

# **Towards A BETTER GHANA**

**ACCELERATING DECENTRALIZATION REFORMS,  
LOCAL GOVERNMENT AND RURAL DEVELOPMENT.**

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# Towards A BETTER GHANA

## ACCELERATING DECENTRALIZATION REFORMS, LOCAL GOVERNMENT AND RURAL DEVELOPMENT

### PREAMBLE

Ghana's current decentralization and local government is the brainchild of the PNDC and further institutionalized by the NDC. The general citizenry have come to recognize and accord local government an important place in our scheme of government, and especially of rural development. In a study, "over fifty and half (50.6) per cent of the local people believe that the District Assembly is the best solution to local needs. The Unit Committee followed as the second best, with 29.7 percent of responses, but is not patronized. And only 9.2 percent thought national government would best solve their needs" (Amponsah and Bofo-Arthur 2003).

The goals and objectives of decentralization are not only a global tradition today, but are also indeed laudable. Though it is yet to be robustly tested, the available anecdotal evidence suggests that there is a significant relationship and impact of developments at the local level and national governance, and that the former is a major determining factor for the success or even the realization of the latter.

Yet, during its two decades of existence, governments are yet to demonstrate the efficacy of this institution and to deploy innovative strategic plans and programs for it to perform its crucial *entrepreneurial and developmental* role. A range of constraints still persist including:

### Range of Constraints to Effective Decentralization

- Powerlessness and marginalization of the people from the decision-making process;
- Highly centralized government administrative machinery;
- Weak capacity & legitimacy crises of Municipal, Metropolitan & District Assemblies
- The scourge of poverty;
- Disguised and seasonal unemployment and under-employment of local people
- High incidences of diseases and malnutrition;
- Limited access to basic necessities such as education, health, water and sanitation, roads and transportation;
- Rapid rural-urban migration; and
- Decaying urban and rural infrastructure.

The need to decentralize is, and has been, based on the rationale that:

- Concentration of power and resources in central government is inefficient, undemocratic and infeasible for good governance;
- Policies perceived as emanating directly from local people are considered more legitimate and acceptable, and more likely to receive spontaneous support

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- Local governments are key building blocks to democracy: “Local governments are to democracy what the primary school is to science,” or the university – all society learn and get some understanding of the rudiments of governing
- Proximity and Opportunity for officials familiar with local problems to shape development plans there is assured.

For the promotion and practice of Good Governance, three areas of Local Government reform(s) should engage the attention of the next NDC Government:

- Deepening Local Level Democracy;
- Accelerating Decentralization; and
- Local Level Development and Empowerment.

### 1. DEEPENING LOCAL LEVEL DEMOCRACY

Deepening democracy implies getting the people involved in the taking of decisions that affect them directly, and one effective way of achieving this is to take government to the doorsteps of the people. In practical terms, this would involve the re-demarcation of districts and the sub-district structures.

#### **Rationale for District Re-Demarcation**

The two re-demarcation exercises undertaken by the NPP Government in 2003 and 2007/2008 do not appear to have followed any accepted principles of re-demarcation of district boundaries. The representation ratio designed to be achieved was not made known and neither has the ultimate number of districts sought to be created been made known. Some of the re-demarcations fly in the face of the demarcation principles laid down in the Local Government Act, 1993, Act 462, and the resultant sub-district structures have not been properly re-aligned between the old and new districts. It was more of an exercise of gerrymandering.

#### ***The Policy Response to this issue is that:***

There is an urgent need for undertaking an entirely new district re-demarcation exercise to clear the problems that currently exists. A clear example is the Ashaiman and Adenta re-demarcation problem where even the Electoral Commission was not involved as mandated by the constitution. To be sure, the constitution is clear on the criteria to be used and what needs to be done.

In the re-demarcation, the Ministry should therefore follow the provisions of the constitution as provided in the guidelines, set in section 1-3 of the Local Government Act, 1993, Act 462 which sets out clear specification in the creation and establishment of districts. Thus, the government should ensure fairness and justice thereby

deepening local level democracy and making the districts fully representative of the views of the electorate. Table 1 provides a matrix analysis of key issues in deepening local level democracy through decentralization: - problem, diagnosis, policy responses and potential benefits.

**TABLE1: SOME KEY ISSUES AND STRATEGIC ACTION PLANS FOR DEEPENING LOCAL LEVEL DEMOCRACY**

THEMATIC AREAS	PROBLEMS/CHALLENGES	STRATEGIC POLICY RESPONSE & ACTIONS	BENEFITS	TIME FRAME
<b>1.1 RE-DEMARCATI ON Of DISTRICTS</b>	<p>i) Arbitrary &amp; Haphazard re-demarcation under NPP Unviable Districts; Gerrymandering</p> <p>ii) <b>Bui &amp; Cape Three Points</b> Peculiar needs such as human settlement and environmental issues and past experience call for such novel initiative</p>	<p>i) Government should direct EC and MLGRD to conduct a proper re-demarcation that realigns the Sub-Districts in the old and new districts; Strict adherence to <i>principle of representation</i> ratio and viability;</p> <p>ii) Ministry to establish an LI establishing Bui &amp; Cape Three Points as special districts, avoiding parallel structures as TDC, upon assessment by expert consultants on peculiar challenges</p>	<p>i) This will achieve meaningful access to participation take place</p> <p>ii) Conflict arising from parallel development agencies as occurred in Tema will be avoided &amp; special needs met</p>	<p>i) 1-3 months</p> <p>1-12 months</p>
<p><b>1.2 i) Dysfunctional Sub-Metropolitan District Councils</b></p> <p>ii) <b>Wanton proliferation of District Structures</b></p> <p>iii) <b>Government Appointees &amp; Selection of DCEs</b></p>	<p>i) Sub-metros have become dysfunctional</p> <p>ii) Failure of Sub-units, especially UCs; Numerous new districts created without objective criteria of viability, leading to patronage politics</p> <p>iii) <b>Current approach has</b> become avenue for rewarding party cronies and dishing out political largesse regardless of competence and capability</p>	<p>i) Government must focus on strengthening the existing sub-district structures, especially the Urban, Zonal, Town and Area Councils to ensure that they operate much more effectively assigning them responsibility for some functions</p> <p>ii) Amend I.GA and subsidiary legislation to review composition &amp; size of UCs to lower limit of three, upper limit of four; provide resources and incentives; Assign specific functions e.g. iii) Births &amp; Deaths records to UCs and provide incentives &amp; logistics</p> <p>iii) Consultant to develop objective, scientific and transparent criteria for selection of DCE'S</p>	<p>i) UCs will become viable as engaged with responsible assignments and generate income</p> <p>iii) first, providing a role our traditional rulers an institutions to play in the development of their communities as well as further strengthening and legitimacy the local government system</p>	<p>i) 1-6 months</p> <p>ii) 1-6 months</p> <p>iii) 1-6 months</p>
<b>1.3 Accountability of District Assembly</b>	<p>Requirement of regular citizen engagement Article 240 (2) (e) rarely enforced;</p> <p>Emergence of problem of <i>Information asymmetry</i> and conflict</p>	<p>Importance of regular measurement and assessment of performance;</p> <p>Institutionalize citizen engagement through regular <i>deliberative dialogue forums</i></p> <p>Citizens' satisfaction survey necessary to keep government informed about local needs</p>	<p>Engaging a consultant for developing the framework for <i>Deliberative Dialogue Forums</i>;</p> <p>Performance Measurement System.</p>	<p>Urgent for 2009 DA elections</p> <p>1-3 months</p>

### *Establishment of Bui and Cape Three Point Special Districts*

The uniqueness of the challenges emanating from oil the oil discovery and the construction of the hydro-electric plant in these two areas and the past experience of conflicts surrounding developmental needs of such areas, (Tema, and the Niger Delta in Nigeria are clear examples). To mitigate the potential for disruptive conflicts, Bui and Cape Three Point should be established as special Districts in light

of peculiar challenges. This should be done upon assessment of special needs by a consultant.

The gains to be derived from a rationalized, efficient and effective redistricting are so numerous they outweigh any potential costs, especially because of the potential of having much more viable decentralized local government units financially as well as capacity-wise. With the recognition that the effective local governance depends on the extent the various communities are viable in finance and resources, the government should take firm decisions in allocating resources to the appropriate agencies, i.e., the EC and MLGRD to do an efficient re-demarcation which will re-align districts

#### *Recommended Action*

The Government should direct the EC and the Ministry of Local Government and Rural Development to initiate action in connection with the re-demarcation exercise. Because of their peculiar needs the Ministry should establish an LI establishing Bui & Cape Three Points as novel "special districts", avoiding parallel structures as TDC, upon assessment by expert consultants on peculiar challenges

*Timeframe* 1-3 months

#### **The issue of Sub-Metropolitan District Councils**

The Sub-Metropolitan District Councils (SMDCs) as the first sub-district level structure in the Metropolitan Assembly system are virtually dysfunctional. Three Legislative Instruments (L.Is) passed by Parliament in 2004 designed to change the composition, structure and functions of the SMDCs have proved so confusing that 4 years after their passage, it has not been possible to implement them. At the same time, an L.I. for Tamale, Cape Coast and Tema Metropolis was passed that gave it a composition, structure and functions different from those of the previous three Metropolitan Assemblies of Accra, Kumasi and Shama-Ahanta East.

The Government's should take steps to revisit "new-look" SMDCs and review their enabling L.Is with a view to repealing and replacing them to ensure their workability and consistency. This proposal to repeal those L.I's and enact new ones should spell out clearly the composition, structure and functions of the sub-district metropolitan councils to make them consistent with each other.

### *Recommended Action*

The Government should direct the Ministry of Local Government and Rural Development to initiate action to review the existent laws to remove the inconsistencies amongst them.

*Timeframe* 1-6 months

### *The issue of wanton proliferation of Decentralized District Structures*

The continued proliferation of districts without objective criteria that would enable them to be viable is an issue which has to do with patronage politics and its associated conflicts. It is also a potential source of conflict related to structural and logistical dysfunctional factors (Ayee 1999: 36). The past administration created a scenario of continued creation of new districts for the purposes of patronage politics and gerrymandering, issues that have debilitating effects on good governance and decentralization.

To avoid this, the NDC government should take firm, rational and appropriate measures to avoid a proliferation of unviable districts. Rather than mere creation of a multiplicity of unviable districts, the government must focus on strengthening the existing sub-district structures, especially the Urban, Zonal, Town and Area Councils to ensure that they operate much more effectively.

This will help lessen the burden of overstretched budgetary allocations and the incidence of non viable decentralized local government units.

Any serious analysis committed to deepening local level democracy, with its concomitant desire to ensure grassroots participatory democracy should urge for a strengthening of the Unit Committee structures of the District Assembly system. This is because the Unit Committees are the one avenue that assures much meaningful political participation for the ordinary people, especially the poor, the disadvantaged and the marginalized.

The composition of the Unit Committees stand at 15 (i.e. 10 elected and 5 appointed), admittedly is unrealistic and has been the source of failure. Analysts have argued that the unit committees have become redundant and non functional because of their excessive number and their composition.

The NDC Government must resolve these problems by reviewing the composition and size of the Unit Committees, by establishing a reasonable structure with an upper limit of 5 and lower limit of 3 representatives. The government must also provide some incentive package for the UCs with some appropriate remuneration

given to these representatives to attract quality minds. Thereafter, programmes should be worked out to strengthen the Unit Committees and to make them more functional and relevant.

***Dysfunctional Unit Committees:*** According to research carried out by the Political Science Department of the University of Ghana (2003) UCs are the most effective place for initiating and carrying out local level development, but many people are not interested because as it stands now, they are redundant. According to the findings of the Political Science Department study, the goals for establishing the Unit Committees are still laudable but they are fraught with massive failures.

They call for the need to review the structure, composition and functions. As they stand now their sheer size makes them ridiculous, added to the fact that they have no resource or financial incentives support. The NDC government must articulate clear, specific, and feasible responsibilities for the Unit Committees i.e. their purposes and functions. This must be made well known to the communities. There is also the need for the government to strengthen these units through the provision of logistical support, and spelling out clearly the functions and composition.

Example of responsibilities of these unit committees could be in the area of births and deaths registration in the community, which is the surest and most reliable source to secure efficient and reliable information on such an important national statistical data.

#### ***Recommended Action***

The Ministry should take steps to strengthen the sub-district structures by providing human and financial resources through appropriate guidelines. Action should be taken by the Ministry to review the LI's on the structure and functions of the unit committees with the view to reducing the size.

***Timeframe*** 1-6 months

#### ***The issue of Government Appointees to District Assemblies***

The original intention behind the decision to reserve 30 per cent of the membership of the District Assemblies for appointment by the President "in consultation with chiefs and other interest groups in the district" was to provide an avenue for the infusion of persons with skills, specialized interests and expert knowledge to provide useful input into the Assemblies. It was also to provide an opportunity to appoint members of disadvantaged and marginalized groups such as women and the disabled into the Assemblies, and to recognize chiefs and traditional authorities

as persons and groups with influence and power who have a role to play in local level governance.

Unfortunately, the system has been abused and misused by the NPP government in such a way that it ought to be revisited. It has now become an avenue for rewarding political party cronies and dishing out political largesse such that political party executives now dominate the appointments to the Assemblies, regardless of their competence and ability to make productive contributions.

Here again research findings by the Political Science Department of the University of Ghana indicate that the manner in which representatives are appointed doesn't make District Assemblies very representative, and further dissipates the little power of responsiveness and accountability that the DAs urgently need.

To this end institution of an effective transparent, scientific and constructive strategy or mechanism of consultation for the selection of appointees would be necessary to make this process of appointment democratic. Thus, the Government must, in conjunction with stakeholder consultations, consider various alternative transparent and effective approaches, including the possibility of either giving the 30% allocation to the traditional authorities or totally scrap the idea of appointees and make all representatives elected. We however do recognize, that if we are going by what the constitution wants to achieve, then it is important that the allocation be given to the traditional rulers. This would achieve two important goals; first, providing a role our traditional rulers an institutions to play in the development of their communities as well as further strengthening and legitimacy the local government system by adapting our modern political institutions to our traditional system and to achieve full political devolution.

#### ***Recommended Action***

This issue should be discussed as a key issue at the stakeholders' conference on decentralization, the outcome of which should be *submitted* for appropriate constitutional review.

***Timeframe*** 1-6 months

#### **The issue of Elected or Appointed DCE's**

The problem that actually exists with the appointment of DCEs is with the consultations that go on before nominations. There is need for a transparent mechanism or boy for the nomination process and this would go a long way to identify and rectify the weaknesses, most notably, the non-consultation associated with the appointment of DCEs.



The principle is that the process must be transparent and legitimate and should not border solely on ethnicity and other petty issues and interest. The criteria for selecting DCEs, as with MP's must be Ghana First. A clear recent example of this unhealthy problem of ethnicity in selection of DCEs is the incident in Swedru, where the nominee who passed all the interviews at constituency, regional and the national level and was adjudged in the top of the rank and yet some locals complained and rejected the nominee based merely on the fact that she is supposedly not from the town and also not a member of the NDC. This is a serious unhealthy development in our politics which challenges even the very basis of legitimacy of our nation as this potentially raises the question of criterion of membership or citizenship of Ghana. This however should not be the case, and the Government must ensure that the criteria for appointment in any Ghanaian public office should be, citizenship, demonstrable capacity and competence.

#### *Recommended Action*

The Government should establish a mechanism for consultation that will make the nominee acceptable to all stakeholders. The same standards set for MP's should be made to apply in the case of DCE's where citizenship and residency are the principal criteria for candidature. Appropriate education on the importance of national integration should also be initiated to tackle this issue effectively. The practice of reshuffling DCE's to other districts in other regions as was done under the PNDC should also be encouraged.

*Timeframe* 1-12 months

#### *The issue of Accountability of District Assembly officials and representatives*

This critical issue revolves around the importance *opportunity for regular citizen engagement – regular meetings between Assembly Members and the Electorate, which is by far the most effective democratic accountability criterion.*

Article 240 (2) (e) of the Constitution states that "to ensure accountability of local government authorities, people in particular local government areas shall as far as practicable, be offered the opportunity to participate in their governance".

In order to make this operational, section 16 of Act 462 requires that Assembly members should meet with their electorate before and after each Assembly meeting to listen to their views and concerns and incorporate these concerns into the Assembly's deliberations and to inform them about the Assembly's decisions. This objective of regular citizen engagement is particularly important to sustain the local peoples understanding and needed support for an inclusive system of local governance. Some research is required to determine whether these meetings take

place or not, but the general observation is that latter situation is the case. The NDC believes that meaningful citizen engagement is a fundamental prerequisite for making our local government system democratic and functionally effective. In accordance with our commitment to meaningful inclusiveness and transparent governance, proposals will be made to ensure that regular citizen engagement do take place because the meetings constitute one of the surest ways of deepening democracy.

Such proposals may include, but will not be limited to:

- Requiring the District Assembly to commit some minimum resources to addressing the logistical and financial challenges of the electoral areas, for example the purchase of bicycles for the Assembly members to make them mobile within the communities they serve;
- Requiring the District Assembly to liaise with local organizations and individuals such as churches, religious leaders, FM radio stations, chiefs, opinion leaders etc to educate them on the vision and the mission of the District Assembly and the essence of decentralization and its structures and systems; and
- Incorporating in the envisaged Broadcasting Law a provision for local FM stations to devote some air time to district and community-specific issues, including the possibility of live broadcast of District Assembly proceedings and publicizing scheduled meetings of the Assembly members and their electorates.

This is necessary to ensure citizen engagement to get their views and opinions and to communicate government plans, programs and projects to them. It is therefore important to institutionalize these *deliberative dialogue forums* in the likeness of the New England Town hall meeting system in the U.S., which provides realistic, meaningful and purposeful citizen participation.

The government as a matter of policy should strive to make information readily available to the media. *Information asymmetry* should be eliminated by easy release of information to the media and through the public fora.

As part of achieving this objective, the e-governance aspect must be fully implemented. Government activities and monies released to the district assemblies should be published and also made available online. This will not only make the local people informed but also motivate them to get actively involved in the decision making process. Complaints and requests for example to the District Assemblies could be sent online.

### *Recommended Action*

The Government should initiate action for developing the framework on Deliberative Dialogue Forums.

*Timeframe* 1-3 months

### **Performance Measurement System**

The importance of regular measurement and assessment of performance of public organizations to ensure that they stay on course and in fact deliver their desired objectives is universally acknowledged. This is lacking within the operations of the district assemblies such that it makes it difficult to assess the District Assemblies.

Some of the tools to achieve this include;

- Performance indicators;
- Public expenditure tracking system;
- Citizens satisfaction survey.

### *Recommended Action*

The Ministry should engage a consultant to develop the appropriate framework for Performance Measurement System.

*Timeframe* 1-3 months

### **Improvement of Financial Management**

There is the urgent need to improve financial management practices as part of the overall management capacity development of district assemblies.

### *Recommended Action*

The Ministry should develop a comprehensive financial management capacity building programme.

*Timeframe* 1-3 months

### *Revocation of Mandate & Vote of No Confidence*

Quite apart from voting directly for their representative Assembly members and indirectly for the DCE (through the District Assembly as an electoral college), and quite apart from the meetings that the Assembly members are required to hold with their electorates, both the Constitution and the Local Government Act contain provisions for the Assembly members to be accountable in other ways to the electorate and for the electorate to exercise oversight responsibility over the Assembly members (directly) and over the DCE (indirectly).

For the Assembly member, this is to be exercised through the procedure for the "revocation of mandate" and for the DCE through the procedure for a "vote of no confidence". These procedures are rarely used. The practice has been that of inundating the office of the President with complains about the conduct and performance of Assembly members and the DCEs. It also means that the people have not been appropriately and effectively educated regarding their rights and powers under the Local Government system. Public education on these rights and powers, duties and responsibilities will be part of the NDC's programme for deepening local level democracy.

With regard to this, the dialogue forums to be held once every 6 months or at least once every year would be an effective tool. The e-governance mechanism could also be used for the education. We believe that acrimonious public sentiments usually stir up because of lack of information and these fora should take care of this. This would go a long way in promoting the government's vision of greater accountability.

#### *Recommended Action*

There should be intense education on these provisions in the Local Government Act by the Ministry, the NCCE, media and the deliberative dialogue forums.

*Timeframe* 1-3 months

## II. ACCELERATING DECENTRALIZATION

Though the Constitution uses the concept of "decentralization", the term is not clearly articulated or defined. It has now become clear that the two Governments that have operated under the Fourth Republican Constitution (NDC and NPP) share different approaches to the concept. The NDC approach appears to be one of "devolution" whilst the NPP approach appears to be one of "de-concentration". Thus, in the last 7 years, the NPP Government has had laws passed that have had the effect of re-centralizing instead of decentralizing public administration. In some

cases, the laws have actually rolled back progress made under the NDC Government in the decentralization programme.

### *Fiscal decentralization*

One most critical issue to be dealt with is *fiscal decentralization*. The success of efforts at accelerating decentralization depends on addressing weak capacity of decentralized local government units in revenue generation. The weak capacity of the MMDAs to generate revenue results in their overdependence on central government resulting creeping *recentralization* (Ahwoi 2005: 6). There is also the problem of bottlenecks and malfeasance in the utilization of the DACF (Armah 2003). Other sources for the problems include:

- Limited range of local revenue mobilization sources
- Weak capacity of personnel and logistics
- Rigidity in procedure for contracting loans and overdrafts
- UCs' lack of resources financial incentives hampering their effectiveness

It should be noted that underpinning the success deepening and accelerating decentralization is effective fiscal decentralization which involves appropriate assignment of functions as well as resources. This especially implies development of a comprehensive revenues mobilization and sharing mechanisms.

### *Policy Response*

Despite successes chalked by the DACF there is the need for a comprehensive and a clearly articulated policy framework to provide effective sources of revenue mobilization and financial management, a need clearly articulated in the GPRS I. The GPRS I urge for the need not only to strengthen mechanisms for accountability, but also strengthening the revenue bases of the DAs to enable them effectively deliver their assigned responsibilities relatively independently. This requires an intergovernmental fiscal framework (IGFF) suggested by experts.

### *Issues of Urban Development*

The rates at which certain urban areas are expanding with concomitant complicated problems of urbanization imply that urban development is a major challenge. The establishment of an *Urban Development Unit* at the MLGRD is a step in the right direction, though a consultant is yet to be engaged to develop a strategic long term national urban development policy. A National Urban Development should take into consideration the following:

- Human settlement issues
- infrastructural amenities
- Efficient transportation system including dual carriage roads
- Efficient Water and sanitation systems
- The special cases of fast growing new areas such as Buipe, Nkawkaw
- The special cases of Cape Tree Points and Bui Dam

Table 2 provides a matrix analysis of some key outstanding issues necessary to be resolved in order to accelerate decentralization including, problems, diagnosis, policy responses, and potential benefits.

**TABLE 2: KEY ISSUES AND SOME SUGGESTED STRATEGIC ACTION PLANS  
FOR ACCELERATING DECENTRALIZATION**

THEMATIC AREAS	PROBLEMS/ CHALLENGES	STRATEGIC POLICY RESPONSE & ACTIONS	BENEFITS	TIME FRAME
i) <b>FISCAL DECENTRALIZATION</b>	i) Limited range of local revenue mobilization sources weak capacity of personnel and logistics ii) Rigidity in procedure for contracting loans and overdrafts iii) UCs' lack of resources and specific activities and financial incentives hampering their effectiveness	i) Consultant needed to review basis for allocating sources for tax mobilization between central & MMDAs with view to expanding range for latter Ministry to initiate capacity-building programme to enable application of Composite budget system in accord with NDP ii) Amend Act 462 to allow Ministry of Finance to have oversight rather than approval from MLGRD & MOF iii) Ministry should assign some responsibilities to UCs' e.g. Births and Deaths registry; House Numbering and Labeling of Street Names.	i) Budget for personal, staff, resources and other emoluments of MMDAs will improve and empower them.  ii) District assemblies would have access to a wider range and increase their revenue iii) UCs will become active, attract quality members	1-6 Months
ii) <b>INCONSISTENCIES AMONGST LOCAL GOVT. LAWS</b>	Inconsistencies amongst local government laws as a major source of conflict and confusion that stalls progress in accelerating decentralization; Conflict over roles, responsibilities and relationships exist	Ministry should review laws governing decentralization and local government to remove the inconsistencies amongst them; e.g. Local Government Service Act, 2003, Act 656, should be reviewed and its provisions reconciled with Local Government Act, 1993, Act 462.	This will provide for harmony as well as synergy necessary for expeditious actions by ensuring clarity in local government laws	1-12 months
iii) <b>BOTTLENECKS TO THE EFFECTIVE UTILIZATION OF THE DACF</b>	The practice of MLGRD issuing <i>Guidelines</i> for the utilization of the DACF means the fund is "tied grants" and leads to serious abuse.	The DACF is constitutionally mandated and towards this end, the District Assemblies Common Fund Act, 1993, Act 455 must be amended to its release conform with constitutional provisions	This is one sure way of reassuring autonomy and developmental capacity of DAs	1-12 months

***Some plausible Policy Responses***

- MLGRD should engage a consultant needed to review basis for allocating sources for tax mobilization between central and the MMDAs with view to expanding the scope and range of latter.
- The Ministry should initiate capacity-building programmes to enable application of ***Composite budget system*** in accord with NDP
- There is the need to amend Act 462 to allow Ministry of Finance to have oversight over MMDAs leverage in contracting loans rather than approval from MLGRD & MOF
- Ministry should assign some responsibilities to UCs' e.g. Births and Deaths registry; House Numbering and Labeling of Street Names.

A wide range of outstanding issues need to be talked in order to accelerate decentralization, most appropriately after a stake holders' conference or deliberative dialogue forums. The following are some of the more pertinent issues that need urgent attention:

- All the laws governing the decentralization and local government administration should be reviewed to remove the inconsistencies amongst them. For example the Local Government Service Act, 2003, Act 656, should

be reviewed and its provisions reconciled with those of the Local Government Act, 1993, Act 462.

- Administrative functions that lend themselves to decentralization such as company registration and passport processing should be transferred to the district level to give them a greater role;
- More strenuous efforts has to be made to synchronize the national development planning process with the national budgetary process;
- Urgent introduction of and making operational the decentralized budget system known as the "*composite budget system*" should also be considered a decentralization imperative;
- Fiscal decentralization should reflect the district development plans evolving from the decentralized planning system;
- The practice of the Ministry of Local Government issuing Guidelines for the utilization of the District Assemblies Common Fund which has the effect of the Common Fund being released as "*tied grants*" should be abolished. This practice has led to serious abuse of the decentralization process. It is important that the district assemblies understand that the funds are mandatory and towards this end, the District Assemblies Common Fund Act, 1993, Act 455 must be amended;
- The MPs' Constituency Common Fund which is funded out of the District Assemblies Common Fund (6%) should be de-coupled and a separate Fund created for the purpose to be administered by the Parliamentary Service and that will be financed directly from the Consolidated Fund;
- Similarly, the percentages of the District Assemblies Common Fund retained by the Ministry of Local Government and Rural Development (2%), the Regional Coordinating Councils (1.5%) and the Administrator of the District Assemblies Common Fund (0.5%) should be abolished and restored to the District Assemblies;
- The Government must also strive to ensure that the revenue-sharing arrangements between District Assemblies and the sub-district structures provided for in L.I, 1589 is implemented;
- The Public Procurement Act must also be reviewed to re-integrate the District Assemblies into the procurement and tender awarding processes;
- The Internal Audit Agency Act should also be reviewed to make the Internal Audit Units of the District Assemblies responsible to the District Assemblies;
- Making the Inter-Ministerial Coordinating Committee functional. The failure of this agency relates to the Chairmanship of the Council. We recommend that it be situated in the Presidency and chaired by an official in a position higher than a Minister;
- De-coupling the Local Government Service from the Civil Service is also crucial. LI's have been enacted to take out some departments from the Civil Service to the Local Government Service and vice versa and this is very confusing.



### *Stakeholders' Conference on Decentralization*

The objective is to ensure meaningful participation and empowerment of the people. There is definitely the need to review these and other re-centralization pieces of legislation, but the first order of business is a national consensus on exactly what is meant by "decentralization" in our system of decentralization so that legislation and strategies towards its attainment are not in conflict. Towards this end, it is important for the Government to organize a broad national Stakeholders Conference on Decentralization which will not only look at the conceptual issue, but will also review the 20 years of decentralization implementation (1988-2008) and make proposals on the way forward. This conference would therefore point out the type of decentralization that should be practiced or whether there should be a blend as in practice now.

### *Recommended Action*

The Ministry should take steps to organize a Stakeholders Conference on Decentralization and Local Governance.

*Timeframe* 1-3 months

## **3. LOCAL LEVEL DEVELOPMENT AND EMPOWERMENT**

The idea of local decentralization is to give autonomy and power to the local people to ensure that there is relevant development that suits the real needs of the people. The government should therefore ensure that the people at the local level play a key role in the decision making process, particularly in the area of revenue mobilization, financial management and other resource mobilization. While the cardinal role of our decentralized local government units is to initiate, formulate and execute meaningful developmental programs this does not appear to be the priority concern of our MMDAs. This omission is highly regrettable.

### *Developing entrepreneurial and developmental role of the District Assemblies*

Over the years various governments have overlooked the *crucial entrepreneurial and developmental* role of the District Assemblies. The question of how the district assemblies could proactively enter into partnerships with the private sector and other CSOs to push the developmental agenda of the community has escaped the attention of our DAs. What seems to have engaged the attention of the district assemblies is redistributive politics in the context of scarce resources. Though

warranted, this situation is a major contributing factor that accounts for the endemic unemployment and acute poverty of our local communities.

The NDC government should encourage District Assemblies to enter into productive entrepreneurial collaborations with private organizations and CSOs both local and international, to set up real self-perpetuating productive industrial activities including cottage industries, agro-processing factories etc to create jobs and wealth for the local people. This has multiple ripple effects in improving living conditions, providing job opportunities, halting the rural-urban migration syndrome and eventually modernizing our local communities.

The problem is that most current on-going district development projects are neither entrepreneurial, nor real tangible productive industrial activities that ensure sustainable development that assures mass job opportunities and income for their people.

Several opportunities for inducing the entrepreneurial role of the DAs exist. An example is the IFAD-Rural Enterprise Project which is currently a pilot project in some local areas. This should be greatly encouraged as it could be a major source of revenue generation and employment for the district assemblies with the long term goal of making them more viable and autonomous financially. A clear example is the Rotterdam Harbour in Holland which is owned by the local authorities. The KMA for example could go into collaboration with the private sector to build an international airport in Kumasi. Looking at the numbers of international travelers from the middle belt and the North this airport could be a major source of revenue for the Assembly.

#### *DA's and School Uniform Program*

In line with the NDC's agenda of assisting in the provision of school uniforms for basic schoolchildren for example, the government should encourage the DAs to go into collaboration with dressmaking artisans in their districts to undertake the job of sewing the school uniforms. This program will contribute immensely to the entrepreneurial role of the DAs as well as create jobs and provide income earning opportunities for the local people.

This is one area of decentralization that needs to be carefully examined if the country is serious about making the dream of local development; creating jobs and wealth in the rural areas is the surest way to make MMDAs autonomous, and dream for accelerated decentralization come true. When people have jobs, they have money; and would therefore be able to pay taxes. An additional advantage for encouraging rural entrepreneurship is the opportunity to make the local people productive, earn them income, and raise revenue mobilization capacity.

### Recommended Action

The Ministry should develop appropriate guidelines to assist the District Assemblies to initiate programmes in this direction.

**Timeframe** 1-6 months

Table 3 provides a matrix analysis of some key outstanding issues necessary for ensuring local development and empowerment including, problems, diagnosis, policy responses, and potential benefits.

**TABLE 3: SOME KEY ISSUES AND SOME SUGGESTED STRATEGIC ACTION PLANS FOR ENSURING LOCAL DEVELOPMENT AND EMPOWERMENT**

THEMATIC AREAS	PROBLEMS/ CHALLENGES	STRATEGIC POLICY RESPONSE & ACTIONS	BENEFITS/ OUTCOME/	TIME FRAME
<b>i) CRUCIAL ENTREPRENEURIAL AND DEVELOPMENTAL ROLE OF DISTRICT ASSEMBLIES JOBS, INCOME &amp; EMPLOYMENT AT DISTRICTS</b>	i) Neglect of important entrepreneurial role of the DAs making districts without any productive industrial activities; ii) DAs unable proactively enter into partnerships with the private sector and other CSOs to push development agenda of the community	i) Redirect attention from redistributive politics to entrepreneurial one, in line with NDC's philosophy of activist state. ii) DAs to enter into productive entrepreneurial collaborations with private sector and CSOs both local and international iii) Government to ensure least one industry in each district eg including cottage industries, agro-processing factories etc; Take advantage of programs like the IFAD-Rural Enterprise Project	i) Budget for personal, staff, resources and other emoluments of MMDAs will improve and empower them. ii) improving living conditions, job opportunities, halting rural-urban migration; modernizing our local communities	1-2 Years.
<b>ii) ROLE OF DAs IN IMPLEMENTATION OF THE SHOOL UNIFORM PROGRAM</b>	Past governments spent huge sums of scarce resources on importation of even the simplest things for national projects what could have been produced locally. NDC govt. must chart a new progressive path	The government should first provide opportunity for promoting local artisans and entrepreneurs;  Government should encourage DAs to go into collaboration with dress-making artisans in their districts to undertake the job of sewing the school uniforms.	This program will contribute immensely to the entrepreneurial role of the DAs as well as create jobs and provide income earning opportunities for the local people.	1-6 months
<b>COLLABORATION WITH TRADITIONAL AUTHORITIES</b>	In the past conflicts between DAs and traditional authorities had been a major factor that hampered development at the local levels	Possible area is collaboration for the possible establishment of <i>land banks</i> , recommended by the Land Administration Project.	This will ensure security, certainty and productive use of land; resolve many of the conflicts over lands	

### Collaboration with Traditional Authorities

Another possible area for collaboration for the attainment of the developmental and entrepreneurial roles of the DAs lies in the area of DA-Traditional authorities' relationship. As custodians of our traditional heritage and in particular their control

over land, developmental activities and programs of the DAs will be overly hampered if there is no harmony or rapport between these two crucial bodies. The government should encourage a constant platform for engagement between the traditional authorities and the DAs, in the realm of collaboration for developmental programs. One possible area is collaboration for the possible establishment of *land banks*, an issue already strongly recommended by the Land Administration Project. This will not only ensure security, certainty and productive use of land, but it will also go a long way to resolve many of the conflicts over lands which have stalled development in the local communities.

#### *Recommended Action*

We highly recommend government to commission a technical team/consultant to work on the modalities for the collaboration between the DAs and the traditional rulers on the matter, and other areas for collaboration for building the entrepreneurial and developmental capacity of the DAs within six months of the acceptance of this report.

*Timeframe* 1-12 months

#### *Making DAs Autonomous through Fiscal Decentralization*

A final important imperative for the success and effectiveness of decentralization borders on financial autonomy, which is a fundamental prerequisite for institutional autonomy. Several analysts have bemoaned continued reliance of DAs especially, staff, recruited by them having to rely on central government (consolidated Fund) for their remuneration. As Mr. Kwamena Ahwoi aptly alludes, "there is no justification for the remunerations of the staff of District Assemblies recruited by the DAs themselves to continue to be a charge on the consolidated fund." Every effort should be made by the DAs to improve their revenue mobilization base. The key problems to ensuring effective fiscal decentralization include:

- Capacity for revenue mobilization
- Range of Sources available to the DAs to mobilize tax revenue
- Income opportunities available to local people so that they can pay tax
- Efficient budgetary system
- Limited /Unrealistic ceiling for contracting loans and grants

The weak capacity in revenue mobilization emanates from the range of sources from which the decentralized local authorities could mobilize revenue. For instance it is duly admitted that the current locally-generated revenue is too restricted for DAs to mobilize significant funds, making the central government virtually to have a field

day in a variety of the most lucrative, most flexible and easiest sources of revenue mobilization such as tax collection.

The government should therefore consider suggestions made by some experts for a complete review study by consultants on the revenue mobilization and sharing sources between the central government and the MMDAs. Making the current decentralization system complete and effective implies effective fiscal decentralization, especially, revenue mobilization capacity of the local government entities.

#### *Recommended Action*

The Ministry should initiate action to engage a consultant on the review of revenue sharing and mobilization with the view to lessening the central government's monopoly over revenue sources.

*Timeframe* 1-12 months

## MONITORING AND EVALUATION

In line with our Manifesto, there is the need for a Monitoring and Evaluation Unit to be set up in the Office of the President to ensure that targets as stated in this report are being met.

#### References/Sources

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