and financial support to achieve global requirements under various international pacts, agreements protocols and

conventions including the New Urban Agenda. This has not been the case so the following must guide us in source resources from external bodies¹:-

- Composition of external financing is changing with our recent status as a lower middle income country.
- There are specific sectoral preferences by external finances in the distribution of external finance.
- Specific criteria external financiers look for before funding infrastructural projects

7.0 Where Do We Go from Here?

1. Ghana's Urban development Grant aimed at supporting the development and financing of urban infrastructure has worked but are they sustainable?
2. The creation of district assemblies around urban areas as supported by section 4 of the local government act 462, 1993 has been a contributory factor to our predicament.² Perhaps the additional criteria under sections 4(b) and 5³ of Act 462, 1993 lays some foundation and need for the mobilization of additional resources by local authorities to support the financing of urban infrastructure.
3. **Consider reviewing the practical devolution of fiscal autonomy** to local government authorities to enable them adequately exercise their fiscal functions of mobilizing adequate resources to finance urban infrastructure. **Consider setting ranges for taxation for local authorities** (upper and lower limits set by central government) and allowing the local authorities to operate within such margins? This is especially the case when Section 96(11) of Act 462 gives the Minister for Local Government the power by Legislative Instrument(LI) to prescribe either generally or in respect of any particular district a basis for the assessment of ratable value of premises for the purpose of property taxation. I do not know the extent to which the Consolidated Local Governance Bill has taken account of this.
4. **The need for local authorities to effectively balance their resource mobilization energies** to take advantage of sources that gives them more resources by virtue of their urban status whilst growing the less performing revenue areas. Is it about time we apply the '*Pareto 80/20*' principle in resource mobilization to finance urban infrastructure?
5. Have we left our local governments with too much freedom to manage their assigned fiscal functions leading to **over taxing the populace with less and less service delivery to correspond with the taxes or resources mobilized?**
6. **What has been the extent of operationalizing a service delivery charter and standards for urban local authorities** to connect resource mobilization to service delivery and urban infrastructural development? This disconnect is affecting mobilizing and access to alternative means of financing urban infrastructures.
7. **To what extent have the guidelines and formula for distribution and utilization of the various funds availed to urban local authorities such as DACF,DDF, UDG, Road Fund, HIPC Fund etc**

¹ Excerpts from Gutman et al. (2015).

² Section 4(a) provides for factors to be taken to consideration in the creation of a municipality when the geographical area consists of a single compact settlement and that there is a minimum of 95,000 people and for a metropolitan assembly a minimum of 250,000.

³ Explains that , a local government in addition to satisfying the population and geographical conditions would also have to meet the economic viability criteria. This has been explained by Act 462 to mean '*...the ability of an area to provide the basic infrastructure and other developmental needs from the monetary and other resources generated from the area.*

aligned themselves to support specifically urban infrastructure. Not even a dedicated fund called the UDG has specific provisions in terms of utilization by local authorities for financing urban infrastructure. Definitely an alignment, synchronization, streamlining and harmonization of formulas and guidelines shall be required here to reduce duplicity and give some priority and prominence to urban issues.

8. **The matter is further complicated by the unavailability of an urban development framework clearly defining the scope, roles and areas** of urban infrastructural development reserved for the various government levels (Central , Regional and Local), Private Sector and other key stakeholders such as the religious institutions, traditional authorities (who owns the lands) and at the Centre of all development efforts , Development partners and CSOs who are seen as critical partners in development. This is where the current work of the NDPC to develop a national long term development plan with components for a comprehensive national infrastructural plan which would first establish the infrastructural gap and proposes frameworks to help in addressing the gap over a period but with proper clarity on the roles of key actors including .
9. **The added challenge of our inability to properly establish the cost of localizing the urban agenda and by implication implementing comprehensively the current NUP is a matter for resolution.** For instance how much will it cost Ghana to fully implement the NUP? Once NDPC is able to complete its work and a comprehensive NIP is development and appropriately decentralized, we should be able to cost on a realistic basis the cost of meeting the gap across governments.
10. **Mobilizing adequate resources to finance national and urban infrastructural gap is key but the central government ought to lead the process** by reducing overreliance on development partners and international institutions to finance national budgets. Increase in local resource mobilization is required to enable us have control over our infrastructural delivery process and avoid any unexpected shocks arising from non-receipt of promised funds.
11. **This is where street naming and property addressing system must be completed by now for urban local authorities to facilitate effective mobilization** of resources from property rates, business operating permits and other investments activities arising out of their new urbanized status.
12. **The issue of elasticity of annual rental or property value of properties qualifying for property rates in urban areas not accompanied** by the expected consequential but periodic valuations and revaluations continue to affect the resource base of urban local authorities as rate imposts are applied on old and lesser values to raise revenues to finance current urban expenditure leading to a constant deficit in the budget implementation process.
13. **Our approaches to budgeting and financial reporting dose not also allow and encourage practical and adequate prioritization of urban issues.** The current composite budget based on activate is not flexible enough for this and the guidelines for its preparation as well as the guidelines for the plan development based on which the budgets are prepared does not address this too. The net effect is that, prioritizing serious urban issues are left to the whims and caprices of the leadership of particular local authorities, but considering the critical role financing urban infrastructure has to play in promoting bottom up economic growth and development in Ghana, these things cannot be left to chance.
14. **Can streamline for instance the vehicle tax system practiced by local authorities to enhance efficiency as urbanization means more people and more commercial vehicles can enter and leave our jurisdictions at will.** In any case have the urbanization and national development implications of taxing taxis and other commercial vehicles with sticker's dedicating them to

specific local authorities but has the ability to move, work and do business in any local authority reviewed? A second look at this arrangement can provide some additionally improved sources of resources to finance the growing urban infrastructure as they often either enter the local authority area with people or goods or also lift people and goods from one area to another. Whichever way you look at it, it has an impact on the urban management process.

15. **Since urbanization comes with its own demands on new urban infrastructure according to status and levels in life, Can we also consider allowing and encouraging urban local governments to impose Area Development Taxes (ADT) for the provision of specific services to specific communities according to their needs and status beyond the minimal services rendered by the local authorities. This is permitted by the current local government Act 1993 Act 462 under Section 96(2 and 3)⁴ and I am not sure the proposed consolidated local governance bill intends taking this right away from the local authorities.**
16. **Can we also consider imposing a fire tax maybe 1% of the ARV of any property to support the fire service functions of urban fire service authorities?**
17. The Tourism development levy is paid to Tourism Development Board(TDB), can we consider decentralizing some of these funds back to the local authorities to support the financing of urban infrastructural services which inures to the benefits of these tourism organizations?
18. **Can we consider improving the objectiveness and realisms of property rates charged by urban local authorities?**
19. **Can we improve our management and administration of mobilized urban resources such as operating a transparent assessment, billing, collection and utilization system to engender trust and confidence among the citizens?**
20. **Can we widen the local tax- net by adopting local strategies to adequately roping in the informal sector and also review the laws and policy on the areas of allowable tax exemptions for individuals and institutions operating in urban local governments? This can be done by undertaking a comprehensive tax mapping supported by physical surveys of lands, properties and buildings using GIS for this purpose. I know of the existence of national IGF strategic resource mobilization guidelines but this have been overtaken by events and look too technical for application and roll-out by local authorities.**
21. **Can we streamline Corporate Social Responsibility(CSR) obligations from corporate organizations , especially in urban local authorities as the UN Code on practical CSR to the benefit of society is far from been met in Ghana.**
22. **Though the current PPP framework and the accompanying proposed PPP law is good, it still lacks clarity on the definition of who operators in the private sectors are, leaves out other key stakeholders such as CSOs, traditional authorities and Religious groups who aside from having an important stake in urban development have emerged as important groups with access to important financial and nonfinancial resources which can be tapped for improved urban infrastructure financing. They have a lot of unutilized and free funds that can be channeled into financing urban infrastructure once the appropriate policies, legislations, institutional frameworks and systems are ready to assure them of effective resource utilization to act as a catalyst in promoting positive multiplier effect on the economy, leading to sustained growth and development through urbanization.**

⁴ Section 96(2) of Ghana's Local Government Act 1993 Act 462 allows local authorities to impose both special and general rates with special rate category in which this present proposal can be located is defined as '*means rate made and levied over a specified area in the District for the purpose of a specified project approved by the District Assembly for that area*'

23. **We may also have to work on our poor tax collection habits** as a study conducted for Christian aid and IDEG under its LEARN project in 2015 suggested that the studied urban local authorities number 27 across the 10 regions were able to collect on average only 46 percent of their projected local revenues.
24. **Improving tax administration can be done through the provision of a scheme of incentives and improved sanctions regime for resource mobilization** staff of local authorities, commissioned collectors and also the tax payers. The adopting the ABC analysis strategy applied in inventory management by concentrating on resource areas with higher potentials than areas with less potential to rope-in more resources. According to Sharma, 1991 these principles have worked to increase property rate revenue in 5 years in Delhi, India.
25. **Local authorities should avoid using friendly approaches to resource mobilization and rather prioritize it as a strategic business mandate; it is only by this that payers who are also business people and are expectant of efficient urban service delivery can take the urban local authority seriously.** The use of online payment systems, collection through rural banks operating in the area and establishing payment points easily accessible and closer to tax payers. In all make the payment of local taxes less stressful but demonstrate effective utilization of these resources to payers with any little opportunity you get. A resource mobilization system is only good when it can be implemented in an economic manner and produces the needed resources to finance growing urban infrastructure.
26. **Since land values appreciate due to improvements brought by the local authority. Can we consider redefining the meaning of property that qualifies for property rates purposes?**⁵Local authorities must also lead the process of investing in providing the basic urban infrastructures and undertaking layouts for growing urban areas to give it value and attract more business. They should take the lead to demarcate the areas since they have the master plans and zones, delineate the roads, work on the drains, electricity, and water and leave it. By this, the values of the land would be enhanced, it would attract businesses and also give them an opportunity to tax them appropriately to finance urban infrastructure. This has worked so well in India- Mumbai and Delhi during the implementation of their Master Plan for Delhi. This of course requires effective collaboration with traditional authorities and chiefs as owners of the land.
27. **What become of stamp duty taxes, can it be shared between central and local governments. Since people have started holding land as investments can we consider modifying our definition of properties qualifying for taxes from the replacement cost method to the global definition?** In Taiwan and Sydney these are used,
28. **We can also use the Special Assessment District (SAD) system which recovers the cost of upgrading a service in a given urban area within a municipality.** The cost is recovered directly from beneficiaries in such urban areas. This has been used in California, Maryland and Texas (Kirwan, 1989) all in the USA. We can replicate it here as the current local government laws allow that.
29. **Since the cost of resources for urban infrastructural financing is huge due to the rapid pace of urbanization and growth unless a pragmatic approaches are put in place to separate social urban infrastructure from economic ones with appropriate funding sources, we will continue to suffer.** Unfortunately in our part of the world even urban infrastructure financing have often been led by central government through budgetary support, though we are practicing decentralization, however this has not helped the process of fast-tracking urban infrastructure finance as they have

not motivated the urban local authorities to think outside the box to mobilize adequate resources to support central government transfers as well as rationalizing the pricing and cost recovery of in provision of urban infrastructure and services at least for non-social urban infrastructure⁶. Accessing the capital market through appropriate debt instruments may be the way to go⁷. That is why the implementation of the Local Government Finance and Management Initiative (MFMI), supported by Cities alliance to create a municipal finance system for Ghana which would have led to the issuance of municipal bonds by Ghanaian Municipalities to support the financing of the ever increasing municipal infrastructure would have been ideal. However, when the successor process ; the local government borrowing bill if finalized, It will have the potential of achieving this feat.

30. **I can foresee the challenges of accessing capital market with the appropriate debt instruments** by urban local authorities due to:

- a. The absence of full operationalization of IPSAS by national government to reporting on its finances and the nature of financial reporting and accounting systems of urban local governments which is premised on good corporate governance and full disclosure of activities
- b. The nonexistent of a long-term debt market for local authorities to support high urban investments financing and recovered in the short to medium period
- c. The difficulty in establishing commercially viable projects to be financed and operated on commercial basis for cost recovery.
- d. The unavailability of adequate and appropriate credit rating system for the local authorities in Ghana.
- e. The absence of initial funds to even support the development of commercially viable or bankable projects by these urban local authorities to appropriately package them to attract funding from capital markets.

31. **Can we have a dedicated development bank whose main mandate would be financing urban infrastructure?** Is it about time for us to allow our local authorities to set up at their level various Urban Development Funds to be managed as an asset management company in collaboration with other leading Banks in Ghana such as the HFC, ADB, NIB, GCB etc whose role will be the promotion and provision of technical assistance for improving the municipal fund management system, use their experiences and funding to leverage reforms in management and cost recovery. This has worked well in India for Tamil Nadu Municipality

32. Chapter 20 of Ghana's 1992 Constitution promotes decentralized planning and development. For Ghana to witness total development, local authorities urban infrastructure requirements must be identified and done within a framework of a well-coordinated institutional and governance system.

We can develop our local government credit markets to support urban infrastructural financing in stages as has been done in some European and Southern American Countries:

⁶ This does not promote the most efficient use of national resources and also does not make cost recovery issue a priority for urban local authorities.

⁷ This will compel urban local authorities to step up their corporate governance practices, reduce unnecessary interferences in their operations, promote budget discipline, prioritize resource mobilisation and also adopt and improve standard financial management and reporting practices leading to value for ,money operations.

- Central government can start with a financed loan fund that applies commercial standards and practices to support urban local authorities to finance urban infrastructure
- The next level can also be loans provided by commercial banks but facilitated by a central government institution to support urban local authorities to finance urban infrastructure
- The next level would be the process to issue municipal bond in a domestic capital market specially prepared for local authorities in Ghana

These the government can do by encouraging the transition by channeling funds to commercial banks and promoting credit enhancement measures through pooled funds, grant intercept mechanisms, guaranteeing loans and passing of a legislations (A local government financing law) that permits assets and other properties of local governments that may not affect their operations and revenues to be used as loan collateral. This must be back by technical backstopping to the urban local authorities to strophe their project structuring capacities and financial management systems through a combination of policy, legal and technical reforms.

The operations of a municipal credit market has worked well in Canada to support the issuance of Bonds in the domestic market to finance urban infrastructure with a number of provinces in Canada⁸ establishing their own municipal finance authorities to pool browning requirements of the municipalities within their jurisdictions to issue bonds. This then gives a role to the provinces or regions in the case of Ghana to provide direct technical support the municipalities. The work of the MFAs is through the provinces:

- Set limits on municipal borrowing levels and debt service cost
- Prescribe and monitor accounting and financial management standards for municipalities who would issue the bonds
- Provide technical assistance in the packaging of bankable projects.
- They also facilitate the domestic or international rating of municipal credits by rating agencies.

We can do same for Ghana I see most of our urban local governments qualifying under this, what I am not sure is the capacities of the regions to perform this quality and technical assurance role.

The absence of data on the exact amount required for urban infrastructural financing is very worrying but we console ourselves that the NDPC's long-term development plan which also includes a comprehensive national infrastructural Framework to support it.

Going forward in mobilizing resources for urban infrastructural finance I would agree with.Bahl and Linn(1992) on their golden rules for raising resources for urban development as follows:

- Where benefits and beneficiaries are identifiable, levy user charge
- Where benefits are identifiable and beneficiaries are not identifiable , levy benefit taxes
- Where neither benefits nor beneficiaries are identifiable, levy general taxes
- Where administration and other expenses are involved , levy fees and charges
- Where long gestation capital works are undertaken, use bonds /debt

We therefore have to properly identify what the benefits and who the beneficiaries of any given urban infrastructure to enable us appropriately design the resource requirement and the mobilization strategy to ensure an all-time availability of resources to support this process. At the moment, we

⁸ As many as 6 out of 10 provinces were said to have established their [provisional municipal finance authorities]

have not done this hence the polarized, non-prioritization and the piecemeal approach to financing urban infrastructure in Ghana.

Therefore municipal resource mobilization for infrastructural support needs not only strengthening the existing revenue sources but also using other sources of revenue. This requires the use of both conventional⁹ and non-conventional sources need to be tapped to the extent possible within a given municipality. We can also use the general principles of users pay, beneficiaries pay and polluters pay to the justification such that the citizens are well aware of the need for their contribution towards larger societal cause.

We have to explore new resources which have greater implication of urban growth and development and concomitant problems like slum formation, redevelopment, rehabilitation and resettlement. Several of these sources already exists but the potential of the same may not have been exploited to the fullest extent. There are also other similar sources which are yet to be exploited and tapped . However, tapping private savings is key for expanding the financial envelope , but it takes more than macro financial sector reform.

Going forward borrowing from the financial sector to finance urban infrastructure may look promising but is limited in impact without the availability of steady stream of revenues from Local authorities and sufficient practical autonomy for local authorities to manage their own resources with ease under fiscal decentralization.

6.0 Conclusions and Recommendations

In conclusion I will encourage Ghana to among other things consider the following if in localizing the new urban agenda and ensuring availability of the required resources to promote the needed urban infrastructure for development:

- Develop a comprehensive national infrastructural framework to properly identify the infrastructural needs of the country classified into short, medium and long-term as well as clarifying institutional responsibilities across governments and sources of funding same;
- We should consider developing as acceptable institutional and governance framework a decentralized national strategies and systems for meeting urban infrastructural development.

The absence of data on the exact amount required for urban infrastructural financing is very worrying but we console ourselves that the NDPC's long-term development plan which also includes a comprehensive national infrastructural Framework to support it.

Going forward in mobilizing resources for urban infrastructural finance I would agree with. Bahl and Linn (1992) on their golden rules for raising resources for urban development as follows:

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- Where administration and other expenses are involved , levy fees and charges
- Where long gestation capital works are undertaken, use bonds / debt

⁹ These can offer a great opportunity for improved resource mobilization and may best be attained when applied on property taxes in terms of rationalizing property taxation, reforming the levy and assessment methods, periodic revision and even correcting some inequities.

We therefore have to properly identify what the benefits and who the beneficiaries of any given urban infrastructure to enable us appropriately design the resource requirement and the mobilization strategy to ensure an all-time availability of resources to support this process. At the moment, we have not done this hence the polarized, non-prioritization and the piecemeal approach to financing urban infrastructure in Ghana.

Therefore municipal resource mobilization for infrastructural support needs not only strengthening the existing revenue sources but also using other sources of revenue. This requires the use of both conventional¹⁰ and non-conventional sources need to be tapped to the extent possible within a given municipality. We can also use the general principles of users pay, beneficiaries pay and polluters pay to the justification such that the citizens are well aware of the need for their contribution towards larger societal cause.

Going forward borrowing from the financial sector to finance urban infrastructure may look promising but is limited in impact without the availability of steady stream of revenues from Local authorities and sufficient practical autonomy for local authorities to manage their own resources with ease under fiscal decentralization.

The NIP is also expected to resolve the long standing national challenge of resolving urban infrastructural deficit in an uncoordinated manner by providing a comprehensive yet decentralized framework which provides a nationally coordinated and more integrated approach to infrastructure planning, prioritization, funding and delivery.

In developing an acceptable resource menu to finance urban infrastructure, the role of key stakeholders across the country, industry and the community, and prioritizing Ghana's infrastructure needs from the perspective of a prosperous nation cannot be overemphasized.

Financing urban infrastructure means adopting the global or generic meaning of urban infrastructure to include both public and private infrastructure. National interventions in closing the urban infrastructural gaps has not only been piecemeal but has also suffered from overemphasizing on public infrastructure to the disadvantage of private infrastructure.

For any comprehensive urban infrastructural resource management strategy to succeed, provisions must also be made for private infrastructure by clarifying and extensively highlighting opportunities available within the framework for the private sector to collaborate and engage with local government authorities in urban areas to finding creative solutions to close the urban infrastructural deficit through acceptable resource mobilization strategies.

Thank You!

¹⁰ These can offer a great opportunity for improved resource mobilization and may best be attained when applied on property taxes in terms of rationalizing property taxation, reforming the levy and assessment methods, periodic revision and even correcting some inequities.

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