

APPENDIX A
SUMMARY OF STRATEGIES FOR MOVING FORWARD**Expenditure (Functional) Assignment and Authority****Legal Environment**

- *The Legislative Instrument which incorporates the functional assignments and integration of decentralized departments was submitted to Cabinet for approval in December 2007.*
- *The Committee reviewing the Local Government Act 462 will re-review the Act to ensure harmonisation with the principles of devolution and the target environment relationships presented in this Intergovernmental Fiscal Decentralisation Framework.*
- *The Inter-Ministerial Coordinating Committee on decentralisation will initiate a process to enable the Executive and Parliament to address the issues of existing and new legislation through the review of all relevant legislation to ensure it supports the concepts of devolution.*

Functional Assignment

- *Service delivery guidelines in concert with national guidelines will be developed for the currently defined MMDA functional responsibilities.*
- *A review of the functions of non-decentralized organisations working directly at the District and Regional levels will be conducted and those functions best performed by the Districts or the Regions will be transferred to those levels. This review will include the establishment of service delivery guidelines for the identified functions and will include Land Valuation Board, Forestry, Health and Education and others.*
- *A review of all other central government institutions will be conducted to further refine functional responsibilities and service delivery guidelines of central versus local governments.*

Operationalisation of Local Government Service

- *The Local Government Service Secretariat must be staffed and resourced to be able to perform its legal mandate which includes the human resource and monitoring functions.*

Revenue and Funding Arrangements**Legal Environment**

- *Further discussions and reviews will be conducted on the Municipal Finance Bill and Municipal Finance Authority Bill to remove inconsistencies with other laws and principles of devolution, clarify the level of autonomy of the MMDAs with respect to establishing rates and ceiling and to ensure that the borrowing portions of the Bill contain assurances that risks will be minimized.*
- *The draft guidelines for the levy of taxes will be finalized and issued by MLGRDE as prescribed by law and, annually, thereafter.*

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Internally Generated Funds

- *Data bases of valued, immovable properties will be computerized, data bases distributed to MMDAs and training conducted by 2009.*
- *A review will be conducted to determine the appropriate complement of staff and public / private partnerships required to catch-up on the back-log of valuations and re-valuations and to ensure the Land Valuation Board can conduct on-going valuations and re-valuations on a timely basis and to develop options for funding the Land Valuation Board. Recommendations will be implemented.*
- *An easy, but effective approach will be developed and implemented to re-value properties every five (5) years and supplementary list valuations annually.*
- *The collaborative committee with MLGRDE, MOFEP and MMDAs will continue to meet to establish a national focus for increasing IGF collections.*
- *A committee will be commissioned by the Ministry of Local Government Rural Development and Environment in collaboration with Ministry of Works, Housing and Water Resources and other relevant MDA's to develop the framework and criteria for standardised house and street numbering as well as the funding and implementation mechanisms.*
- *Training, education and sensitisation aimed at Assembly members, District staff and citizens will be conducted in coordination with ILGS to: develop a better appreciation and understanding of the importance of expanding the tax base and IGF collections and the link between taxes and services; educate all players in their roles in the tax collection process; encourage a participatory approach to rate and fee setting; provide a forum for the sharing of new revenue mobilisation ideas.*
- *Benchmarks will be established to help identify the level of tax collections in relation to total revenues to which MMDAs should aspire.*

District Assemblies Common Fund

- *The DACF allocation formula will be reviewed and analysed to determine how best to increase the performance criteria to provide greater incentives to MMDAs to improve revenue generation and financial management.*
- *A transition plan for DACF funds will be developed and implemented to decrease the percentage of earmarked funds and increase the percentage of funds over which the MMDAs have greater flexibility.*

Central Government Transfers

Intergovernmental Fiscal Transfer Mechanism

- *The DDF will be implemented in 2008.*
- *An analysis of the problems and issues related to the DDF implementation will be conducted to develop lessons learned for a more refined harmonised transfer system.*
- *A new, harmonized transfer system for all of the various central government / development partner transfers to RCCs and MMDAs will be developed along with a transition plan for implementation. The new system will allow MMDAs to have greater control over the transfers.*

Funding RCCs and MMDAs

- *An analysis will be performed of the 2008 disaggregate budgets to determine the*

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quantum of funding transferred to MMDAs.

- *Composite budgeting for the 2009 budget will be implemented as a basis of funding MMDAs.*
- *MMDAs budget ceilings for the central government MDAs will be developed.*
- *A funding plan will be developed to move away from the sector funding approach to one which is government-wide and formula driven and provides more flexibility to the RCCs and MMDAs.*
- *An analysis of the full cost of functions performed by RCCs and the MDAs and the resources available will be performed and recommendations will be made on how best to achieve the results.*

Development Partner Support

- *Comprehensive guidelines will be developed for development partners and NGOs to harmonise direct development support and target all projects and funds to Government of Ghana priorities.*

Borrowing

- *Clear guidelines on MMDA borrowing will be developed to avoid unnecessary financial risk to public funds.*

Financial Management and Accountability**Legal Environment**

- *The Appropriation Act for 2009 will assign sector based budgets for expenditures relating to the decentralised departments to the respective RCCs and MMDAs.*
- *The Financial Administration Act, Procurement Act, Audit Service Act and Internal Audit Agency Act will be reviewed and amendments proposed to accommodate the decentralisation agenda.*
- *A dialogue between the Public Procurement Authority, Local Government Service, MLGRDE and selected RCCs and MMDAs will be conducted to identify problems surrounding procurement in a decentralized environment and how to move forward on resolving those problems. Procedures incorporating those recommendations will be developed and issued.*

Planning and Budgeting

- *A study will be conducted to review the MMDA development planning, budgeting, MTEF and capital budgeting processes so these processes can be better aligned, harmonized and coordinated. Recommendations will be implemented.*

Payroll, Accounting and Financial Reporting

- *The direct transfers to MMDAs will be expanded to include the expenditure categories of services and investments.*

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- *A review of the transfer of funds from various sources including central government and development partners will be conducted to streamline the current process.*
 - *A decentralised payroll process will be implemented in at least two regions with expansion to other regions as communication lines become more reliable.*
 - *The new MMDA accounting manual will be finalised and distributed.*
 - *A new chart of accounts for MMDAs will be finalised and implemented.*
 - *The various financial reporting formats for the different funding sources and oversight organisations will be harmonised.*
 - *A comprehensive plan including computerisation and funding options will be developed for increasing the level of computerisation to enhance and streamline financial management and reporting.*

Internal and External Audit***Internal Audit***

- *MMDAs will establish internal audit units, Audit Report Implementation Committees and signed audit charters.*
- *The internal audit manual and standardized working papers will be finalized and issued and training will be conducted in coordination with ILGS.*
- *Audit programs will continue to be developed and implemented.*
- *Training programs on internal controls will be developed and implemented aimed at financial and non-financial RCC and MMDA staff to enhance understanding of the importance of roles and responsibilities within the internal control system. These programs will be developed and conducted in cooperation with ILGS.*
- *The internal auditor certification program will be finalized and implemented.*

External Audit

- *A study will be conducted to determine how best to harmonize and coordinate the multiple audits being performed possibly through a “single audit” concept. Recommendations will be implemented.*
- *A review will be performed to determine the appropriate complement of staff at both the central and local levels and public / private partnerships required to catch-up on the audit backlog and, moving forward, conduct audits on a timely basis, and to develop options for funding the external audit function. Recommendations will be implemented.*
- *Audit manuals will be updated and issued.*

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Procurement and Contract Administration

- *A dialogue between the Public Procurement Authority, Local Government Service and selected RCCs and MMDAs will be conducted to identify problems surrounding procurement in a decentralised environment and how to move forward on resolving those problems. Specifically, the dialog will address coordination issues between the central government and RCCs and MMDAs.*
- *The procurement manual will be updated in 2009 and annually, thereafter.*
- *Training programs in liaison with ILGS will be developed and conducted for local government staff responsible for monitoring and supervising contracts.*

Monitoring and Evaluation

- *Programmes will be developed with MMDAs, RCCs and Civil Society Organisations to focus on how RCCs can best ensure compliance by the MMDAs within their regions.*
- *A comprehensive study will be conducted on all financial and programme monitoring and evaluation programs, including the roles of internal and external auditors, aimed at the MMDAs to identify how M&E programs can be harmonized, coordinated and made more effective.*

Institutional Arrangements

- *The IMCC and the sub-committee, the Local Government Finance Committee, will be established.*
- *The Local Government Finance Committee will encourage the IMCC to pursue an aggressive communication strategy including marketing and presentations.*
- *A monitoring and evaluation program will be developed for the intergovernmental fiscal decentralisation effort.*
- *A unit within MOFEP or MLGRDE responsible for implementing the framework will be established comprised of individuals with technical expertise and facilitation skills to provide a focused, consistent and collaborative approach to implement this framework.*

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	LEAD ORGANIZATION	2008	2009	2010	2011	2012	2013	2014	2015	2016	2018
<i>Expenditure Assignment and Authority</i>											
Legal Environment											
<ul style="list-style-type: none"> The Legislative Instrument which incorporates the functional assignments and integration of decentralised departments has been finalized and submitted to Cabinet for approval. 	MLGRDE & LGS Secretariat	69,400									
<ul style="list-style-type: none"> The Committee reviewing the Local Government Act 462 will re-review the Act to ensure harmonization with the principles of devolution and the target environment relationships presented in this Intergovernmental Fiscal Decentralisation Framework. 	MLGRDE	56,300									
<ul style="list-style-type: none"> The Inter-Ministerial Coordinating Committee on decentralization will initiate a process to enable the Executive and Parliament to address the issues of existing and new legislation through the review of all relevant legislation to ensure it supports the concepts of devolution. 	Inter-Ministerial Coordinating Committee		82,250	3,000							
Functional Assignment											
<ul style="list-style-type: none"> Service delivery guidelines in concert with national guidelines will be developed for the currently defined MMDA functional responsibilities. 	LGS Secretariat	11,600	50,900								
<ul style="list-style-type: none"> A review of the functions of non-decentralized organizations working directly at the districts and regional levels will be conducted and those functions best performed by the Regions and Districts will be transferred to those levels. 	LGS Secretariat & OHCS										
<ul style="list-style-type: none"> A review of all other central government institutions will be conducted to further refine functional responsibilities and service 	LGS Secretariat &										

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	LEAD ORGANIZATION	2008	2009	2010	2011	2012	2013	2014	2015	2016	2018
delivery guidelines of central versus local governments.	OHCS										
Operationalisation of Local Government Service											
<ul style="list-style-type: none"> Local Government Service Secretariat will be staffed and resourced to perform this as well as their other important human resource and monitoring functions. 	LGS MLGRDE	454,300	556,009	2,000,000							
Revenue and Funding Arrangements											
Legal Environment											
<ul style="list-style-type: none"> Further discussion and review will be conducted on the Municipal Finance Bill and Municipal Finance Authority Bill to remove inconsistencies with other laws and principles of devolution, clarify the level of autonomy of the MMDAs with respect to establishing rates and ceiling and to ensure that the borrowing portions of the Bill contain assurances that risks will be minimized. 	MOFEP & MLGRDE	530,000									
<ul style="list-style-type: none"> The draft guidelines for the levy of taxes will be finalized and issued as prescribed by law and, annually, thereafter 	MLGRDE	35,200	26,400	26,400							
Internally Generated Funds											
<ul style="list-style-type: none"> Data bases of valued, immovable properties will be computerized, data bases distributed to MMDAs and training conducted by 2009. 	Land Valuation Board & Land Administration Project		385,000	294,000							
<ul style="list-style-type: none"> A review will be conducted to determine the appropriate complement of staff and public / private partnerships required to catch-up on the back-log of valuations and re-valuations and to ensure the Land Valuation Board can conduct on-going 	Land Valuation Board	784,550	19,881,003	836,853							

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valuations and re-valuations on a timely basis and to develop options for funding the Land Valuation Board. Recommendations will be implemented.											
<ul style="list-style-type: none"> An easy, but effective approach will be developed and implemented to re-value properties every 5 years and supplementary list valuations annually. 	Land Valuation Board	78,690	150,034	456,566							
<ul style="list-style-type: none"> The collaborative committee with MLGRDE and MOFEP and MMDAs will continue to meet to establish a national focus for increasing IGF collections. 	MOFEP & MLGRDE	3,935,000	60,000	60,000							
<ul style="list-style-type: none"> A committee will be commissioned by the Ministry of Local Government in collaboration with Ministry of Works, Housing and Water Resources and other relevant MDA's to develop the framework and criteria for standardised house and street numbering as well as the funding and implementation mechanisms. 	MLGRDE	64,380	29200								
<ul style="list-style-type: none"> Training, education and sensitization aimed at Assembly members, District staff and citizens will be conducted in collaboration with ILGS to: develop a better appreciation and understanding of the importance of expanding the tax base and IGF collections and the link between taxes and services; educate all players in their roles in the tax collection process; encourage a participatory approach to rate and fee setting; provide a forum for the sharing of new revenue mobilisation ideas. 	MOFEP & MLGRDE	292,120	222,900	303,100							
<ul style="list-style-type: none"> Benchmarks will be established to identify the level of tax collections in relation to total revenues to which MMDAs should aspire. 	MOFEP & MLGRDE	23200	21650	22600							
District Assemblies Common Fund											
<ul style="list-style-type: none"> The DACF allocation formula will be reviewed and analysed to determine how best to increase the performance criteria to 	DACF		1,360,550	1,268,460							

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provide incentives to MMDAs to improve revenue generation and financial management.											
<ul style="list-style-type: none"> A transition plan for DACF funds will be developed and implemented to decrease the percentage of earmarked funds and increase the percentage of funds over which the MMDAs have greater flexibility. 	MLGRDE & MOFEP		33,400	33,400							
Central Government Transfers – Intergovernmental Fiscal Transfer Mechanism											
<ul style="list-style-type: none"> The DDF will be implemented in 2008. 	MLGRDE & LGS	500,000									
<ul style="list-style-type: none"> An analysis of the problems and issues related to the DDF implementation will be conducted to develop lessons learned for a future harmonized transfer system. 	MLGRDE & LGS		1,220,000	1,220,000							
<ul style="list-style-type: none"> A new, harmonized transfer system for all of the various central government / development partner transfers to RCCs and MMDAs will be developed along with a transition plan for implementation. The new system will allow MMDAs to have control over the transfers. 	CAGD										
Funding of RCCs and MMDAs											
<ul style="list-style-type: none"> An analysis will be performed of the 2008 disaggregate budgets to determine the quantum of funding transferred to MMDAs. 	MOFEP	50,500									
<ul style="list-style-type: none"> Composite budgeting for the 2009 budget will be implemented as a basis of funding MMDAs. 	MLGRDE	360,000									
<ul style="list-style-type: none"> MMDAs budget ceilings for the central government MDAs will be developed for the 2009 budget. 	MOFEP		10,000	10,000							

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	LEAD ORGANIZATION	2008	2009	2010	2011	2012	2013	2014	2015	2016	2018
<ul style="list-style-type: none"> A funding plan will be developed to move away from the sector funding approach to one which is government-wide and formula driven and provides more flexibility to the RCCs and MMDAs. 	MOFEP		55,440	32,940							
<ul style="list-style-type: none"> An analysis of the full cost of functions performed by RCCs and the MDAs and the resources available will be performed and recommendations will be made on how best to achieve the results. 	MOFEP										
Development Partner Support											
<ul style="list-style-type: none"> Comprehensive guidelines for development partners and NGOs to harmonise direct development support and target all projects and funds to Government of Ghana priorities. 	MOFEP		207,620								
Borrowing											
<ul style="list-style-type: none"> Clear guidelines on MMDA borrowing will be developed to avoid unnecessary financial risk to public funds. 	MOFEP	5,329,100									
Financial Management and Accountability											
Legal Environment											
<ul style="list-style-type: none"> The Appropriation Act for 2009 will assign the sector based budgets for expenditures relating to the decentralized departments to the respective RCCs and DAs. 	MOFEP		3,850								
<ul style="list-style-type: none"> Financial Administration Act, Procurement Act, Audit Service Act and Internal Audit Agency Act will be reviewed and amendments proposed to accommodate the decentralisation agenda. 	PUBLIC PROCUREMENT AGENCY & CAGD		134,000	134,000							

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<ul style="list-style-type: none"> A dialogue between the Public Procurement Authority, Local Government Service and MLGRDE and selected RCCs and MMDAs will be conducted to identify problems surrounding procurement in a decentralized environment and how to move forward on resolving those problems. Procedures incorporating those recommendations will be developed and issued. 	PUBLIC PROCUREMENT AGENCY	17,320									
Planning and Budgeting											
<ul style="list-style-type: none"> A study will be conducted to review the MMDA development planning, budgeting, MTEF and capital budgeting processes so these processes can be better aligned, harmonized and coordinated. Recommendations will be implemented. 	MOFEP & NDPC & MLGRDE	95,020									
Payroll, Accounting and Financial Reporting											
<ul style="list-style-type: none"> The direct transfers to MMDAs will be expanded to include the expenditure categories of services and investments. 	CAGD		0.00								
<ul style="list-style-type: none"> A review of the transfer of funds from various sources including central government and development partners will be conducted to streamline the process. 	CAGD		112,560	20,000							
<ul style="list-style-type: none"> A decentralized payroll process will be piloted in at least two regions with expansion as communication lines from the regions become more and more reliable. 	CAGD		1,262,000								
<ul style="list-style-type: none"> The new MMDA accounting manual will be finalized and distributed. 	CAGD	1,071,250									
<ul style="list-style-type: none"> A new chart of accounts for MMDAs will be finalized and implemented. 	CAGD	161,000									

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<ul style="list-style-type: none"> The various financial reporting formats for the different funding sources and oversight organizations will be harmonized. 	CAGD	504,800									
<ul style="list-style-type: none"> A comprehensive plan including computerization and funding options will be developed for increasing the level of computerization to enhance and streamline financial management and reporting. 	CAGD			22,200							
Internal and External Audit – Internal Audit											
<ul style="list-style-type: none"> MMDAs will establish internal audit units, Audit Report Implementation Committees and signed audit charter. 	INTERNAL AUDIT AGENCY	1,174,600									
<ul style="list-style-type: none"> The internal audit manual and standardized working papers will be finalized and issued and training will be conducted in coordination with ILGS. 	INTERNAL AUDIT AGENCY	39,900									
<ul style="list-style-type: none"> Audit programs will continue to be developed and implemented. 	INTERNAL AUDIT AGENCY	363,600	363,600	363,600							
<ul style="list-style-type: none"> Training programs on internal controls will be developed and implemented aimed at financial and non-financial RCC and MMDA staff to enhance understanding of the importance of roles and responsibilities within the internal control system. These programs will be developed and conducted in cooperation with ILGS. 	INTERNAL AUDIT AGENCY		84,000	84,000							
<ul style="list-style-type: none"> The internal auditor certification program will be finalized and implemented. 	INTERNAL AUDIT AGENCY	100,000	100,000	100,000							

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Internal and External Audit – External Audit											
<ul style="list-style-type: none"> A study will be conducted to determine how best to harmonize and coordinate the multiple audits being performed possibly through a “single audit” concept. Recommendations will be implemented. 	AUDITOR GENERAL		100,500	156,325							
<ul style="list-style-type: none"> A review will be performed to determine the appropriate complement of staff at both the central and local levels and public/private partnership required to catch-up on the audit backlog and, moving forward, conduct audits on a timely basis, and to develop options for funding the external audit function. Recommendations will be implemented. 	AUDIT SERVICE BOARD & PUBLIC SERVICE COMMISSION			13,268,100							
<ul style="list-style-type: none"> Audit manuals will be updated and issued. 	AUDITOR GENERAL		9,000	45,800							
Procurement and Contract Administration											
<ul style="list-style-type: none"> A dialogue between the Public Procurement Authority, Local Government Service and selected RCCs and MMDAs will be conducted to identify problems surrounding procurement in the decentralised environment and how to move forward on resolving those problems. Specifically, the dialog will address coordination issues between the central government and RCCs and MMDAs. 	PROCUREMENT AGENCY & ILGS SECRETARIAT	411,576	411,576								
<ul style="list-style-type: none"> The procurement manual will be updated in 2009 and annually, thereafter. 	PROCUREMENT AGENCY		86,802	84,720							
<ul style="list-style-type: none"> Training programs in liaison with the ILGS will be developed and conducted for local government staff responsible for monitoring and supervising contracts. 	PROCUREMENT AGENCY/LGS/ ILGS			627,117							
Monitoring and Evaluation											

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<ul style="list-style-type: none"> Programs will be developed with MMDAs, RCCs and Civil Society Organisations to focus on how RCCs can best ensure compliance by the MMDAs within their regions. 	LGS Secretariat			911,000.00							
<ul style="list-style-type: none"> A comprehensive study will be conducted on all financial and programme monitoring and evaluation programs, including the roles of internal and external auditors, aimed at the MMDAs to identify how M&E programs can be harmonized, coordinated and made more effective. 	LGF COMMITTEE										
Institutional Arrangements											
<ul style="list-style-type: none"> The IMCC and the sub-committee, the Local Government Finance Committee, will be established. 	MLGRDE	4,560									
<ul style="list-style-type: none"> The Local Government Finance Committee will encourage the IMCC to pursue an aggressive communication strategy including marketing and presentations. 	LGF Committee	2,400									
<ul style="list-style-type: none"> A monitoring and evaluation program will be developed for the intergovernmental fiscal decentralization effort. 	LGF COMMITTEE		7500								
<ul style="list-style-type: none"> A unit within MOFEP or MLGRDE responsible for implementing the framework will be established comprised of individuals with technical expertise and facilitation skills to provide a focused, consistent and collaborative approach to implement this framework. 	MOFEP / MLGRDE	391,800									