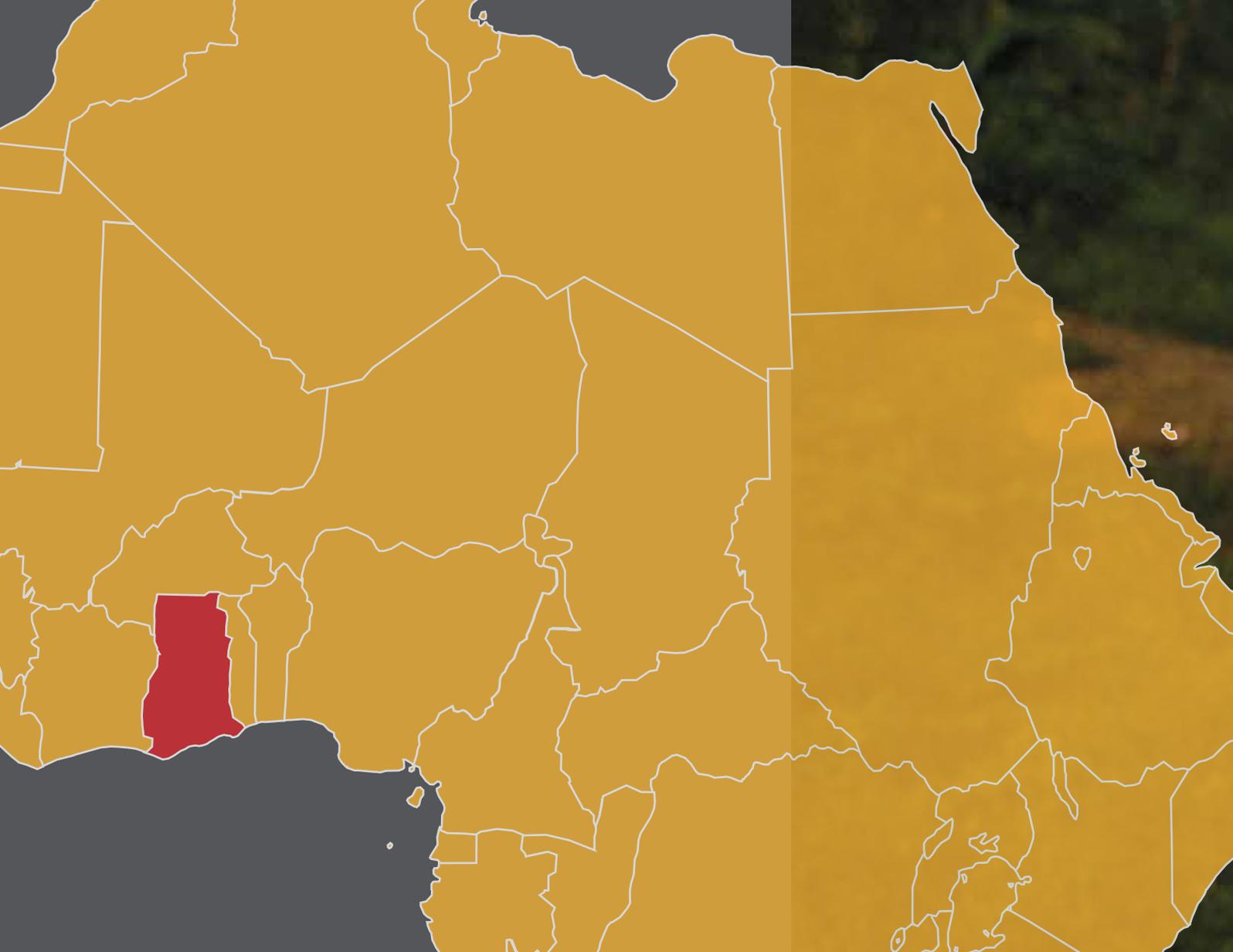


POLICY BRIEF FOR  
DECISION MAKERS

# Ghana: Urban Governance and Services





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# A. KEY MESSAGES

## Pernicious Capability Traps

Ghana is experiencing a crisis of capacity in both the way its various institutions and governance frameworks have been authorised to work, and their actual delivery of these limited functions. This is reflected in the poor devolution of functions and curtailed fiscal freedoms of local governments; and multiplicity of legislative instruments, and agencies with overlapping mandates for management of infrastructure, assets, services and planning. There is substantial deficit of investment in public infrastructure, including networks for water supply and transportation, and capacity and capability deficit in terms of institutions, systems and technologies for independent, competitive, and accountable governance.

Big bang reforms to address capacity challenges have either not found traction and been rejected outright or institutions have engaged in an isomorphic mimicry without affecting any systemic changes. These challenges have created a mismatch between urban growth and the growth of services and infrastructure to serve the growing number of urban residents, preventing the development of the full potential of the state's administrative capacity and resulting in weak institutions that provide weak delivery or delivery at very slow pace.

## Poor Decentralisation and Fragile Institutions

Achievements in service delivery have been modest and marginal due to restricted sub-national autonomy as a result of controls exercised by several top-down forces, especially controls by central government and dominant political parties, suggesting continuation of centralised patterns of governance. District officials are appointed by the central government and not locally. Poor salaries often mean that if opportunities for rent-seeking behaviour arise they are often explored. This means that innovative, risk-taking and professional managerial behaviour is often wanting in urban local governments (ULGs) in Ghana. Creativity in designing and implementing Local Economic Development strategies is often absent. Furthermore, effective institutional platforms for change, bringing together all relevant, but often competing interests and stakeholders, are only infrequently created, as they impinge on protected institutional and individual turfs and take time, commitment, compromise and enthusiasm to establish and maintain.

Lackadaisical decentralisation has constrained the ability of local governments to own the local development

agenda and innovate. Inadequate and poor funding of city governments as a result of limited fiscal decentralisation by the state has had an impact on the effectiveness and responsiveness of all assemblies, and partly accounts for the citizens' relatively low rate of participation in local government elections in Ghana.

High dependence on central and external assistance and poor own-source revenue base has meant little stability in planning, and reduced scope for market-based borrowing. The inter-governmental fiscal transfer framework is fragmented with the division of responsibilities and expenditure between local authorities and central governments. Performance-based grant systems as well as the main Intergovernmental Fiscal Transfer (IGT) mechanism allow adequate discretionary powers to local governments to plan and utilise financial resources, however constraints remain on the quality and the quantity of funds being made available to local governments. This has impacted the expenditure management systems and eventually urban service delivery. In Ghana, as in the rest of Africa, internally generated revenue does not contribute significantly to local government total revenue (not more than 20-30% at an aggregated level), although the situation within the country varies significantly between the large and the small Metropolitan Municipal District Assemblies (MMDAs).

## Growing Role of Private Sector in Delivery

The private sector and other informal actors are increasingly filling the gap in urban service delivery created by these subpar institutions. On the one hand, this has imposed additional costs on households even for basic services such as the management of solid waste and water supply. On the other, it has exposed the isomorphic mimicry of governance reforms as governments have failed to deliver on their commitments under Public-Private Partnership (PPP) arrangements, resulting in delivery failures.

The growing incidence of self-provisioning of services by the middle and upper-class, most prominent in the supply of water, security, education and sanitation, has weakened conditions for bottom-up support from citizens to end the status-quo. Self-provisioning, as well as the capture of the limited services provided by the state, is unlikely to provide incentives for city-wide agitations for improved services provision for all (especially the poor).

## Weakened Enforcement and Local Government Accountability

With the privatisation of services, the importance of assemblies as service providers is becoming untenable. Assemblies that are unable to provide direct basic services to their citizens tend to perform poorly with the responsibilities of regulating the provision and management of these services by other non-state actors such as the private sector. This is evident from the weak governance and management of private contracting in water and solid waste. The trend to outsourcing is alienating urban citizens from their local city governments and institutions, further reducing the latter's incentives for improvement, accountability and transparency in operations.

Further compounding the lack of visibility of assemblies among citizens is the weak and non-functional sub-structures of the assemblies. Functional sub-structures could have served as the basis for monitoring the conformity or otherwise of private operators with respect to regulations as well as serve as liaison structures between communities and city authorities and the state.

The actual experience of implementation of decentralisation so far in Ghana suggests that the policy may be a popular, and a conceptually viable development strategy. However, it is unlikely to lead to positive outcomes in its current framework. Serious efforts would be required to strengthen and broaden accountability mechanisms, at both national and local levels, and augment capacities particularly in the area of service provision to benefit the ever-expanding urban populace in an inclusive manner.

## Institutional Biases Distorting Urban Growth

The ongoing bias towards centralisation and reluctance to implement a more fundamental process of political decentralisation, with greater resources and autonomy at the local government level, has constrained the remit of urban planning. The challenges facing the implementation of urban planning policies and schemes coupled with lack of enforcement of planning requirements has generated deficiencies, distortions and conflicts in the ongoing development of urban Ghana with resulting regional disparities, slum development, growing informal activities, haphazard development and urban sprawl, congestion and

deterioration in transport system and services. While the metropolitan centres of Accra, Kumasi, Tema and Sekondi-Takoradi have clearly benefitted from major investment in infrastructure and building development to some degree, large areas even of these cities as well as the vast majority of urban development in the rest of Ghana is substandard. Past metropolitan planning efforts have failed to gain purchase in the face of the political fragmentation and the growing numbers of district assemblies.

## Failing Political Settlements in Land Management

Land management is caught up in a complex web of formal and informal institutions often operating on contrarian views, preventing land optimisation for inclusive urban development. Indigenous land management institutions have become less and less accountable to their communities, and in many places, management has ceased to be for the benefit or in the interest of communities. Land, the most useful asset at government disposal, cannot be leveraged fully due to powerful actors with vested interests. Majority of urban settlers have built their properties without full title and have little motivation to change their status - thus affecting government revenue from title registration, building permits and property tax payments.

On the other hand, investment in commercial property development is growing. With the wider loss of urban land price uplifts to private gain on the urban periphery, mechanisms for capturing are resulting in increases in land value for public benefit, including the provision of associated public infrastructure and services.

## Political Economy Underpinning Urban Transformation

Ghana's lack of urban transformation can in part be attributed to its urban areas behaving as 'consumption cities' with expanding slums, majority workers in informal sector, high dependence on export income from unprocessed raw materials (oil, gold, cocoa), and a negligible manufacturing base. The type of growth that continues to characterise urban areas in Ghana is not being translated into any structural change in the economy and inclusive development.

Political economy considerations hold the key to most infrastructure and service provision reforms in Ghana. For instance, formal mass transit systems can only work if informal public transport operations are curtailed on the main routes and potentially translated into “feeder” route services elsewhere, this can be seen as a threat to the current livelihoods of the many informal service owners, drivers and fair collectors. This is a very sensitive political concern. Therefore, considerable efforts need to go into managing negotiations with the transport unions, for getting buy in, and for redeployment of those currently involved into new business and employment opportunities.

Services remain uncompetitive due to political intervention in appointments, allocation of contracts to service providers, determination of tariffs and allocation of funds. A lack of complementary capital and recurrent investment has resulted in high operating costs, continual network breakdowns, and user dissatisfaction. These factors have been preventing operators from meeting anticipated performance targets. This is especially evident in the management of water supply and waste.

Benefits have been slow to trickle down to the urban poor as Ghana has settled into a pernicious equilibrium as a competitive clientelist economy wherein the elites capture resources, exploiting them for short-term gains and preventing the reinforcement of institutions to challenge the status quo.

## Entry Points to Inclusive Urban Transformation

This policy brief has attempted to show that if we accept the definition of urban governance as a form of governance that promotes inclusive decision making and implementation, efficient use of resources (including supporting the livelihoods of the urban poor), and

transparent and accountable political authority, then much needs to be done using decentralisation in Ghana as the vehicle for this transformation. Much of the analysis here has emphasised the importance of institutions in the development process. How institutions work, whether effectively or in a dysfunctional manner, is rooted in the prevailing political economy and nature of elite settlement.

Implanted reforms based on best practice models and neo-liberal modernising theory that remain aloof to institutional and political economy dynamics are bound to suffer. Examples of failed reforms in water, land management, transport discussed in the chapters above all show how in the absence of any systemic change, actors and institutions simply perform a mimicry of reforms.

Political settlements that maintain the status quo are embedded and intrinsic to the current functioning of urban service delivery. These generally change rather slowly, evolving over time, until every so often a tipping point is reached, leading to a more or less prolonged period of upheaval or conflict before a new settlement is formed. **A key issue raised through this policy brief is how to encourage the emergence of new settlements that are not only inclusive of the most powerful actors, but also based on mechanisms for elite coordination rather than a simple sharing of spoils.** The challenge is to identify policies and strategies that can address institutional isomorphic mimicry and premature load-bearing which leads to persistent failure.

# B. SUMMARY OF POLICY FINDINGS

1. **Reforming decentralisation frameworks** to strengthen political and administrative accountability structures both by increasing the proportion of locally elected members, enhancing community and neighbourhood governance structures, and providing greater local autonomy over administrative postings and transfers. Creation of metropolitan and inter-municipal service areas to provide scale economies in service provision.
2. **Strengthening fiscal devolution frameworks** through the provision of greater weightage in Intergovernmental fiscal transfers formula to population density and agglomeration, decreasing unilateral deductions in District Assemblies Common Fund (DACF) block grants, enhancing unconditional block grants, and introducing local government borrowing provisions.
3. **Reforming land ownership** and administration systems in order to create a more enabling environment for urban real estate development, land pooling, land value capture and urban regeneration.
4. **Introduction of viability gap funding grants** for municipal PPP projects with social and environmental benefits to ensure more realistic and workable solutions to service delivery and to combat the persistent failure in current PPP service provision. Development of model project development processes to ensure more realistic and accurate technical and financial modelling of prospective PPP projects along with standard concession agreements.
5. **Avoiding imposition of sophisticated models** reflected in new organisational policies, structures, charts and best practices seen to work elsewhere without creating conditions in which local innovation can emerge and be replicated.
6. **Expanding capability** in ways that will help strengthen the organisation and make it more robust without trying to make it conform to an ideal form.
7. **Specifically focusing on trying to address organisational failure** - which means trying to introduce ways to stop or avert rent seeking/ collection and the ways these are capitalised into the political system which then prevents anyone championing reform.
8. **Developing pockets of effectiveness** through problem-driven iterative adaptation. Andrews<sup>1</sup> demonstrates that successful reform is most often brought about in response to encountering a problem rather than a desire to impose a particular solution.

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<sup>1</sup> Source: Andrews 2013; Andrews et al. 2012; Pritchett et al. 2010



# Cities Alliance

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Cities Without Slums