

CHRISTIAN SERVICE UNIVERSITY COLLEGE, KUMASI

AN ASSESSMENT OF THE EFFECTS OF THE URBAN DEVELOPMENT GRANT  
(UDG) ON THE CAPACITY OF LOCAL ASSEMBLIES TO MANAGE  
DEVELOPMENT PROJECTS: THE CASE OF THE KWAHU WEST  
MUNICIPALITY IN GHANA

JOSEPH ASUMADU

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THIS DISSERTATION IS SUBMITTED IN PARTIAL FULFILMENT OF THE  
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MONITORING AND EVALUATION OF THE CHRISTIAN SERVICE UNIVERSITY  
COLLEGE

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## DECLARATION

### Candidate's Declaration

I hereby declare that this project work is the result of my own original research and that no part of it has been presented for another degree in this University or elsewhere.

Candidate's signature..... Date.....

Name: Joseph Asumadu

### Supervisor's Declaration

I hereby declare that the preparation and presentation of the project were supervised in accordance with the guidelines on supervision of project work laid down by the Christian Service University College, affiliated to University of Cape Coast

Supervisor's Signature..... Date.....

Name: Owusu Amponsah (Ph.D.)

## ABSTRACT

The Urban Development Grant (UDG) is an annual performance-based grant extended to select Metropolitan/Municipal Assemblies (MMAs) in Ghana over a five (5) year period: 2011-2017/18. Annual allocations of grant funds were made to MMAs on the basis of an annual assessment exercise. World Bank document which outlines the grant scope indicates that one of the main aim of the Grant was to build on the capacity of staff at MMAs towards ensuring proper management and use of project funds, adherence to strict compliance guidelines and consistency of projects.

In line with the grant's aim, the study assessed the effects of UDG on the Assembly's capacity to manage projects; the ability of the Assembly to manage public finances; the Assembly's responsiveness to environmental and social safeguards as well as the Assembly's compliance with public procurement laws. To achieve these objectives, both primary and secondary data were applied. The study is mainly qualitative, applying the case study approach with the Kwahu West Municipality used as the case of study. The findings of the study indicated that the financial management practices of the Kwahu West Municipality had improved with the coming into effect the UDG. Also, the Assembly was complying with the environmental and social safeguards which it was not doing prior to the Grant. With regards to procurement, the assembly was adhering to the public procurement law which the World Bank made it so strict to comply with in order to continue enjoying the UDG. Staff capacity had also been built through training on financial management, revenue management, asset management and public financial management.

Based on the findings, the researcher mainly recommends that The Ministry of Local Government and Rural Development in Ghana must adopt the World Bank approach

which bases on performance in allocating to funds. This will help put local Assemblies on their toes and improve on their performance.

## **ACKNOWLEDGEMENT**

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To the Head of Department of Planning and Development, Christian Service University College (CSUC), Dr. K. O. Agyeman, I want to say a big thank you for your sweet encouraging words during the hard times of this study.

Lastly, I wish to thank key officers of the Kwahu West Municipal Assembly (KWMA) who were in charge of the Urban Development Grant Project who readily made themselves available for interviews during the study.

All I can say is God richly bless you all!

## **DEDICATION**

I dedicate this Dissertation to my wife Madam Gloria Addai, and my Children who have all been patient throughout the period of this study.

## **ABBREVIATIONS**

ABB	– ACTIVITY BASED BUDGETING
ADB	– AFRICAN DEVELOPMENT BANK
ARIC	– AUDIT REPORT IMPLEMENTATION COMMITTEE
BOG	– BANK OF GHANA
CSF	– CAPACITY SUPPORT FUND
DACF	– DISTRICT ASSEMBLIES COMMON FUND
DDF	– DISTRICT DEVELOPMENT FACILITIES
EA	– ENVIRONMENTAL ASSESSMENT
EPA	– ENVIRONMENTAL PROTECTION AGENCY
ESMAP	– ENVIRONMENTAL AND SOCIAL MANAGEMENT

## **ASSESSMENT PROGRAMME**

FOAT	– FUNCTIONAL ORGANISATION ASSESSMENT TOOL
FMM	– FINANCIAL MANAGEMENT MANUAL
GOG	– GOVERNMENT OF GHANA
GSGDA	– GHANA SHARED GROWTH DEVELOPMENT AGENDA
GT	– GENERIC TRAINING
GTV	– GHANA TELEVISION
IAA	– INTERNAL AUDIT AGENCY
ICAG	– INSTITUTE OF CHARTERED ACCOUNTANTS GHANA



IDA – INTERNATIONAL DEVELOPMENT AGENCY

IFRS – INTERIM FINANCIAL REPORTING STANDARD

IGF – INTERNALLY GENERATED FUND

KWMA – KWAHU WEST MUNICIPAL ASSEMBLY

LGCSPP – LOCAL GOVERNMENT CAPACITY SUPPORT PROJECT

LGSS – LOCAL GOVERNMENT SERVICE SECRETARIAT

MCE – MUNICIPAL CHIEF EXECUTIVE

MDGs – MILLENNIUM DEVELOPMENT GOALS

MFEP – MINISTRY OF FINANCE AND ECONOMIC PLANNING

MLGRD – MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

MMAS – METROPOLITAN MUNICIPAL ASSEMBLIES

MMDAS – METROPOLITAN MUNICIPAL DISTRICT ASSEMBLIES

MOF – MINISTRY OF FINANCE

MTDP – MEDIUM TERM DEVELOPMENT PLAN

MTEF – MEDIUM TERM EXPENDITURE FRAMEWORK

NEAP – NATIONAL ENVIRONMENTAL ACTION PLAN

PAC – PUBLIC ACCOUNTS COMMITTEE

PFM – PUBLIC FINANCIAL MANAGEMENT

PNDC – PROVISIONAL NATIONAL DEFENCE COUNCIL

PNDCL – PROVISIONAL NATIONAL DEFENCE COUNCIL LAW

PRSP – POVERTY REDUCTION STRATEGY PROGRAMME

PUFMARP – PUBLIC FINANCIAL MANAGEMENT REFORM PROGRAMME

RCC – REGIONAL CO-ORDINATING COUNCIL

RIAP – REVENUE IMPROVEMENT ACTION PLAN

RTAT – REGIONAL TECHNICAL ADVISORY TEAMS

SPEFA – SOCIAL PUBLIC EXPENDITURE FINANCIAL ACCOUNTABILITY

UDG – URBAN DEVELOPMENT GRANT

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## **CHAPTER ONE**

### **GENERAL INTRODUCTION**

#### **1.1 Background to the Study**

The 1992 constitution of the Republic of Ghana gave birth to Ghana's decentralisation system. Under the system, District Assemblies are assigned major economic functions including responsibility for the overall development of their Districts (Guidelines for utilisation of DACF 1999). Consequently, local Assemblies were given power under the Local Governance Act, 2016, Act 936 to levy sufficient rates to provide the basic infrastructural and other developmental needs for its planning area. Despite this huge responsibility and authority given to local Assemblies, they face insistent financial challenges.

The financial problem of local authorities emanates from their inability to take advantage of their fundraising power to generate their own Internally Generated Funds (IGF). According to Bandie (2016) and Akudugu and Oppong-Peprah (2013), local authorities, especially in developing countries like Ghana, are highly dependent on external financial sources in the form of central government transfers. For instance, in Ghana, the District Assembly Common Fund is highly depended on by local authorities. Bandie's (2016) study indicated that about 65% of the revenues of local authorities in the Northern Region of Ghana are obtained from the central government transfer (District Assembly Common Fund). However, central government transfers are prone to a lot of delays and inconsistencies (Yeboah & Obeng-Odoom 2010). The inability of local authorities to generate their own revenue coupled with the delaying and inconsistencies in central government transfers makes it difficult for Assemblies to achieve their development targets and goals.

In Ghana, the World Bank in its quest to support Assemblies to mitigate their financial challenges introduced its Urban Development Grant in support of the Local Government Capacity Development Programme of the Ministry of Local Government and Rural Development. In all, the total Grant amount was 140, 000 USD. The UDG was extended to 46 MMAs over a five (5) years period 2011-2017/18. During these years, annual allocations of grant funds were made to MMAs on the basis of an annual assessment exercise to assess their performance to determine the extent at which an MMA merit the grant. The areas for assessment included Budget reform, Reporting and auditing systems, Revenue management, Asset management and Social accountability.

One of the key concerns of the Grant was to fund social infrastructural projects, such as educational, health infrastructure, markets, lorry parks as well as water and sanitation projects already identified in the MMAs approved Medium Term Development Plan. One other key concern of the grant was to build on the capacity of participating Assemblies towards addressing capacity gaps at the individual as well as institutional levels in project implementation. This study focused on the latter concern of the World Bank's Urban Development Grant in Ghana.

## 1.2 Problem Statement

Local Government Act 2016, Act 963 empowers and mandates local authorities to ensure the overall development of their planning areas. However, Yeboah and Obeng (2010) were of the view that inspite of these mandates to the local authorities together with the relevant legislation enacted their capacities to match these mandates have not been achieved. Ghana local authorities face a lot of challenges in terms of capacity to ensure a successful projects management besides management of public finance, respond to environmental and social safeguards and adherence to the public procurement laws.

All these have resulted to project failures, misappropriation of funds, non-adherence to project environmental and social impacts as well as breach of the public procurement laws.

A prior capacity Appraisal of all the (46) Metropolitan/ Municipal Assemblies in Ghana established that the MMAs were weak in these areas.

Several measures have been enrolled by Governments and International organizations towards building the capacity of local authorities in Ghana. Notable among is the Urban Development Project of the World Bank. One of the core components of the Grant under Local Government Capacity Development Project is capacity building for Metropolitan and Municipal Assemblies. The components of the Grant aimed at sharpening the skills set of Metropolitan and Municipal Assemblies' in the area of developing planning, and management etc. The World Bank indicates that the Grant specifically aims at building on the capacity of MMAs towards ensuring proper management and use of project funds, adherence to strict compliance guidelines and consistency of projects.

Though the grant period has ended there has been a limited study to evaluate the extent at which the grant achieved its aims of building on the capacities of local authorities. Most documents on the UDG have always focused on MMAs who benefited from the grant annually with little attention given to how capacities were built throughout the grant period.

Using the Kwahu West Municipal Assembly as a case, this study, therefore, seeks to gain insight into how the UDG has improved on capacities at local Assemblies in Ghana. Capacity, as applied in this study, means the management skills and practice of local Assemblies both at the individual and institutional level.

### 1.3 Research Questions

Based on the problem, the study's main research question is to what extent has the Urban Development Grant Project Improved on management skills and practice at the Kwahu West Municipal Assembly? To answer this main research question, the study intends finding answers to the following questions;

1. How has the UDG project enhanced the management of finance by the Kwahu West Municipal Assembly?
2. How have the UDG project influenced the Kwahu West Municipal Assembly's responsiveness to environmental and social safeguards?
3. Have the UDG project affected the Kwahu West Municipal Assembly's compliance with the Public Procurement Laws?
4. How has the capacity of staff at the Kwahu West Municipality improved with the coming into being of the UDG project?

### 1.4 Research Objectives

The overall aim of this study to the main research question is to assess the extent at which the Urban Development Grant Project has improved on management skills and practice at the Kwahu West Municipal Assembly. To achieve this aim, the study intends achieving the following specific objectives;

1. To assess how the UDG project has enhanced the management of finances by the Kwahu West Municipal Assembly.
2. To explore how the UDG project has influenced the Kwahu West Municipal Assembly's responsiveness to environmental and social safeguards?
3. To determine how the UDG project has affected the Kwahu West Municipal Assembly's compliance with the Public Procurement Laws

4. To ascertain how the capacity of staff at the Kwahu West Municipality has improved with the coming into being the UDG project.

### 1.5 Relevance of the Study

This study fulfils the limited knowledge gap on the effects of Grants in literature. Through this study, knowledge of how Grants contributes to sharpening individual skill, organisational financial management and procurement knowledge and skills as well as environmental and social accountability are created in literature. This knowledge added will serve as a strong reference for future studies which seeks to assess the effects of Grants on international development. Limited literature in conventional literature on this subject matter makes this research more relevant to knowledge. In addition, the qualitative methodology adopted by this study will generate a lot of research questions which will offer readers more areas of further studies.

In terms of policy, the study provides stakeholders with evidence to determine the effectiveness of grant-supported projects. The World Bank will get to assess how well its Development Grants projects have effectively been implemented over the years. This will help the body to put in place measures to improve on its Grant projects. The World Bank will not only be the beneficiary but also the government, MMDAs and other funding agencies will learn from the results of this study to revise and improve on their project strategies. This will consequently help assist in developing new ways of sustaining development projects. Also, the study's findings will serve as a lesson for governments and international organisations as to the strategies to adopt in given out grants. This is because the UDG was purely conditional and for that matter, its effects will signal such bodies as to whether to adopt the conditional or unconditional approaches to grants. In addition, the study's results will play an advisory role to MMDAs who could

not benefit from the Urban Development grants to put in measures to improve their performance so as to win future grants. Those Assemblies who enjoyed the positives of the grants will also make it a point to keep their performance standard in order to merit future grants.

The study has a great implication for national development. This study seeks to contribute to promoting the capacity of local Assemblies to carry out their services. This is because the findings of the study will unearth how the Grant project has either improved capacities or vice versa of local capacities. If the findings prove negative, then measures will be proposed to ensure how grants could effectively be used to promote local capacities. Improved capacities of local Assemblies, for instance, as stated in the World Bank Document will help Assemblies to appropriately manage their funds and consider the environmental and social effects of their activities. Effective fund management will help local assemblies to effectively utilise their finances to implement their programmes and projects. Environmental safeguarding will also help to protect the environment. These will ensure the overall development of Assemblies as they are mandated and consequently bring about national development.

## 1.6 Scope

The scope of the study covers two specific areas. Thus geographical and contextual.

### 1.6.1 Contextual Scope

Contextually, the study is limited to assessing the effectiveness of UDG staff capacity, financial management, environmental and social safeguards as well as public management and procurement laws. The study covers the years 2011 to 2017/18 when the UDG 1 was in operation.

### 1.6.2 Geographical Scope

Geographically, the study is limited to the Kwahu West Municipality. The Municipality is situated between latitudes 6°30' North, and 7° North and longitudes 0°30' West and 1° West of the equator, spanning over a land area of about 414km<sup>2</sup> in the Eastern Region of Ghana. Its administrative Assembly is situated in its capital, Nkawkaw, located about 241km north-west of Accra, the capital city of Ghana. The Municipality was carved out from the Kwahu South District in the year 2004 as Kwahu West District and was upgraded to a municipality in the year 2007. According to the 2010 population census, the population of the Municipality stands at 92,384. The Assembly passed UDG one, failed UDG two and passed UDG three and four. Figure 1.1 shows the map of the Kwahu West Municipality.



Figure 1.1: Kwahu West Municipal Map

Source: Abdulai Abdul-Rahim: May 2016.

## 1.7 Organisation of Report

The research work has been divided into five main chapters. The first chapter presents a general introduction to the work. Here, the background of the study, statement of the problem, objectives of the study, research questions, and relevance of the study, study's scope and lastly limitations are elaborated on. Chapter two reviews relevant literature related to the research work. Chapter three discusses the methodology of the research work. The scientific process such as the research design and research approach, sampling process, data sources, data collection and analysis process will all be expatiated in this chapter. Chapter four systematically presents and analyse the data collected while chapter five concludes the study and outline recommendations.

## 1.8 Challenges and Limitations of the Study

Some of the expected respondents of the study had little knowledge about the project. This is because they did not attend any of the Generics training programmes on the UDG projects. This limited the number of respondents for the study. The study could have covered more respondents if many of the members involved in the training /workshops and monitoring of the UDG projects. The researcher however made effective use of the few members of the Assembly who involved in the UDG training by gathering all the needed information from them.

Also, the study only researched the Kwahu West Municipal Assembly, focusing on only those identified to have been involved with the UDG projects and have been given training. There were so many sub-projects the KWMA have undertaken in relation to the UDG but this research only focused on the assessment of the capacity of those key staff who have gained or acquired so much in the UDG projects.



## CHAPTER TWO

### THE URBAN DEVELOPMENT GRANT A LITERATURE REVIEW

#### 2.1 Introduction

The previous chapter of the study has highlighted the Urban Development Grant (UDG) and its role in building the capacity of local authorities. The chapter indicated that among the Grant's aim were to improve on public finance management by Assemblies, promote compliance to environmental and social safeguards as well as public procurement laws and guidelines and sharpen the capacity of individual staff through training. This chapter reviews related literature related to the above subject matter. The chapter reviews the literature on Ghana's decentralisation system, urbanisation and its challenges and finally zooms into explaining key concern areas of the UDG as identified in the previous chapter. This chapter will then end with a conceptual framework indicating the idea behind this work.

#### Decentralization on Global Perspective

According to UNDP ,(1999)" decentralization, or decentralizing governance, refers to the restructuring or reorganizing of authority so that there is a system of co-responsibility between institutions of governance at the central, regional and local levels to the principle of subsidiarity". p.2.

In the view of Litvack –World Bank," the term of decentralization embraces a variety of concepts which must be carefully analyzed in any particular country before determining if projects or programs should be support reorganizing of financial, administrative or service delivery systems"

In Poland decentralization is the local government power to municipalities (gmina)- basic territorial units with average number of inhabitants to decide only the administrative territory of the country , also to develop local communities capable of resolving their local problems.(Franzke, 2016.

Johnson (2003) hold the view that international experience has shown that decentralized governance towards the eradication of regional and local dimensions of poverty has not achieved the desired results in many countries; Ojambo,(2017) in an African perspective believe decentralization promotes service delivery at the local level, but stated further that over twenty years now service delivery and accountability for government resources at the local level remains just as deplorable.

Decentralization can be conducive to poverty reduction mainly because the local governments have better information and higher incentives than the central government,(Steiner .)

OECD,(2007) have stated that in France previously was well – deserve reputation as a fully centralized state , however a significant number of responsibilities have been devolved to the regional and the local level over the past decades. Even though the process has not been easy but the extremely large number of very small municipalities have made economies of scale in their implementation in France.

Andersen(2008) that in Denmark they believe that decentralization that offer solution offer opportunities for meeting local demands; In Rwanda, GIZ,(2017) have stated the charters instituted in Rwanda has empowered the citizens to monitor the performance of local governments in delivery of services in a timely , effective and efficient manner. Further to this the support of the LGI serves as a service provider that has built the capacity has contributed to better coordination and demand –oriented provision of individual and institutional capacity building.

This understanding support Litvack –World Bank, assertion that there is variety of concepts to be carefully analyzed.

Decentralization has taken place over decades now in the global World and has different perspective however the bottom line is where decision making comes from the local people to determine what is good for them or moreso deciding for their own need and holding people responsible/accountable for their actions and inaction.

## 2.2 Ghana's Decentralisation System

This section of the literature elaborates on Ghana's Decentralisation System. This is very necessary since it is within this System that the beneficiaries of the Urban Development Grant: Metropolitan and Municipal Assemblies are found.

### 2.2.1 An Overview of the Decentralisation System

Since Ghana's independence, the country has experienced series of reforms. Paramount among these reforms is decentralisation and local government administration (Bentil, 2004). Thus, rising living standard and population growth led to a rise in the demand for government services at the local level. In that regard, the Provisional National Defence Council's military government issued its first policy Guidelines in 1981 on local governance. Containing in this guideline were two basic policy positions on local government and decentralisation. The Guideline indicated the urgent need for participatory democracy and empowerment of the existing Local Government councils to initiate, coordinate, manage and execute policies in all matters affecting their localities (Ahwoi, 2010). The much-awaited current local government system of Ghana was finally put into action in 1993. This was preceded and has been intensified series of legislations over the years. These include The Local Government Act, 1993 Act 462; National

Development Planning (System) Act, 1994, Act 480; Civil Service Law, 1993, PNDCL 327; District Assemblies' Common Fund Act, 1993, Act 455 and Local Government Service Act, 2003 Act 656. Apart from these are relevant provisions in the 1992 Fourth republic constitution of Ghana where chapter 20 has been devoted to the country's Local Government and decentralisation system. The Local Government Act 462 of 1993 is now amended as Act 936 of 2016. Aside these legislations are sector specific guiding documents and initiatives with relevance to accelerating decentralisation. The Draft comprehensive Decentralisation Policy, The Draft Rural Development Policy and The Draft Urban Development Policy are few examples.

Not only has the country a national perspective to its decentralisation programme but it also has an international context. Ghana is a signatory to a lot of international conventions and agreements which places responsibilities on the state to devolve power and responsibilities to the lower echelons and promote local democracy and good governance. The Victoria falls Declaration, 1999 on African Vision on Decentralisation; The Kigali Declaration, 2005 on Leadership Capacity Building for Decentralised Governance and Poverty Reduction in Sub- Saharan Africa are few of such international conventions (The Draft report on decentralisation policy, 2010).

#### 2.2.2. History and Rationale of the Decentralisation programme.

Decentralisation is the transfer of part of the powers of the central government to regional or local authorities or power to organs or people elected by local populations; decentralisation is in response to demands for diversity (Bonnal, et al). According to Santoro et al. (2017), decentralisation is widely advocated as a way to promote a pluralistic social order, bring the government closer to the people, and promote greater local autonomy. According to Santoro et al. (2017), the reason for decentralisation is

political. Thus, assisting central governments to get access to development assistance, as many donor programmes favour decentralised over centralised systems.

The idea of decentralization is not new to Africa. This is because the earliest attempts at local administration in Africa started with the British system of indirect rule (Braun and Grote 2000; Opare, et al., 2012). This system revolved round chieftaincy institutions more especially in British West African Colonies such as Ghana (Ahwoi, 2010). The System of decentralisation after the British Colonial Rule lost significantly its relevance until recently. In Ghana, the PNDC formally declared its commitment to decentralisation in May 1982, based on its political slogan: ‘‘Power to the people’’, through which it ushered in the revolution of 31<sup>st</sup> December 1982 (Ahwoi, 2010).

According to Ofei – Aboagye (2001), since 1988 Ghana has witnessed a major shift in approaches to delivering social and economic development in line with many other countries. Thus, the country has tried to give impetus to national efficiency by undertaking political and administrative decentralisation. Koranteng (2010) indicates that the main political preoccupation of the Ghanaian public after 1988 was the implementation of decentralisation programme and election of the district assemblies. The first step towards the above was the creation of the assembly system of local governance in 1988 with the passage of PNDCL 207. This brought into being local authorities known as metropolitan/municipal and district assemblies (Draft Decentralisation Policy, 2010).

In the year 1993, Local Government Act 462 of 1993 (Now Local Governance Act 462, 2016) was passed. Through this Act, the President was empowered to make changes to the 1988 decentralisation concept (Friedrich, et al). Ofei-Aboagye (2008), however, indicates that it was only after four years of implementation of the 1992

constitution that changes were made and the requisite backing was given to the local government. Figure 2.1 shows the current structure of Ghana’s local Government system.

2.2.3 Structure of Ghana’s Decentralisation System

Figure 2.1 shows the administrative structure of Ghana’s decentralisations system as institutionalised by the 1992 Constitution and the Local Government Act 462, 1993 (Now Local Governance Act, 936 of 2016)

Structure of Local Government System

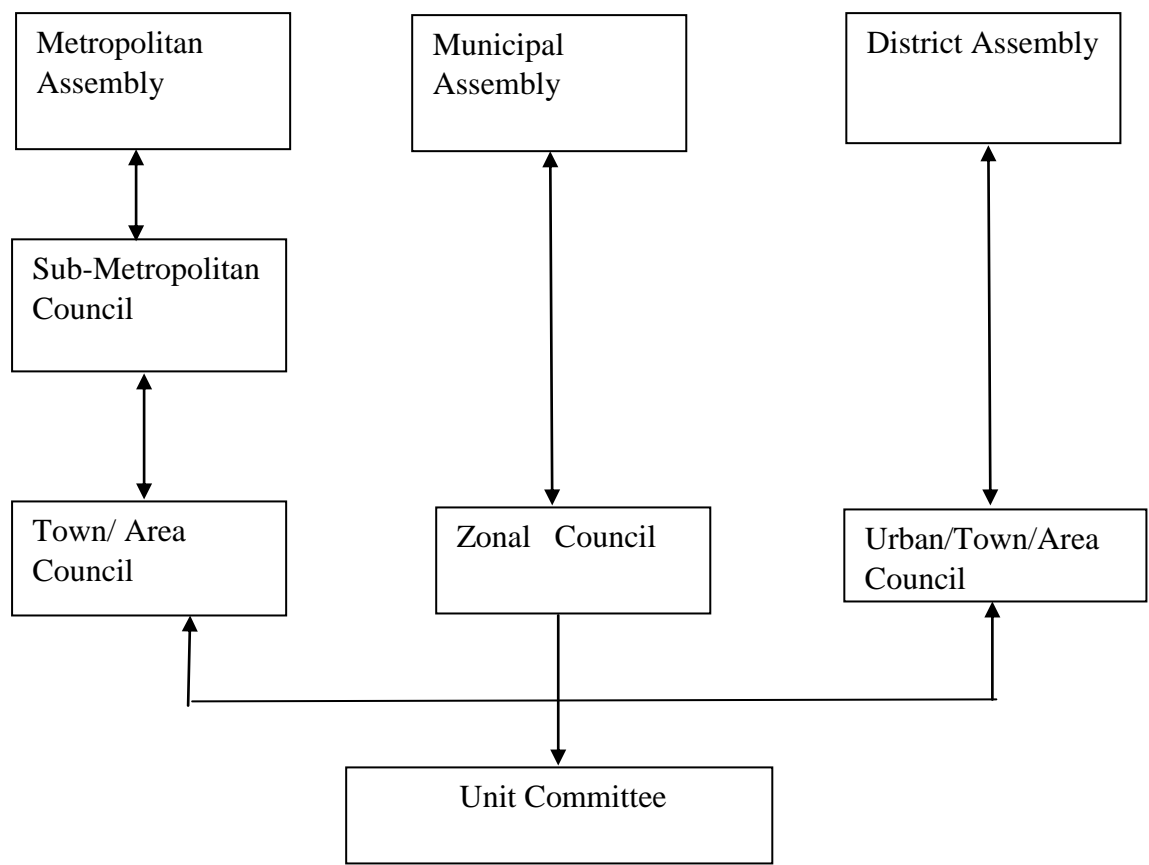


Figure 2.1: Structure of Ghana’s Decentralization System

Source: Adopted: MLG(1994)

Figure 2.1 show that Ghana has a four-level decentralisation system. At the top are the Metropolitan, Municipal (One town Assemblies) and District Assemblies

(MMDAs). An area needs to have a population of at least 250,000, 95000 and 75000 to qualify as a Metropolitan, Municipal or District Assembly, respectively. Within Metropolitan Assemblies is Sub-metropolitan Council which forms the second tier and constitute the large areas within the Metropolis. The third tiers are the Town/Area councils under the Sub-metropolitan Council (population of about 15000), Zonal Council under the Municipal Assemblies and Urban/Town/Area Councils which falls immediately after the District Assemblies. Zonal Councils are zones within one town assemblies (Municipal Assemblies). At the District level, Urban Councils are areas with a population more than 15000 within the district; Town Councils are areas with population of 5000-15000; while Area Councils have population less than 5000 within the district. At the last tier is the unit committee which could be found both at the Metropolitan, Municipal and District levels. These are parts of towns, zones or a whole village. Unit committees are formed in areas with a population of 500-1000 in a rural area while those in urban areas have a population of about 1500. Most Metropolitan and Municipal Assemblies in Ghana are urban in nature and continue to experience high urbanisation rates.

## 2.2 Urbanisation and its Associated Challenge: a Call for Action

Urbanisation is one of the most significant process that has affected human societies especially since the last century (Ministry of Local Government and Rural Development, 2012). This trend has been most severe in Africa. For instance, Ghana's urban population has grown from 9.4 % in 1931, to 50.9 % in 2010 (Ghana Statistical Service , 2014). The MLGRD-GUMPP 2017 forecast 65% of Ghana's population will be living in urban areas by the year 2030. The rise in the population in the urban cities has led to the demand increase in infrastructural and services, and other undesirable effects like increase in pollution, emissions and waste, perforation of informed neighbourhoods

and urban poverty. MLGRD –Ghana Urban Agenda (2015), states that Ghana is ripe and there is an urgent need to position the nation to maximise the benefit associated with urbanisation and reduce the negative effects. The World Bank’s Urban Development Grant for this project is in the right direction in view of the understanding established.

### 2.3 The Urban Development Grant

Urban Development Grant is a discretionary grant scheme with the main aim of encouraging the economic, physical and social regeneration of disadvantaged urban areas. This is seen as very fundamental to promoting regeneration, territorial and urban development to reducing disparities in living conditions and working opportunities (Puigcever –Penalvers M. C ( 2007) According to the Financial Management Manual (2014), the Grant is based on an annual performance and was extended to 46 selected MMAs over a five year period: 2011-2017. Within this period, MMAs enjoyed from a total grant amount of 140, 000 USD. This amount was however not given out on wholesale but to only MMAs who passes a religiously followed annual assessment processes. MMDAs were assessed based on their budget reform, reporting and auditing systems, revenue management, asset management and Social accountability. Thus, for MMDA to qualify, these systems must be very effective.

The Grant’s budget cycle and utilisations such as allowable and disallowable expenditure were all specified. The allowable social infrastructural projects were educational, health infrastructure; markets, lorry parks as well as water and sanitation projects already identified in MMAs approved Medium Term Development Plan. To ensure that all MMDAs benefit, the Grant had a component for training to fill capacity gaps identified during the assessment period. All the above processes were monitored



with an internal control system which served as an internal audit to enforce and control processes such as procurements, stores, sale of bidding documents, etc.

### 2.3.1 Major Focus Areas of the Urban Development Grant

#### 2.3.1.1 Public Financial Management

Ensuring effective Public financial Management is a key components of the Urban Development Grant and for that matter the focus capacity area of this study. Since the late 1990s there has been a widespread recognition in the international development community of the importance of PFM as a development issue (Japanese International Corporation Agency 2014). According to Rosen (2002), public financial management concern the taxing and spending habit of government which in turn influences resource allocation and distribution. In the view of Simson, et el. (2011), PFM underlies all government activity which encompasses the mobilisation of revenues, the allocation of these funds to various activities; expenditure; and accounting for spent funds. From these two definitions, it could be seen that PFM is a result oriented activity which involves government raising income and spending it efficiently. (Wescolt, et al) however, views the concept of PFM differently. According to him, PFM is a bureaucratic adherence to rules rather than a pursuit of results or outcome.

Two main pressures drove public financial management reforms in developed countries in the 1970s and 1980s. First was to cut spending and reduce fiscal deficits; and secondly to facilitate performance improvement by achieving greater efficiency, effectiveness and quality of public service. Thus, the demand for PFM was meant to ensure efficient resource utilisation, efficient service delivery (operational efficiency), execution of budget without duplication or waste and the delivery of efficient services.

Financial management is one of the key components of the Local Government capacity support project (LGCSP). In Ghana, before the Local Government Capacity Support Programme (LGCSP) which was introduced in the year 2004, the Public Financial Management Reform Programme (PUFMARP) had already been launched in July 1995. This Integrated Public Financial Management Reform Initiative aimed at enhancing the efficiency, accountability and transparency of the financial management functions of the Government especially Budgeting, Public Accounting and Financial Reporting (Ministry of Finance and Economic Planning, 2004). More recently, the government through the Ministry of Local Government and Rural Development has taken steps to strengthen public financial management in the country. This was done by strengthening the Public Finance Management section as outlined in the Local Government Act 462 of 1993 in its recent Local Governance Act 2016, Act 936.

Aside from the Government of Ghana's initiative, the World Bank has also attached Financial Management System to its loans or grants to organisations or countries. The Bank recognises that Financial Management is an integral part of the development process. According to the World Bank, financial management ensures accountability and efficiency in the management of country resources; in the private sector, it promotes investment and growth. The objective of the bank was to improve borrowing countries' financial management performance and also provide acceptable assurance on the use of the Bank's proceeds. The Local Government Capacity Support Project, supported by the World Bank through its Urban Development Grant put in place financial management arrangements. These are as follows.

1. Project funds are used only for purposes intended, an efficient and economical way;
2. The project's financial reports (IFRS) are prepared in an accurate, reliable and timely manner.
3. The Assets purchased with project funds are safeguarded, and
4. The use of project funds is independently audited.

Aside from the above, The Local Government Capacity Support Project's manual defines the duties of key financial officers like Accounts Officers i.e. Financial Controller, Project Accountant, Accounts Officer. The manual also spells out the reporting format, the Chart of Accounts and Accounts Code. All these were put in place by the World Bank and made strict by the World Bank because the body expects that the intended purposes, with economy and efficiency are achieved (Trust Training Limited Training Manual)

Under the Urban Development Grant, Metropolitan/Municipal Assemblies' performance is being assessed based on five Public Financial Management key areas. These include Budgeting, Accounting/Auditing, Revenue Management, Asset Management and Social Accountability. The details of the above are explained subsequently.

### Budgeting

Budget is a key management tool for planning, monitoring, and controlling the finances of a project or organisation. Throughout much of the century, ministries of finance and world financial organisations such as IMF have been aggressive advocates of control of public resources. According to the Public Finance Management Handbook of the World Bank (1998), prior to the late 19<sup>th</sup> century, budgeting in most countries was

characterised by weak executive power, little central control and processes that were problematic; there was a lack of adequate spending controls which contributed to an environment where there was increasing danger of substantial corruption.. The above is supported by the Public sector governance accountability series, (2007) that transparency of budgeting institutions is typically lacking in local governments in most developing countries especially those in Africa. This has made scholars like Backchz et al) argue that public money should be spent only under the law. In the past decade, therefore, there had been a growing interest in performance management and budgeting reforms in response to louder public demands for government accountability (Shah and Shen). Thus, governments around the world have shown sustained interest in improving the efficiency and effectiveness of public spending and budgeting (Curristine, 2006). ‘

In Ghana, Budgeting is one of the key factors considered in the PFM currently being rolled out to MMDAs with the coming into being the new Financial Act 921 of 2016. This Act introduced the country to composite budgeting. Composite budgeting is a budgeting process which seeks to involve stakeholders and citizens from the preparation stage until the implementation of the budget. This process demands public hearing, public review and monitoring and evaluation as a means of ensuring a stronger performance focus to MMDAs budgets by linking strategic objectives to output and activities (GOG-MOF Composite Budget Manual, 2016; Local Government service 2014). The budgeting for the use of UDG to the extent possible is incorporated within this budgeting process and follows the same cycle (FMM/LGCSP, 2014).

## Social Accountability

Social Accountability has now become the order of the day. The World Bank projects recognise Social Accountability which seeks to eliminate negative perceptions of the

Stakeholder or the beneficiaries of development projects. Good governance should not be limited to the crafting of instruments related to the promotion of democracy, but also the creation of fair and equitable roles of enhancing developments prospects. In line with the above and in keeping with the principle of social accountability, the Ministry of Local Government and Rural Development engaged the services of DEV-Pro Consulting to undertake Citizens' Perception Survey in [23] selected MMAs out of the 46 under the Local Government Capacity Support Project [LGCSP]. This strategy was a step towards empowering citizens to participate more proactively in shaping their own development and stimulating and demand for accountable governance and service delivery (Annual Progress Report 2013, Dec 2012-2013). Thus, the citizenry must be able to engage duty bearers on their interest and have relevant information, contracts and other capacities to track performance.

#### Assets Management

Assets management is a process of making and implementing decisions regarding the operation, maintenance, refurbishment, acquisition and disposal of fixed assets in a cost-effective manner (Kaganova and Kopanyi, 2014). This is aimed at providing the best possible service to local citizens. According to Masic and Campanano (2017), one main driver behind asset management is the recognition of the financial payoff of better public asset management. Thus, good fixed assets management procedures greatly enhance the efficiency \with which a department produces hence yielding much revenue. Despite its significance, effective assets management cannot be achieved lightly. Masic and Campanano (2017) outlines the needed steps and elements required for proper assets management. According to the scholars, assets management begins with an understanding of an entity's assets and the establishment of a comprehensive and updated inventory and

rational classification. Masic and Campanano (2017) make efficient fact-based long-term decision for assets, it is essential to develop and maintain comprehensive records of properties. This according to the scholars delivers exceptionally good service for citizens and improves the economic wellbeing of an area.

Assets management is very crucial to local government finance and the ability to provide good quality of urban public service. Consequently, Kaganova and Mckeller (2006) and Masic and Campanano, (2017) reiterates the need to take a look at the current status of municipal assets management in small cities and towns and identify strategies to advance their practices. For instance in Ghana, this will help ensure that Assemblies provide the required goods and service to residents and citizens in a cost-effective, efficient and transparent manner. In addition, this will help ensure that fixed assets management and procedures and practices which is required by laws of Ghana are duly followed (LGS-LG Fixed Assets Management Guidelines, 2016). Due to the relevance of Assets Management in Ghana, the constitution of the country as well as provisions in other enactments such as Financial Administrative Regulations, 2004, establishes clear cut asset management procedures for Assemblies. These provisions mandates assemblies to resolve fixed assets management requirements with a clear cut linkage between various asset management functions performed within the assembly. For instance, Assemblies are expected to keep fixed assets register which shall be updated regularly (monthly). This is meant to give a complete record of assets purchased, received, issued, sold or disposed off. Each asset is also expected to have an identification code, value and accelerated depreciation rate.

## Revenue Management

Adequate revenue resources are required to fund the expenditure functions and responsibilities assigned to District Assemblies. Revenues sources of local authorities include internally generated funds, [IGF] shared taxes and central government intergovernmental transfers (LGS-MMDAs Financial Management Manual, 2015). These revenues need to be well managed since they are limited. Effective revenue management is associated with key benefits. According to Shah (2007), there is a positive relationship between revenue management and the willingness of the public to pay tax. Shah (2007) explains that the citizen is more inclined to accept increased tax payments when it sees a clear link between payment of tax and improved government services.

In Ghana, Assemblies are mandated to employ strategies to mobilising revenue by using own revenue collectors, putting in place revenue monitoring team to monitor collection, outsourcing the collection to private operators, organising public education, engaging traditional authorities and prosecuting offenders and lockouts. Other revenue management role of the Assembly includes preparation of fee-fixing resolution and undertaking revenue projections as well as revenue improvement action plan (RIAP). All these are geared towards improving coverage of revenue and ultimately increase returns. According to the MLGRD/Financial Management Manual (2014), revenues gained should be well management. To achieve this, The LGS/MMDAs Financial Management Handbook 2015, proposes measures that need to be followed. The document outlines that the budget should reflect the assembly's priorities and should be realistic in terms of available financial resources. Also, all procurement procedures and processes required should be duly complied with.

## Accounting and Auditing

According to the Local Government Capacity Support Project Financial Management Training Manual (TTL), MMAs are expected to keep good project accounting systems capable of producing reports that meet the needs of all stakeholders. According to the manual, accounting records including cash book, petty cash book, fixed assets register, contract register, general ledger and other expenditure as well as bank reconciliation should be prepared once in a month while records of project expenditures should be separated from other expenditures.

The LGCSP does not boycott the country's systems of accounting but advocates that financial reporting requirements under the project also not be ignored. Thus, there should be harmonisation of existing accounting systems to accommodate the financial reporting requirements of all financiers (MLGRD/ Financial Management Manual, 2014). Blending the two is expected to generate at the end of each month, at least the following: the total project expenditure, contribution from each financier, total expenditure on each component and analysis of all project expenditures into civil works, consultant's services goods and all other procurement and disbursement categories.

The above could be achieved when there is an efficient auditing system. Auditing is expected to be in line with the Ghana Audit Service Act (Act 584). The Auditor – General is responsible for the Auditing exercise since it is the institution mandated to audit all funds under the Consolidated Fund and all public funds received by Government Ministries, Agencies and departments, including MMDAs. Due to capacity constraints, it is usual for the Auditor-General to sub-contract the audit of donor-funded projects to private firms in order to avert delays. The audit review cover areas like the procedures and processes, following which the report is expected to be submitted to World Bank not later than six months (6) after the end of each fiscal year.



Among some of the focus areas of accounting and auditing under the UDG project include:

#### Funds Inflow

The UDG requires that there are designated Accounts into which initial cash requirements for the first six months are deposited. Also, withdrawal is expected to be based on six months cash forecast on projected expenditures. Applications for funds are forwarded to the World Bank for replenishment of the designated account and shall be supported by Interim Financial Reports (IFRS). Two main disbursement method; reimbursement and Advance methods are applied. These are the direct payment and special commitment methods of disbursement. Also, application for withdrawal of funds from the IDA credit into the designated accounts requires document such as interim financial reports for all other expenditure and contracts.

#### Chart of Accounts

To facilitate financial reporting, it is required that a comprehensive Chart of Accounts is prepared to ensure consistency and accuracy in reporting. In addition to the above, the trial balance is to form part of the financial reports and be structured in a way that will ensure compliance with Financial Reporting standards.

#### *Internal Control:*

The UDG project document establishes a system of internal control comprising of all financial and administrative control mechanisms. This is to ensure proper authorisation of all transactions as well as accuracy, reliability and integrity of records. Apart from that unit which prepare transactions are to be subjected to internal Audit checks. Among others, the focus areas of auditing include cover payments, procurement

of goods, stores, proceeds from the sale of tender documents, designated and sub-designated accounts, petty cash as well as advances.

#### 2.3.1.2. Environmental Safeguards

Human activities have environmental consequences. These include the creation of borrow-pits from the sourcing of earth material; dust emission from construction works including haulage of gravel and sand; noise emission from the use of construction machines, equipment and vehicle; health risk as result of waste from construction activities such cement bags, water, oil, and human waste. (Abdulai, 2016). As a result, the inventory of potential environmental impact of human interventions in the environment during projects is very important. This is a step towards minimising environmental and social impact of projects. According to Abdulai (2016 and IBRD-IDA (2017), environmental safeguarding is an essential tool to prevent and mitigate undue harm to people and their environment during the development process. This is because, through this process, adverse environmental and social consequences which are identified can be minimised and mitigated and can receive attention during preparation and approval process. ADB (2012) establishes that a good environmental assessment enables the continuous improvement of environmental performance throughout the life of projects and can lead to enhance economic and social outcomes. Not considering the environment during project design can have disastrous effects during implementation. According to ADB (2012), delays in the implementation of a project because environmental issues were not considered during the design face can be significantly more costly than conducting a focus and comprehensive environmental assessment at the project onset. As a result, in Ghana, there are policies and laws which guards environmental and social assessments. These include National Environmental Action Plan (NEP), Environmental

Protection Agency Act 1994 (Act 490), Local Governance Act 2016 (Act 936) and the Factories and Offices and Shops Act 1970 (Act 328).

The World Bank views that environmental safeguards in projects improve protection for the most vulnerable people in the world and the environment. According to the Bank, funding for implementation and capacity building in Countries can play a more active role in protecting people and the environment (IBRD-IDA 2017). Consequently, when the World Bank provide the government with financing to invest in projects, the bank aims to also ensure that the environment is protected from potential adverse impact. Hence, Environmental and Social Safeguarding is a key criterion the Bank expects project implementers to carry out to have access for releases of project funds. The World Bank requires that all UDG investment activities have to be environmentally screened by the MMAs. This is expected to be done under the guidance of the Environmental and Social Officer at the Ministry of Local Government and Rural Development to determine the requirements for the safeguards that may arise (operational manual for MMA-LGCSP, 2012).

#### 2.3.1.3 Staff Capacity

In the broader sense, capacity building is any activity that seeks to enhance the ability of an organisation to meet its intended objectives (Draft Decentralisation Policy Framework 2010). According to the project manual for the MMAs LGCSP, there are three (3) windows in this regard: 1. Generic training (GT), 2. Regional Technical advisory teams (RTAT) and 3.Capacity support fund (CSF). The windows are inter-linked to provide support to tangibly improve the performance of Assemblies and the five PFM areas. The generic training according to the document provides standard training sections which include workshops for MMAs staff. With the RTAT, the team provides a real-time,

on the job capacity building support. The capacity support fund for each participating MMA sought to address the specific needs in relation to the five (5) key PFM reforms areas as reviewed earlier.

## 2.4 Conceptual Framework

Urban Development Grant is a World Bank Project which provided financial support to Metropolitan/ Municipal Assemblies in Ghana. The Grant aside providing financial support to Assemblies sought to improve on four main areas of Metropolitan/Municipal Assemblies. As shown in Figure 2.2, these areas include compliance with procurement laws and Procedures, Financial Performance, Environmental and Social Safeguards as well as Staff Capacity.

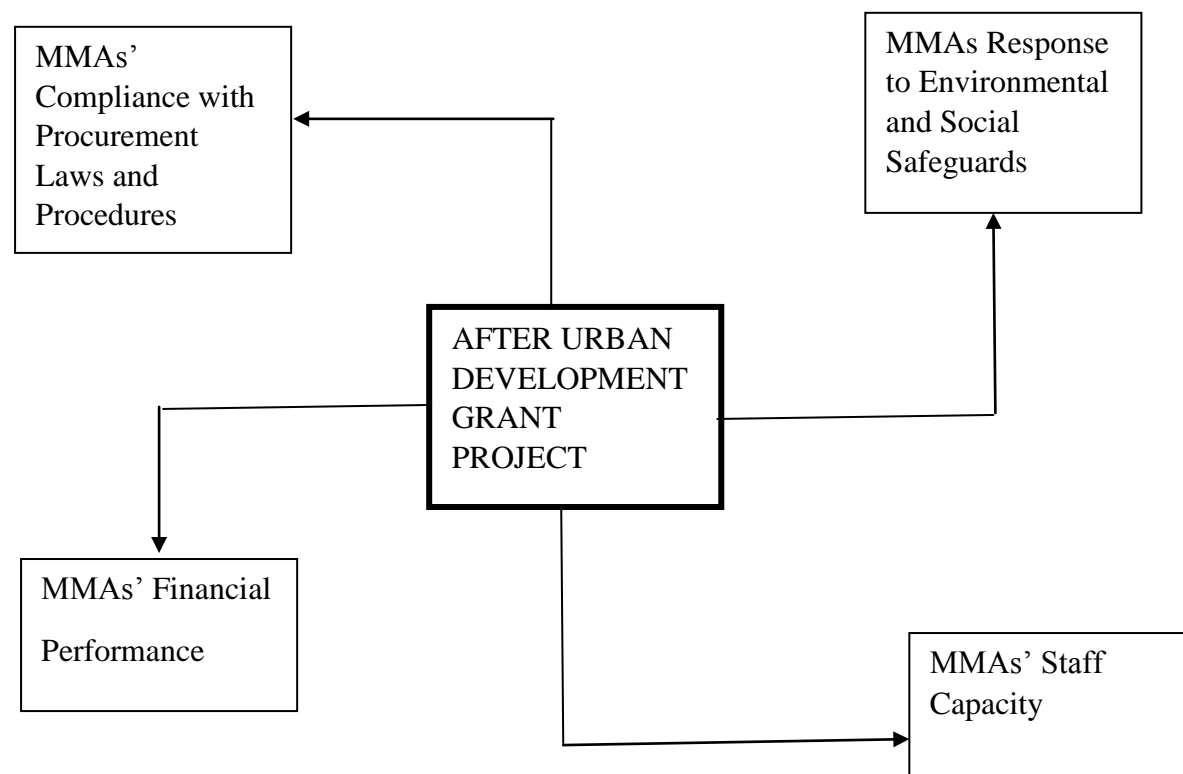


Figure 2.2: Conceptual Framework

Source: Abdulai Abdul-Rahim May 2016

As shown above, this study explores the effects of the Urban Development Grant on Compliance to Procurement Laws and Procedures, Financial Performance, response to Environmental and Social Safeguards as well as Staff Capacity of the Kwahu West Municipal Assembly.

## 2.5 Summary of Chapter

The chapter looked at theories of writers that inform the research in its right perspective. It was indicated that Urbanisation in Ghana has been increasing rapidly since 1931 to this time. The UDG, therefore, sought to encourage the economic, physical and social regeneration of the disadvantaged urban areas. The chapter indicated that the grant was not only monetary but also sought to develop Assemblies 'capacity in project implementation. These areas were identified as Public Finance Management, Environmental and Social Safeguards as well as staff capacity. Assemblies needed to indicate strength in these areas before being able to access the grant. With Public Financial Management, the chapter indicated that the World Bank sought to ensure accountability and judicious use of scarce resources. On the hand, the Environmental and Social Safeguard introduced by the World Bank sought to ensure citizen participation in projects and environmental sustainability. Staff capacity has also been discussed in the three areas: generic training, regional technical advisory team and the capacity support fund, all meant to equip staff even after the project has come to a closure. In all, the chapter indicated that these focus areas of the UDG are in the right direction of ensuring Assemblies provide quality services to citizens while dealing with the challenge of rising urbanisation. The chapter ended with a conceptual framework indicating the study's direction of looking at how the Kwahu West Municipality has improved in terms of

financial Performance, Procurement Compliance, Environmental and Social Safeguards as well as staff capacity after benefiting from the Urban Development Grant.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

The research is purposely meant to assess the effectiveness of the UDG on Kwahu West Municipality capacity to manage developmental projects. This chapter, first of all, discusses the area of study and its characteristics. Following this, the chapter discusses the scientific process that was followed to achieve the study's objectives. The research design, the population, sample design, methods of data collection, methods of data analysis, ethical consideration and research validity are all elaborated in this chapter. These are very important to provide a strong scientific explanation for the findings of the research.

#### 3.2 Profile of Study Area

The study area is the Kwahu West Municipality. Kwahu West Municipality is located in the Eastern Region of Ghana and happens to be one of the newly created Municipalities in the year 2004. The Municipality is situated between latitudes 6°30' North, and 7° North and longitudes 0°30' West and 1° West of the equator and covers a land area of about 414km<sup>2</sup>. The municipality is bounded to the North by the Asante Akim South Municipality, to the East by Kwahu South District, to the south by Atiwa District and the West by Birim North District. Its capital, Nkawkaw, is located about 241km north-west of Accra, the capital city of Ghana. The Municipality benefited from the Urban Development Grants for sub-projects such as Traffic lights and construction of slaughterhouse, U- drains and mechanised Boreholes within the Municipality.

Politically, Kwahu West Municipal Assembly is the highest administrative and political authority in the Municipality and was established in 2004 by an Act of

Parliament (LI 1589). It was however upgraded into a Municipal status in July 2007 by LI 1870. It has a deliberative, legislative and executive power by which it enacts and amends by-laws, generates its own revenue for development and commands political authority over its population.

Further, the 2010 population census figure yielded a population size of 92,384 and a density of 1214 persons per square kilometre for the Municipality, a figure much higher than the national density of 79.3. This indicates a high population pressure on land, resources and social services, especially at the Municipal capital town – Nkawkaw.

### 3.3 Population of the Study

The study's population are the key staff on the UDG project of the Assembly. These include the Municipal Chief Executive, Municipal Coordinating Director, Municipal Finance Officer, Municipal Planning Officer, Municipal Budget Officer, Municipal Works Engineer, Municipal Internal Auditor, Officer In-charge of Safe Guards, Procurement Officer and Accountant. These were considered appropriate as the population of the study because they were directly involved in the UDG sub-project. Also, many of them have several years been linked with assembly projects. They were therefore the best in position to provide the research information and answer the research questions. The assembly members and other staff were excluded from the sample as they do not have much information about the UDG project.

### 3.4 Research Approach and Design

The study mainly adopted the qualitative research approach. According to Silverman (2001), researchers who are interested in exploring people's life, histories or everyday behaviour must use qualitative instead of quantitative research strategy. Apart



from the flexibility that the former offers, it makes room for researchers to actually appreciate the changing nature of society and the dynamic characteristics of human behaviour. The case study design under the qualitative research approach is adopted by the researcher. According to Creswell (2007), case study designs involve the collection of detailed information on units belonging to an entity using a variety of data collection procedures. This design is advantageous since it guarantees the collection of the substantial amount of information, hence ensuring detailed analyses and allowing conclusions to be based on a much more detailed and comprehensive set of information (Yin, 2009).

### 3.5 Sampling Procedure

Non- probability sampling was mainly applied in this study. According to Denscombe, (2007), if the researcher feels it is not feasible or does not have sufficient information about the population to undertake probability sampling; or do not know many people or event to make up the population, the non-probability sampling approach is preferable. The above was the situation experienced in this study, hence resorting to the non-probability sampling technique. Purposive sampling under the non-probability sampling technique was adopted to select the study's respondents. Danscombe (2007) indicates that in purposive sampling the organisers of the inquiry purposively choose the particular units of the universe for constituting a sample on the basis that the small mass that they so select out of a huge one will be typical or representative of the whole. Under the purposive sampling, the researcher already knows something about the specific people or the event and deliberately selects particular ones because they are seen as instances that they are likely to produce the most valuable data. In this regard, respondents are selected with a specific purpose in mind which reflects the particular qualities of the people or

events chosen and their relevance to the topic or investigation. In this study, ten [10] key officers who were directly involved in the UDG project and had varied experience with project management with the assembly for some time were purposely selected. The researcher believes these were the people who through their experience could effectively provide the needed information.

### 3.6 Data Collection

The method of data collection has been both primary and secondary. The details of how these data were collected are explained subsequently.

#### 3.6.1 Primary Data Collection

The actual primary data collection process was preceded by a pre-test exercise. Ten people were successfully interviewed during the pre-test. The pre-test really helped because the researcher had to change some of the questions. For instance, one respondent during the pre-test clearly explained the difference between the monitoring report and progress report. The pre-test thus, allowed for necessary changes to be effected to the questions for the interview. After this was done, the actual interview was conducted for the study.

The interview was mainly structured and used the face to face approach. This was done on [10] ten key personnel in the Kwahu West Municipal Assembly who were officers-in-charge of the UDG projects and had knowledge about the project. The researcher designed an interview schedule as one of the data collection instrument for the study. The interview questions were mainly to bring out relevant information concerning the management of the UDG project. The interview had two (2) sections; section A, was on core staff of the Assembly, section B was on memos, reports and other information

from the assembly. The data were collected by the researcher within three months, this is because some of the respondents were on postings to different assemblies and the researcher had to contact them on phone to confirm their readiness and the appropriate time to meet them for the interview to take place.

### 3.6.2 Secondary Data Collection

The Kwahu West Municipal Assembly had dealt with the UDG Secretariat extensively through reports and memos to the MLGRD, RCC, RTAT and other correspondence. This information were available for the researcher to analysis and formed part of the secondary data. Also, information on environmental safeguards from the World Bank website, Ghana policy on environmental safeguards and UDG training manuals served as useful secondary data sources

### 3.7 Research Variables

To ensure the study achieves its intended purpose, the study's objectives and variables to be measured with the various data sources are presented in table 3.1.

Table 3.1: study objectives and variables

Objectives	Key variables	Data Sources	Tools/Techniques for Data Collection
1. To assess how the UDG project has enhanced the management of finances by the Kwahu West	<ul style="list-style-type: none"> <li>- Financial recording</li> <li>- Revenue mobilisation</li> <li>- Social</li> </ul>	<ul style="list-style-type: none"> <li>- Mixed data: Primary data from key Assembly officials.</li> <li>Secondary data from</li> </ul>	-Interviews using an interview guide

Municipal Assembly.	<p>accountability</p> <ul style="list-style-type: none"> <li>- Auditing</li> </ul>	Grant project reports and guidelines	Literature review
2. To explore how the UDG project has influenced the Kwahu West Municipal Assembly's responsiveness to environmental and social safeguards	<ul style="list-style-type: none"> <li>-Compliance to EPA guidelines</li> <li>-Environmental pre-screening</li> <li>-Participation of citizens in project design</li> </ul>	<ul style="list-style-type: none"> <li>- Mixed data: Primary data from key Assembly officials.</li> <li>Secondary data from Grant project reports and guidelines e.g. EPA Guidelines</li> </ul>	<ul style="list-style-type: none"> <li>-Interview guide.</li> <li>-Literature review.</li> </ul>
3. To determine how the UDG project has affected the Kwahu West Municipal Assembly's compliance with the Public Procurement Laws.	<ul style="list-style-type: none"> <li>- Compliance to Public Procurement Laws</li> <li>-The extent of audit observational errors</li> </ul>	<ul style="list-style-type: none"> <li>- Mixed data: Primary data from key Assembly officials.</li> <li>Secondary data from Grant project reports and guidelines</li> </ul>	<p>Interview guide</p> <p>Literature review</p>

4. To ascertain how the capacity of staff at the Kwahu West Municipality has improved with the coming into being the UDG project.	<ul style="list-style-type: none"> <li>- Trainings received</li> <li>- Effects of training on staff skills</li> </ul>	<ul style="list-style-type: none"> <li>- Mixed data: Primary data from key Assembly officials.</li> <li>Secondary data from Grant project reports and guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Interview guide</li> <li>Literature review</li> </ul>
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Source: Abdulai Abdul-Rahim 2016.

### 3.8 Data Processing and Analysis.

Data analysis was mainly qualitative. After the interview, the responses were transcribed, following which the researcher checked whether the questions were properly answered consistently and whether they were appropriate. The necessary corrections were then made. After reading the transcript more than three times, phrases and themes were derived to ensure a manageable pattern.

The analysis was done according to each research question and how the respondents answered. In the analysis, the qualitative text responses from the respondents were explained further while direct quotes were used sometimes to give an original taste to the analysis. Also, references were made to some of the documents provided to confirm what was given by some respondents.

### 3.9 Research Validity

Validity means that the data and the methods are 'right'. In terms of research data, the notion of validity hinge around whether or not the data reflect the truth, reflect reality

and cover the crucial matters (Danscombe 2010). This research can be said to be valid because it was conducted on Kwahu West Municipal Assembly which qualified for the UDG sub-project. In addition, not all the core staffs have had the opportunity to attend all the training programmes by the UDG secretariat, which the research took care of by only, interviewing those who were involved. The Municipal Chief Executive confirmed that the officers interviewed were responsible and had delivered the project as required by the Bank. This makes the data obtained from these respondents valid and in its sense suitable for this study. The interview approach adopted for the study also ensured the validity of the study. This is because interviews are relatively easy to arrange and easy to control.

### 3.10 Ethical Consideration.

To ensure upkeep with research ethics, permission was sought from the Honourable Chief Executive and the Coordinating Director of the Assembly. Additionally, permission from respondents before the interview and anonymity was maintained. The wish of staff who were not prepared for their names to be mentioned except their official position was granted. In addition, the researcher explained the aims and objectives of the study, before requesting the needed data. Taking part in the interview was also voluntary with no respondent coerced to be part of it.

### 3.11 Summary of Chapter

The chapter has given a picture of what was done to get the data for the study. It was indicated that the study is mainly qualitative and adopts the case study research design. Both primary and secondary data were identified to have been applied for the study. Primary data were identified to be collected from the staff of the Assembly who had been involved with UDG projects through interviews while secondary data were

collected from project reports. The chapter also indicated that the study is valid as data was collected from the right people using the right mode while research ethics were highly factored.

CHAPTER FOUR

EFFECTS OF UDG ON THE CAPACITY OF KWAHU WEST MUNICIPAL  
ASSEMBLY: DATA PRESENTATION AND ANALYSIS

#### 4.1 Introduction

The purpose of the research was to assess the effectiveness of urban development grant project on the capacity of Kwahu west Municipal Assembly to manage development project. The objectives, this study sought to achieve included finding out how effective the Urban Development Grant (UDG) project affected public financial management, responsiveness to environmental and social safeguard, compliance to public procurement laws and capacity of staff for project management at the Kwahu West Municipal Assembly. This chapter of the study presents and analyses the data as obtained from the respondents based on the above objectives.

#### 4.2 Effects of UDG on Assembly's Financial Performance

According to the research conducted, many of the respondents said the financial performance of the Assembly has improved tremendously with the implementation of the UDG project. The perspective of key staff on how financial management at the Assembly has improved with the coming into effect the UDG project is presented subsequently.

##### 4.2.1 Accountant

According to the Assembly's accountant to get access to the Grant, an assembly is expected to demonstrate a strict Adherence to the financial regulations of Ghana as well as the Project guidelines. The accountant explained as follows:



*The fund is mainly meant for Assemblies who demonstrate strong financial discipline. This means respecting the project financial guidelines and even that of the country are strong requirements. (Kwahu West Municipal Assembly, 26 September 2018, 14:28 GMT)*

The Accountant further explained that if the Assembly fails to comply it means funds may not be released to continue with projects initiated. This, the accountant explained would make it difficult for the Assembly to complete and handover such project, due to scarce resources. This was made known during one of the training programs, besides it is being contained in the project Financial Management Manual, the accountant explained. This shows how serious the World Bank was on this matter. The accountant further reiterated the challenge with the central Government transfer such as DACF and indicated that without complying with the financial requirements of this Grant to get access to alternative revenue sources, the Assembly will really suffer. She explained as follows:

*The inflow of the DACF is not regular; even as I speak to you we have not received it. The UDG grant is, therefore, a blessing to get alternative revenue. The assembly could therefore not afford to do anything that will make them miss it. (Kwahu West Municipal Assembly, 26 September 2018, 14:50 GMT)*

It was further indicated by the accountant that Budgeting, Social Accountability, Assets Management, Revenue Management; Accounting and Auditing practice of the assembly have all improved with the introduction of the UDG. This had therefore contributed to judicious use of the Assembly's resources. According to the accountant, even after the Assembly's period of enjoying from the Grant, it continues with these effective financial management principles in wait for another Grant should there be.

#### 4.2.2 Municipal Chief Executive

The Chief Executive talked about the annual scoring of marks which is based on performance which financial management is one of the components. According to the MCE, the assembly has to qualify before they would be rolled into the ensuing year sub-project. He intimated that:

*If you qualify, you get free money for the ensuing year so complying with the financial regulation to score more marks should not be a problem at all (Kwahu West Municipal Assembly, 2<sup>nd</sup> October 2018, 15:50 GMT)*

The MCE further explained that the Assembly prepares and submits financial returns for the reporting period on or before 12<sup>th</sup> of the ensuing month. This he indicated included budgeting, revenue performance, management operation, social Accountability. This had brought financial accountability which the PFM seeks to achieve. He also said that value for money, accountability, transparency are all adhered to as the World Bank is very strict on these otherwise the bank will object to continuing with project process. He finally indicated that these practices have culminated into improving financial management at the Assembly. He ended with this:

*Though going through the World Bank's rigorous financial Processes was not easy, but at the end of the day, I have realised that it was worth it as I can see massive financial improvement in this Assembly after the UDG project came to being. (Kwahu West Municipal Assembly, 2<sup>nd</sup> October 2018, 16:30 GMT)*

#### 4.2.3 The Finance Officer

The Finance officer indicated that she had had training on the project so he is always able to assist the Accountant very well. Also, he could after receiving this

training prepare and submit returns on time. The officer cited the example as stated below:

*Now with the Account at Bank of Ghana (BOG), there is no delay in printing of monthly Statements as it some time ago used to be. (Kwahu West Municipal Assembly, 10<sup>th</sup> October 2018, 13:30 GMT)*

#### 4.2.4 The Budget Analyst

The Budget Analyst viewed that records keeping in the accounts office has improved. This, he indicated has positively affected getting access to information to perform his analytical duties. He reiterated:

*Looking for data was very difficult in this Assembly as searching for document could take a long time. But now it does not take hours looking for documents as sometimes used to be. (Kwahu West Municipal Assembly, 20<sup>th</sup> October 2018, 11:30 GMT)*

According to the officer, this has helped in quickly taking decisions and strategies to improve the Assemblies' finances. This he indicated has yielded positive as follows:

*There has been an absolute increase in the size of revenue of this assembly since the UDG came to being, revenue collection has improved; it has really gone up (Kwahu West Municipal Assembly, 20<sup>th</sup> October 2018, 12:01 GMT)*

He also explained that financial malfunctions have also been under control as there is transparency due to the demands by the World Bank and the strict measures in place besides, the involvement of the Internal Audit unit.

#### 4.2.5 The Procurement Officer

During the interview sessions, the procurement officer indicated that there has been a significant improvement in financial management in the Assembly. This he attributed to knowledge acquired on Project Accounting within the Assembly. According to him, the Assembly experienced a reduced query rate. He further indicated that internal control systems have also been improved with the coming into effect the UDG project. This has helped the Assembly to take the right decision at the right time it also enhances one's ability to perform as required in a timely manner. The Environmental Safeguards officer also attributed the financial improvements to the level of cooperation between all the key officers' in-charge of the project most especially between the Accountant and the Finance Officer, Budget Analyst and others, with the coming into effect the UDG project.

#### 4.3 Effects of UDG on Assembly's Responsiveness to Environmental and Social Safeguards

Almost all the respondents were of the view that before the implementation of the UDG projects the assembly was not observing the environmental safeguards in the implementation of their projects. However, they were more concern with the development activities with the view that they need it more than anything than using the already scarce resource on this safeguard which they had little knowledge about it until then.

The opinion was that if the World Bank had not insisted, the Assembly would have used the component meant for the safeguards for another project to win the people, even though non-compliance to safeguard measures have brought about litigation, uncompleted and shoddy work. This indicates that the grant has improved the Assembly's

capacity in Environmental safeguarding. The detailed perspectives from the different respondents are elaborated subsequently.

#### 4.3.1 Municipal Chief Executive (MCE) and Municipal Coordinating Director (MCD)

According to the MCE, environmental safeguards were mandatory so the Assembly had no other option to do otherwise. He said that the Assembly had to do pre-screening and then complete the standard EPA form 'A', that the World Bank allows the local EPA to do what is required as far as these issues are concerned. According to the MCE, the involvement of affected communities in projects was appropriate and has made many of the citizens know what is within their domain as citizens.

The MCE explained that the assembly was constructing U-Drain as at the time of the interview. He identified some of the negative effects of the project as noise making, road diversion, digging of trenches and carting of chippings with heavy trucks. As a result, the Assembly with the communities decided what was needful to do to mitigate the negative impact. Some of the strategies that were devised include covering the tipper trucks conveying the chippings, erection of signboard about road diversion, the MCE indicated.

The Municipal Coordinating Director emphasised that the World Bank has really brought to bear the need to do what has been relegated even though important to sustain project development. The MCD indicated that EPA has also become alive and religiously pursuing the call for duty. In the MCEs perspective prior to the UDG project, the Assembly was not undertaking environmental safeguard. The MCE lamented that this was deliberate and indicated the negative effects as stated below:

*It is not because the assembly did not know about environmental safeguards but was however concern with more projects to serve the various communities, but*

*evidence will lead to show that this has not sustained the development goal in view of the reports from the Auditor – General, Public Accounts Committee and the general public about abandoned projects and shoddy projects etc. (Kwahu West Municipal Assembly, 25<sup>th</sup> October, 2018, 10:01 GMT)*

The MCD continued that environmental and social safeguards have now become the key component with regards to project design in the Assembly. According to him, even when the Assembly does not have the expertise, they engage a consultant with technical knowledge apart from the beneficiary communities they consult. The MCD again indicated that adopting undertaking environmental and social safeguard have yielded a lot of positive effects on their project activities. He shared his view as follows:

*After adopting environmental and safeguards, Litigations involving environmental issues that stalled the progress of work have been minimised (Kwahu West Municipal Assembly, 25<sup>th</sup> October 2018, 10:30 GMT)*

#### 4.3.2 Views from other Assembly Officers

The environmental safeguard Officer and the Budget Analyst shared the view that mostly, the Assembly depends on the Engineer's estimate which does not cover the environmental and social safeguards. For that matter even when the project triggers environmental issues in many times they are ignored by the assembly. The Budget Analyst stated further that before the UDG project the Assembly did not budget for environmental safeguards due to resource constraint and the fact that the EPA does not enforce the law strictly. It was also accounted that until recently, the EPA did not have an office in the Municipality. However, almost all the respondents said that the World Bank had through its grant has made provision for safeguards and will not give any grant for any sub-project if the project trigger environmental safeguards and they did not comply.

The Officer also made mention that with the training so far acquired, learning and sharing with others have also beef-up the knowledge and the skills to handle environmental social safeguards. The Budget Officer said, the Assembly has to do pre-screening to complete EPA standard form or strictly adhered to environmental social safeguards otherwise they cannot continue with the project. He indicated that the World Bank requires that the EPA rules and regulations whether they are relaxed have to be complied with. The Municipal Planning Officer (MPO) said that before the UDG, these were not done and shared an experience as quoted below

*Before the UDG sub-project, some Private Developers example those constructing filling stations were been made to apply for EPA permit before construction takes place meanwhile the Assembly itself was guilty of that. Many of the assembly projects have negative impacts on the people because they did not comply he emphasised (Kwahu West Municipal Assembly, 30<sup>th</sup> October 2018, 11:34 GMT)*

The Procurement Officer shared the same view with the MPO and indicated that without the pre-screening, the procurement process cannot continue with the advert. This he indicated was because the World Bank would not the go ahead. This process he indicated has had key positive effects on the Assembly's project activities. He indicated this as follows:

*Going through the environmental and social safeguard process with the World Bank requirement has significantly reduced audit queries on uncompleted projects, abandoned projects, etc (Kwahu West Municipal Assembly, 2<sup>nd</sup> November 2018, 14:34 GMT)*

The internal auditor intimated in his response that the time that Assembly hurriedly had to provide projects to satisfy communities without recourse to environmental social

safeguards is gone. He indicated further that Undue delay in project construction has been reduced even though the processes are lengthy: going through pre-screening, completing EPA standard form, etc. However, he indicated that delayance mostly occur only in the initial stages after which there is a smooth implementation.

#### 4.4 Effects of UDG project on Compliance with public procurement law

The procurement officer indicated that the World Bank did not bring their own procurement guidelines but allowed the application of the Public Procurement Authority procurement procedure. This was, however, to be adhered to strictly. Works, services and goods must all be advertised for thirty [30] days before the opening of tender. Almost all the respondents were of the view that ever since the introduction of the UDG projects, the Assembly has seriously complied with the procurement process otherwise they would not have been able to undertake a single project under the UDG fund.

According to the MCE, advertising projects in the dailies shows how transparent the process has been after the World Bank's grant. The Municipal Coordinating Director indicated that this has been very advantageous since going by procurement laws has improved the Public Financial Management (PFM) in place. He reiterated this view as indicated below:

*Because of the strict adherence to the procurement law, you hardly come across issues in audit observation that concerns procurement even if they do, the explanation is satisfied enough for the audit to amend the observation or understand the issue* (Kwahu West Municipal Assembly, 10<sup>th</sup> November 2018, 15:34 GMT)



The municipal budget analyst said that before the implementation of the UDG the assembly partially implemented the public procurement law and this can be testified by the previous audit reports. He emphasised the above assertion as follows:

*In my view the UDG project has come to enforce the existing procurement law which was bit relaxed now going ahead, projects are awarded to the best-evaluated bidder and those who did not qualified are officially informed with an explanation* (Kwahu West Municipal Assembly, 20<sup>th</sup> October 2018, 12:01 GMT)

He further explained that after the UDG project external Auditors do not have much to write as far as the processes and procedures and complying with PPA laws are concerned. The Municipal finance officer indicated how uncomfortable it was when the external auditors had to write discouraging observations on procurement and indicated significant reductions in queries concerning procurement. Other views expressed by other key staff are stated below:

*Even though I am not a member of the tender board I have always ensured that every bit of the procedure is complied with, otherwise I refer to my Finance Officer for a further directive* (Accountant, (Kwahu West Municipal Assembly, 5<sup>th</sup> December 2018, 12:01 GMT).

All the above views were confirmed by the Municipal Environmental Safeguard officer who shared his thought as follows:

*Comparing what happened and what exists now, I can confidently say that there has been a significant improvement in the procurement process* (Kwahu West Municipal Assembly, 10<sup>th</sup> December 2018, 10:03 GMT).

#### 4.5 Effects of UDG on Staff Capacity Building

The study indicated improvements in staff capacities through training courtesy of the Urban Grant project. The details of the perspectives of the various officers with regards to how staff capacities had improved through the Grant are elaborated subsequently.

##### 4.5.1 MCE and Coordinating Director's Perspective

According to the MCE, the UDG has a capacity component which has helped in the training of the staff of the assembly ever since the assembly qualified for the project. According to him, Staff have attended several workshops/training programmes through the grant. He indicated this as follows:

*There was some area of training that many of us did not know how essential it is to our course. For instance social accountability, the assembly is now aware of our responsibility; the staffs have become much aware that gone are the days where people were only interested in financial auditing. There have been several training programmes such as Financial Management, Revenue management, assets management and so on (Kwahu West Municipal Assembly, 25<sup>th</sup> October 2018, 10:31 GMT)*

He explained further that Staff have had the opportunity to attend more than three programmes the years the UDG project came to being. This, the MCE mentioned has been very beneficial to the Assembly. This MCE shared his view as stated below:

*There is a significant improvement in staff capacity in many areas of the assembly. Everyone is doing what is expected of him or her; reports are sent with the right format so many areas. (Kwahu West Municipal Assembly, 25<sup>th</sup> October 2018, 10:35 GMT)*

Contributing to the above, the Municipal Coordinating Director (MCD) indicated that what has really helped is that all the identified gaps in capacity, the CSF fund was there to support training to fill any capacity gap. This, he indicated has mitigated the difficulty with training at the Assembly. This is how he shared his view:

*The difficulty the assembly has encountered over the years to train staff has reduced because the programme has a capacity fund that supports our course* (Kwahu West Municipal Assembly, 25<sup>th</sup> October 2018, 10:35 GMT)

The RTAT has been procured by the project fund to assist the Assembly where the team visits the assembly on a regular basis to offer on- the- job training. The team goes through their records and help them to shape areas that need correction or to be improved. According to the MCE, the Assembly qualified and was also given the CSF fund which was used to train the officers on the capacity gap identified by consultants. He further stated, for instance, the Assembly use the CSF money on fixed asset management, revenue management and training of staff to improve their administrative skills.

#### 4.5.2 Finance Staff's Perspective

The finance officer confirmed that he had a lot of training on monitoring and evaluation, assets management, financial management besides; this was also supported by the chief revenue superintendent. The finance officer pointed out that the UDG programme and its training programmes have really enhanced his knowledge in environmental and social safeguards and project designs. The assembly's understanding of environmental and social safeguards has really reduced litigation on the choice of location of projects. Also, this has helped mitigate the negative impact on beneficiaries especially by adopting ISFG.

During training and workshop of the Local Government Capacity Programme, the Municipal Finance Officer said that he had learned a lot from other participants and also shared his knowledge and experiences with others. Throughout the interview, almost all the members shared this view. In addition to this, the emphases were placed on preparation and timely submission of financial statements which has now become a routine. The Accountant on her part said that, apart from the CSF training, the opportunity to attend training has broadened her knowledge. She reiterated this as indicated below:

*There has been a complete departure to non-adherence to timely preparation and submissions of returns that the World Bank requires, now I always comply due to my knowledge in Public Finance Management. (Kwahu West Municipal Assembly, 26<sup>th</sup> September 2018, 11:05 GMT)*

Contributing to the above, the municipal budget officer during the interview said that the key staffs on the UDG programme have improved. He indicated that at least many of them have attended not less three (3) programmes at any point of such program seasons and experienced persons were engaged to facilitate such training programmes. The yearly assessment by consultants has also yielded positive results because at the end of program they are able to come out with the training needs or the gaps in the training, the officer indicated. The internal auditor also shared his view that training programmes in the Assembly had always centred on MCE, MCD, MFO and MBO but with the UDG program the internal audit has benefited so much. He emphasised that the unit has had a lot of interaction with the RTAT consultants and has also benefited from the CSF training. These, he indicated had improved their internal control system.

#### 4.5.3 Perspective of Other Assembly Officers

The procurement officer was of the view that he has had a lot of training on the procurement process as required by the World Bank Vis -avi that of Ghana. Before then, he indicated, the procurement law was there but he rarely strictly complied with. The Municipal Works Engineer indicated that the training at AchyiaaKrom and other training programs has helped a lot and officers are now aware of what they are supposed to do. He also said that CSF fund which covered almost all the staff has also helped to sharpen their managerial skills for positive results.

#### 4.6 Summary of Chapter

The chapter has presented the data as obtained from the field with regards to how the UDG project has built on the Kwahu West Municipal Assembly's capacity to manage projects. This assessment was done on four key areas: finance management, environmental and Social Safeguards, procurement compliance and staff capacities. In all, the analyses indicated that the UDG had contributed to improving all these capacity areas of the Assembly.

## CHAPTER FIVE

### SUMMARY OF KEY FINDINGS, RECOMMENDATION AND CONCLUSION

#### 5.1 Introduction

Chapter four of this study looked at how the UDG project has contributed to improving the Kwahu West Municipality's financial management, response to environmental and social safeguards, and adherence to procurement laws as well as staff capacity. This chapter presents the key findings obtained from the analysis with regards to how the UDG has contributed to the above mentioned concern areas. Based on the findings, the chapter makes recommendations and conclude for the whole study.

#### 5.2 Summary of Key Findings

This section presents the major findings the study made with regards to its objectives. These findings are therefore presented along the line of the study's major objectives.

##### 5.2.1 Effects of Urban Development Grant (UDG) on Financial Management

The study revealed that financial management performance at the Assembly has improved tremendously with the implementation of the UDG project. This is a clear departure from what existed before. This is not to say there were no financial regulations. What contributed to the improvement is that the World Bank was so strict that failure to comply means no release of grant for projects. Invariably there was no alternative than to comply. Scoring of marks for the annual performance to get additional fund the ensuing year was also a factor. It was also noticed that preparation, submission of financial returns in the required format was done on timely bases. There was an improvement in the

records keeping that enhanced the improvement for retrieval of financial records more easily than it was before.

### 5.2.2 Effects of Urban Development Grant on Environmental and Social Safeguards

The study revealed that, the assembly was not complying with the environmental and social safeguards before the UDG Grant; they were more concern with doing more projects due to scarce resources and this resulted in uncompleted projects, lands litigations and shoddy works etc. It was noticed that the World Bank ensured that as far as the grants are concern, it was mandatory for the assembly to comply with its Environmental and Social Safeguards. Assembly had to go through pre-screening completion of EPA forms more so consulting beneficial communities on any negative issues that may come out as a result of the project. These measures were put in place by the World Bank to mitigate any negative impact more so for the sustainability of the project. It was also found out that the EPA was not doing their work as expected. Now the safeguard has become the key component in a project design such that where the assembly does not have the expertise they engage an expert. After the UDG projects, the EPA had an office right inside the Assembly which the Assembly was using it very well. It was indicated that even though going through the initial stages of the environmental and social safeguards delayed projects at the initial stages after which the project implementation goes on steadily.

### 5.2.3 Effects of Urban Development Grant on Public Procurement

The study indicated the Municipality was complying with all existing procurement laws. The UDG project implementation had enforced the application of the existing procurement laws. This is because the assembly had no other option than to comply as

observed during the interview. Audit observation errors had reduced, PFM has improved the assembly is complying fully. The study has revealed that KWMA was not implementing the environmental safeguards in their projects; again they were submitting their financial returns but not timely. It has also been known that the World Bank made their own financial requirements and procurement procedures however; they accepted the local procedures just that they enforce it to the later.

#### 5.2.4 Effects of Urban Development Grant on Capacity Building

The UDG program had two capacity building components. One is generic training; two is CSF and three as Regional Technical Advisory Team (RTAT). With all these capacity components, many of the assembly staff had benefited most especially the key staff of the project. This had really improved the capacity of the staff. With generic training, the key staff meets with other MMAs staff and they are trained by experts engaged by the ministry while under the CSF the assembly is given fund to engage consultants to train staff in the areas they have limited scope of knowledge to build their capacity example fixed asset management, revenue management etc. The RTAT is also engaged to give hand-on training. For example, the environmental and social safeguard and monitoring and evaluation were uncommon to the MCD, MFO and MPO which they received training. The procurement unit apart from the Public Procurement Act had also received training on World Bank's procurement procedures.



### 5.3 Recommendations

Based on the findings of this study the study makes the following recommendations:

1. That there should be an enforcement of the Public Financial Management (PFM) in place. It should not be only World Bank project because the people demand accountability of the use of public funds meant for development activities.
2. That Environmental Social safeguards should form part of any project design for its sustainability and mitigation of any negative impact likely to arise. This will reduce the uncompleted projects and shoddy works that have always been reported by the Auditor- General annual reports and the Public Accounts Committee of parliament.
3. The Ministry of Local Government and Rural Development must adopt the NO OBJECTION procedure by the World Bank on all projects the Assembly embark on even though decentralised; since in many cases they do not comply, this will reduce the problems and issues that keep on coming in the Auditor–Generals report. Thus Assemblies should be given support based on their performance. There should be an established strict performance assessment guideline which when an Assembly fails to follow may lead to it not receiving such supports.
4. That all procurement process of the assembly must be published to enable the general public to be aware if due process was followed or not. This will help ensure transparency and avoid all misunderstandings that may halt projects.
5. The World Bank must put in place an independent monitoring and Evaluation Team besides that of the ministry. This will not be a duplication of work if indeed the Bank wants value for money.

6. Enforcement of laws and institutional support. The study recommends that all laws existing on projects in Ghana should be enforced to the latter. These include procurement laws, Environmental Protection Laws. The study indicated that if not for the strict intervention by the World Bank these laws were not being adhered to and enforced. Also, key institutions such as the Environmental Protection Agency[EPA] must do better to keep Assemblies on check. These institutions should also be brought closer to Assemblies so that they can easily be accessed.
7. From the study it was realized that Ghana's decentralization had gone through series of reforms, hence it will not be out of place to do same to the local authorities in building their capacity to manage the compact areas so well for the benefit of the people they serve, no matter where one lives you will be under one of the localities. According to Ahwoi ,2010 as stated in the literature review guidelines brought were two basic policy position that is participatory democracy and empowerment of existing councils to initiate , coordinate manage and execute policies in all matters affecting their localities. This demands the assemblies to do well in capacities building etc., since the development of the area much depends on their abilities to perform in all fields of their mandate.
8. The coming to being of the local assemblies were preceded by many legislations over the years and should be a lesson in itself for the assemblies to develop but not to pretend they do not have the capacity which is so weak as highlighted. Ghana being a signatory to a lot of International Conventions and agreements put a lot of responsibilities on the assemblies to deliver; an example of these are the Victoria falls Declaration, 1999, and Africa Vision on Decentralization and a lot more Ofei-Aboagye, (2001) in the review had stated Ghana having witnessed a major shift in approaches to delivering social and economic development in line with

many other countries. The weakness in capacity building has been systemic because the local government Act 462 of 1993 was passed and had the 1992 constitution backing it some years ago. According to the MLGRD, 2012 urbanization had affected human societies since last century but the trend had been most severe in Africa. Ghana Statistical Service (2014), given the rate as 9.4% in 1931, to 50.9% in 2010, all these should have been an eye opener. Ghana is ripe and there is an urgent need to position the nation to maximize the benefit with urbanization and reduce the negative effects of it.

9. The UDG grant is based on annual performance and extended to (46) MMAs , this means all MMAs should do well to pass if indeed they lack capacity building this will help to address them if you pass you get free money even though accessing has some strings to address before accessing the funds. The capacity building as highlighted in the literature review makes some discussions on Public Financial Management, which consist of building, social accountability, asset management etc. The literature brought to bear the need for the MMAs not to relent on their effort to deliver by so doing building the capacity to be able to access funds manage them so well according to the PFM , meet all the or adherence to strict compliance of rules and regulations in place.
10. In addition to these the lessons learnt are that decentralization is global in nature and one can learn from others the best practices ; even through Game( 2016), had indicated that ‘all systems of decentralized government differ does not mean best practices from others cannot be emulated . According to Galvska(2016) , decentralization had generated a keen interest in a large number of countries including Poland . The good reasons are that there is reallocation of resources and budget transfers, what comes after a strict assignment to spending powers; it also

gives power to municipalities to develop local communities to be capable to resolve their local problems.

11. Johnson (2003) had indicated that decentralization had emerged as a dominant trend in the World politics.

#### 5.4 Conclusion

This study sought to find out the effects of the Urban Development Grant (UDG) on the project implementation capacities of local Assemblies using the Kwahu West Municipality as a case study. The first objective was to look at how the UDG has improved on financial management. The study indicated that financial management at the Municipality had improved with the coming into effect the Urban Development Grant. This indicated through improved efficient preparation and submission of financial forms, improved record keeping, improved revenue collection and reduced auditing queries. The second objective sought to find out how the UDG has improved the Assembly's response to environmental and social safeguards. The study indicated a positive relationship between the UDG and compliance with environmental and social safeguards. Thus, the study Assembly was complying with environmental and social safeguards by involving the people in project design and respecting environmental laws and procedures. The third objective was to ascertain the effects of the UDG on procurement laws and procedures. The study showed that the Assembly was following procurement laws with the coming into being the UDG, prior to which it was not. This was indicated to have reduced the rate of audit observation errors experienced by the Assembly. The last objective was to explore how the UDG had improved on staff capacities which the study indicated numerous trainings, through the Grant, was organised for the Municipality's

staff. This had culminated into improved skills. In all, the study can be said to have achieved its objectives and filled the gaps it sought to fulfil.

### 5.5 Areas for Future Research

The researcher suggested that gone are the days where assemblies did not take environmental safeguards in their project design, now the ministry of local government and rural development must do well to research into this area. Since this study considered a single case, it recommends the studying of this subject in multiple cases to ascertain the commonalities.

The researcher suggested that gone are the days where assemblies did not take environmental safeguards into their project design, now the MLGRD must do well to research into this area. Many communities have suffered when their assemblies decide to embark on any developmental activities, they mostly disregard the environmental safeguards effects, they do not involve the stakeholders, those who are the main beneficiaries of the projects which in many times they also decide not to, use the Facility. There is the urgent need to assess the performance of the calibre of staff who have the mandate to perform in these assemblies.

It is also appropriate to extend the normal auditing exercise to performance audit, value for money audit etc., in addition to hold officers responsible for their actions and inaction that affect the use of public funds for developmental projects. A thorough research must be conducted into how well the officers adhered to the procurement procedures.

The Local Government service in conducting its normal training should also find out or conduct a research on officers who cannot be trained and decide on them and

bring professionalism into the local Government system otherwise the issue of bringing the system to its level will be a mirage.

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## APPENDIX

### CHRISTIAN SERVICE UNIVERSITY COLLEGE

#### DEPARTMENT OF PLANNING

I am Mr. Joseph Asumadu, an MSc student of Christian Service University College in Kumasi. As part of this programme, I am researching into the project leading to my project work. The project I am undertaking is a case study on implementation of Urban Development Grant [UDG] in Kwahu West Municipal Assembly. The knowledge I will gained through this research will help me to evaluate how the key personnel on the project have built their capacity to undertake different projects in the assembly.

#### INTERVIEW OF KEY PERSONNEL

Personal Information.

In what age group are you?

18 and below

19-29

30-39

40-49

50-59

60-69

B, Gender;

Male

Female

C, Educational Background;

SHS

Tertiary

Current position;

MCE

MCD,

MFO,

MBA.

MPO,

Procurement Officer,

Works Engineer

1. Do you think the UDG project has helped to improve the financial management system in Kwahu West Municipal Assembly?
2. Does the World Bank has its own financial management system apart from what exist before the UDG project?
3. If yes, do the assembly have to comply with the two or one?
4. Do the assembly support the UDG project with its own source?
5. Did staff receive training on the implementation of the project?
6. What were the five [5] basic arrears of concern on the UDG project?
7. How well has the project helped the assembly in terms of project development and implementation?
8. Do the assembly submit financial returns on the project to the UDG secretariat? If yes how often? If no why?
9. Has the project implementation brought about value for money?
10. Has auditing system been improved or strengthening? What about transparency?
11. Has records keeping being improved after the implementation of the project? If yes how?

- 12.1 Has the assembly been able to increase the absolute size of its internally generated fund [IGF] after this project and how did that happened?
13. Have the assembly key officers on the project learnt new things or improve on their job performance?