

4

Decentralisation in Ghana

Summary

This chapter traces the trajectory of decentralisation implementation in Ghana. It covers the circumstances that led to the adoption of decentralisation; the type of decentralisation being pursued; the main area(s) of focus; achievements so far; and the challenges and suggestions for improvement. In writing the chapter, three data-collection methods were adopted: an analysis of the country report submitted by the Ministry of Local Government to the Commonwealth Secretariat in January 2010; a two-week rapid field survey conducted in February 2010 by a consultant hired by the Commonwealth Secretariat to validate the country report; and a regional validation workshop organised in Gaborone, Botswana in April 2010 during which comments were solicited from government institutions on the draft country report. The final draft report was further reviewed by the Ministry of Local Government. This chapter therefore expresses the views of a number of stakeholders who contributed to writing it and does not necessarily reflect those of the government.

Since independence in 1957 successive governments of Ghana have implemented decentralisation, defined generally as a process of state reform composed of a set of public policies that transfer responsibilities, resources, or authority from higher to lower levels of government. However, the current decentralisation policy, which was started in 1988 by the Provisional National Defence Council (PNDC) – a military government – is the most comprehensive state–local governance reform ever introduced in the country. Since then the policy has become a dominant feature of successive civilian governments. Ghana’s decentralisation involves a mixture of *political devolution* that is enshrined in her Constitution with the aim of bringing governance and decision-making closer to the people and the *administrative and sectoral deconcentration* of key service delivery agencies.

The current decentralisation trajectory was inspired not only by the PNDC’s populist philosophy of ‘power to the people’, but also by the military government’s support for the structural adjustment programme prescribed by the IMF/World Bank. Since then Ghana’s decentralisation has also been seen as a rolling-back of the role of the state and an expansion of the private sector and other non-state institutions. In general under the current decentralisation policy, Ghana’s local development process has become a shared responsibility between the central government, 170 local governments (district assemblies), civil society organisations, the private sector and communities, although

the policy intends to make local government institutions more autonomous, more responsive to local needs, and technically and financially capable of expanding and improving service delivery. The year 2010 marks 22 years since Ghana started implementing its recent decentralisation policy. This chapter highlights some of the achievements/progress made, the key challenges, and some suggestions for improvement.

The chapter shows that Ghana's decentralisation policy has ensured that more people now have access to LG administration, thereby improving the distance between the citizens and their government. The mandatory transfer of not less than 7.5 per cent of the CG revenue to LGs has helped not only to improve the financial needs of LGs (without which many would collapse), but also to ensure that district capitals became new growth poles that helped spread development across the length and breadth of the country. The District Assemblies Common Fund (DACF) has helped to improve infrastructure in rural areas more than any local development intervention ever implemented in the country. Nevertheless, Ghana's decentralisation also faces a lot of implementation challenges. Arguably the most challenging issue is how to bridge the gap between the constitutional and policy intentions of decentralisation and actual practices.

There is no doubt that the intent and purpose of Ghana's decentralisation policy points to devolution, but what is being practiced now is a mixed bag of nominal devolution and deconcentration. State-local relationships is still dominated by CG in areas of resource flow, functional assignments, accountability lines and reporting relationships. And with time these practices have been cemented by inconsistent laws. Attempts to harmonise them have become real challenges as there are many interest groups that continue to hold on from one branch of the law to another, trying to frustrate efforts to deepen devolution in favour of deconcentration.

4.1 Introduction

In 1957 Ghana became the first sub-Saharan country in colonial Africa to gain its independence. A well-administered country by regional and African standards, Ghana is often regarded as a model for political and economic reforms. Located in West Africa and sharing borders with three French-speaking countries – Côte d'Ivoire in the West, Togo in the East and Burkina Faso in the North – Ghana has a total land area of 238,538 km² and an estimated 2009 population of 23.8 million people, of whom about 50 per cent live in urban areas. Ethnically Ghana is divided into small groups speaking more than 50 languages and dialects. The Akans constitute the largest ethnic group (49 per cent) followed by the Mole-Dagbon (17 per cent), Ewe (13 per cent), and Ga/Dangme (8 per cent) (Ghana Statistical Service, 2008).

Since independence from British rule, successive Governments of Ghana (GoG) have implemented decentralisation, defined generally as a process of state reform

comprised by a set of public policies that transfer responsibilities, resources, or authority from higher to lower levels of government (see chapter 1). However, the current decentralisation policy which was started in 1988 by the Provisional National Defence Council (PNDC) – a military regime – is the most comprehensive state–local governance reforms ever introduced in the country. Since then the policy has become a dominant feature of successive civilian governments. Ghana’s decentralisation involves a mixture of political devolution that is enshrined in her constitution with the aim of bringing governance and decision-making closer to the doorsteps of the people and *administrative and sectoral deconcentration* of key service delivery agencies at sub-national level.

Given that there is no ‘one size fit all’ design of decentralisation policies, but instead decentralisation has to be sensitive to the institutional context of a country, how has Ghana’s type of decentralisation been influenced by her historical, socio-cultural, economic, and political set-up? What types of decentralisation policies and programmes does the government aim to pursue and has implemented? What are the consequences of these for equity and the quality of local governance and service delivery? Who are the protagonists of decentralisation reforms in the country? What are their interests? How have they pushed through their interests? How have various actors and institutions (formal and informal, public, private, and civil society) reacted? Is the government serious about its declared intentions about decentralisation? How has the government shared power and resources with local institutions and local governments (LGs)? To what extent have central politicians perceived decentralisation not as a zero-sum game (in which they gain or lose) but a positive-sum (or win–win) game for central and local actors? What are the gaps between policy intentions (as stated in the statute books) and actual practice? These are the questions that this research paper on decentralisation in Ghana tries to answer.

4.1.1 Sources of data and data collection methods

The research collected data that illuminates the circumstances that led to the adoption of decentralisation; the type of decentralisation being pursued; the main area(s) of focus; achievements so far; the challenges and suggestions for improvement. The study adopted three types of data collection. The first was based on the country report that the Head of Civil Service submitted to the Commonwealth Secretariat for validation. The report was found to be inadequate in terms of providing the kind of information and analysis that would enable a proper assessment of the key issues in decentralisation. The inadequacy of the report led to a second phase of data gathering. This involved a two-week rapid field survey conducted by the author with the support of the Head of Civil Service. During the field survey interviews were used to solicit information from key respondents. Among them were senior government officials in the sectoral ministries, agencies, departments and LGs, national politicians, donor agencies, and academics (see Table 1.1 in chapter 1).

Apart from the semi-structured interviews that were carried out with key people, the study also used other document reviews, team discussions, and direct observations. There was also a regional validation workshop in Gaborone organised by the Commonwealth Secretariat in April 2010.

The chapter is divided into six sections including this introduction. Section 2 provides the socio-cultural, political, economic and historical context in which decentralisation should be understood in Ghana, while sections 3, 4 and 5 analyse devolution, deconcentration and market decentralisation respectively. In section 6 the chapter highlights the achievements and challenges of decentralisation, and makes suggestions on ways to improve policy implementation.

4.2 Decentralisation in the Ghana Context

4.2.1 Decentralisation before and during British rule

History has it that the first contact between Europe and Ghana (formerly called the Gold Coast) was in 1470 with the arrival of the Portuguese. During the next three centuries, the English, Danes, Dutch, Germans, and Portuguese controlled various parts of the country. Ghana was divided into four territories: the Gold Coast, comprising mainly people living along the coastline; Ashantis in the interior; the Protectorate Northern territory; and British Togoland, a former German colony. The four territorial divisions were administered separately until 1946, when the British government ruled them as a single unit. Native administration authority was established in the country and was composed of hand-picked or non-elected members (mostly paramount chiefs, sub-chiefs and elders). The native authorities were given powers to pass byelaws and generally to assist the British colonial government to administer law and order.

In 1951, a new National Constitution was promulgated that called for an enlarged national legislature composed principally of members elected by popular vote (directly or indirectly). In 1952 a new two-tier LG structure was designed that established 26 district councils and 252 sub-district councils. Two-thirds of the members of the local Councils were elected while one-third (mainly traditional leaders) were appointed. The Paramount Chief of the area was made the president of the Councils.

As part of the processes leading to the declaration of self-government at the national level, three general elections were conducted in 1951, 1954 and 1956. The Convention People's Party (CPP), led by Dr Kwame Nkrumah, won all three elections and led the country to independence in 1957, when Britain relinquished control over the four territories. Ghana then became the first sub-Saharan country in colonial Africa to gain independence. The territories were subsequently reorganised in the form of 10 regions. The original Gold Coast Colony now comprises the Western, Central, Eastern, and Greater Accra Regions, with a small portion at the mouth of the Volta

River assigned to the Volta Region; the Ashanti area was divided into the Ashanti and Brong-Ahafo Regions; the Northern Territories into the Northern, Upper East, and Upper West Regions; and British Togoland essentially is the same area as the Volta Region. During the period leading up to independence a number of Municipal Council Ordinances were passed to established municipalities in the four major towns: Accra, Kumasi, Sekondi-Takoradi and Cape Coast.

4.2.2 Decentralisation after independence up until major reforms in 1988

After independence, the CPP government sought to develop Ghana as a modern, semi-industrialised socialist state by emphasising both political and economic organisation by the state. A new constitution was adopted in 1960 that changed Ghana from a parliamentary system with a prime minister to a republican form of government headed by a powerful president, followed by a constitutional referendum in 1964 that changed the country to a one-party state. The CPP government was overthrown in 1966 by the military, which subsequently ruled the country until 1969, when a civilian government was restored after a parliamentary election in which the Progress Party (PP) won 105 of the 140 seats.

The Ministry of Local Government reports that from early independence until the early 1970s various LG laws were passed to maintain a distinction between central and LG institutions. There had always been two different machineries for the administration of Ghana: one based in the capital with branches at the local (district) level (de-concentration), and the other separate and distinct and based in well-defined localities referred to as LGs. The central government agencies at the local level dealt with national matters. They were also attractive to the better qualified personnel in terms of management skills and professional expertise. These central government agencies had less clearly defined powers in terms of local responsibilities, but had a much better presence by reason of their de facto position as agencies of central government. Decision-making took an unduly long time because these bodies had to refer decisions on most matters of any meaningful significance to a ministry in Accra which, bogged down with matters of national significance, was unable to react quickly enough to problems referred from the local level, thus causing the tempo of activities to slow down.

The LG bodies had been set up and vested with authority specifically for local matters and grew up side-by-side with de-concentrated agencies that operated at the local level. The LGs were required to provide municipal services and amenities in their localities without regard to whether or not they had the resources to deliver. These bodies lacked personnel with the requisite skills and professional expertise. Unable to raise funds to meet their obligations or to attract able and competent officers, the LG bodies only succeeded in creating for themselves an unpleasant image of, in most cases, ineptitude and incompetence. The dual hierarchy model of administration created a number

of problems, the major one being central government agencies encroaching on the rights and responsibilities of the weaker LG bodies because the sharing of rights and responsibilities between the two had not been clearly defined.

Against this backdrop of duplication, ineffectiveness and slow development at the local level, and the resulting dichotomy in the administrative system, in the 1974 Local Administration Decree (NRCM 258) was issued that created a single hierarchical model. It abolished the distinction between local and central government bodies at the local level by creating one common single structure called the District Council and assigning it responsibility for all government at the local level. Under the district council system, local service sectors such as agriculture, education, public health, fire service, community development, town and country planning, administration, etc. were decentralised to district councils. Some of the smaller local council areas were merged, resulting in the creation of 65 District Councils with appointed district councillors.

Though well-intentioned, the new system never worked due to the following factors:

- No effective, accountable and legitimate political authority (in terms of electoral legitimacy) was established at the district level to oversee the structure. Its implementation was left to bureaucrats, who were the same people who had always looked to the nation's capital (Accra) for instructions.
- In deciding to start decentralisation from the regional level, the regions were made very strong and only became additional bureaucratic road blocks in the attempt to decentralise to the local (district) level. Indeed decentralisation began and ended at the regional levels.
- The functions that were transferred to the District Councils (under NRCD 258) were not accompanied by a simultaneous transfer of jurisdiction and resources, which are necessary for effective decentralisation.
- No conscious efforts were made to ensure that the departments that were to become District Council departments under the Decree (NRCD 258) actually operated as such.
- Quite surprisingly, during this period, attempts were successfully made to centralise even further in Accra functions which had hitherto been exercised with moderate success by District Councils, examples being the Omnibus Services Authority Decree, 1972, as amended by the Omnibus Services Authority (Amendment) Decree, 1973, and the Ghana Education Service (Amendment Decree, 1976, SMCD 63).
- The attempt to create a monolithic LG service at the local level with central government taking responsibility for salaries resulted in a rat race of recruitment by the District Councils. Overnight, unemployed and unemployable relatives and friends of councillors found themselves on the payroll of District Councils.

Consequently, the bureaucracy and staffing of the District Councils became bloated and financial discipline broke down.

- Very little effort was made to address the infrastructural and other logistical requirements of the District Councils.
- Some of the Districts were so large that administration could not reach many areas.
- A Financial Administration Decree was enacted which centralised all fiscal controls in Accra.

Apart from central–local problems, there were also mounting economic problems, mismanagement and rampant corruption during this period. This resulted in frequent military takeovers in the 1970s until constitutional rule was restored briefly in 1979, marking Ghana’s Third Republic. The People’s National Party (PNP), the political heir of Nkrumah’s CPP, won 71 of the 140 members of parliament. It failed, however, to halt the continuing decline in the economy. Corruption flourished and the gap between rich and poor widened.

On 31 December 1981 the Provisional National Defence Council, under the leadership of Flt Lt Rawlings, overthrew the ruling PNP Government, suspended the Constitution, dissolved Parliament, proscribed existing political parties, and assumed executive and legislative powers. The PNDC Government announced that ‘power will not be concentrated at the top any more’ (Yeebo, 1985: 66).

In December 1982, the PNDC government announced an 11-point decentralisation plan designed to decentralise government from Accra to the regions, the districts, and local communities, to reform the state–local relationship, and to promote democracy and greater government efficiency. Meanwhile, interim management committees were appointed to manage the existing District Councils.

To operationalise the 11-point decentralisation agenda a number of committees were set up and charged with working out the concept, form, scope, and content of decentralisation and to make recommendations about how to put into practice the proclamations of ‘power to the people’ and ‘decentralise governance to the regions, districts and communities’. The committees included the Public Administration Restructuring and Decentralisation Implementation Committee (PARDIC), Ansaah-Asamoah Committee, and Sowo Committee. The summary of the recommendations made were to:

- see development as a shared responsibility between central government, local government, the private sector, civil society organisations, non-governmental organisations and the communities;
- restructure the public administration system away from over-centralisation to a more decentralised one. Thus some 22 functional areas of central

government were identified to be decentralised and integrated into the local government bodies;

- have a four- or three-tier local government system depending on whether the areas are highly urbanised or rural (see structure in Figure 4.1);
- re-demarcate the existing 65 districts into more manageable ones, creating 45 new districts, and bringing the total to 110 districts;
- create a single unit of local government authority as the highest political, administrative, rating, and planning authority, charged with the responsibility of overall development in the districts; elect two-thirds of the local government authority members and the other one-third would be appointed by the central government in consultation with traditional authorities and other interest groups (a local government collects rates while central governments collects taxes);
- have a district secretary (chief executive), to be appointed by the head of state subject to approval by the local government authority (simple majority), and who can be removed by the head of state, or the local assembly through a vote of no confidence; and
- cede some areas of revenue being collected by central government, and introduce an effective system of fiscal decentralisation.

The structure recommended is shown in Figure 4.1.

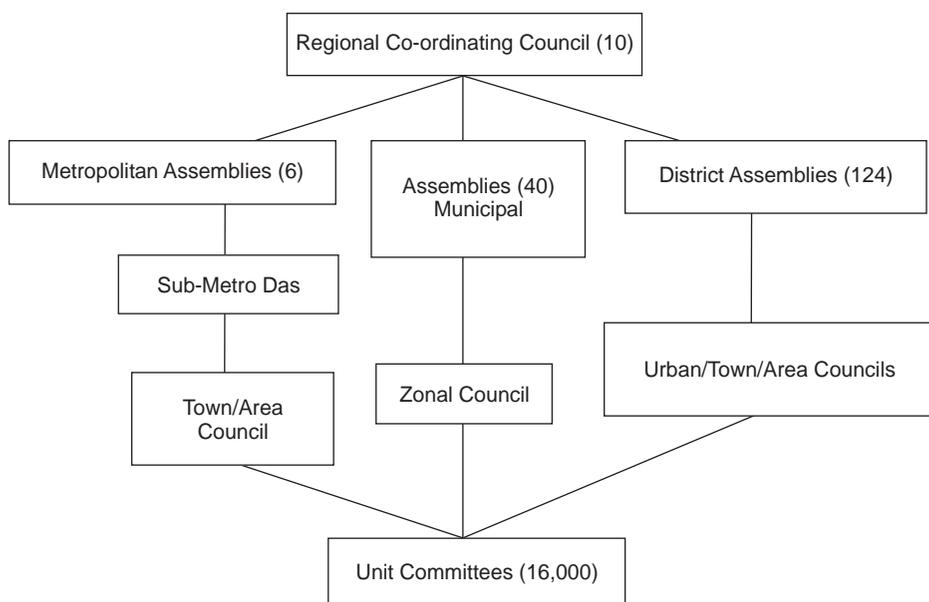


Figure 4.1. Local government structure

The recommendations were accepted and formed the basis of public administration and local government reform. As a follow-up to these recommendations, the PNDC in July 1987 launched two important policy documents, the *Blue Book*, which contained the vision and directions for decentralisation in Ghana, and the *Framework for National Economic Development* to direct economic development in Ghana.

In 1988 a new Local Government Law 1988 (PNDC Law 207) was passed and the programme of decentralisation was launched, with the aim of restructuring the public administration system, moving it away from over-centralisation to a decentralised one based on the principle of subsidiarity, economies of scope, economies of scale and inter-jurisdictional spill overs. It further announced a programme setting out modalities for the election of local councillors. Elections to the District Assemblies (DAs) were to be on an individual, not political party basis.

4.2.3 Current decentralisation policy and trajectory

Ghana's current decentralisation policy, which is enshrined in the 1992 Constitution is therefore based on the PNDC Law 207 of 1988. It seeks to:

- establish a decentralised administration through the transfer of authority, functions, means and jurisdiction from the central government to sub-national bodies (District Assemblies) to enhance the capacity of the public sector to plan, manage, and monitor social, spatial, and economic development;
- enhance popular participation in decision-making through the establishment of DAs and Sub-District Structures;
- devolve central administrative authority and divest implementation responsibilities to the district level by fusing government agencies in the region or district into one administrative unit through the process of integration, manpower absorption, composite budgeting and the provision of funds for the decentralised services;
- reassign functions making the central government undertake policy planning, monitoring and evaluation; and the regions, through the Regional Co-ordinating Councils (RCCs), play the role of co-ordination and harmonisation, whilst the DA become responsible for implementing development activities;
- introduce a decentralised planning system, whilst at the same time making capacity building programmes available to the districts; and
- introduce an effective system of fiscal decentralisation that gives the DA control over substantial portion of their revenues.

In general under the decentralisation policy development becomes a shared responsibility between the central government, DAs, civil society organisations, the private sector and communities. The policy has the intention of making the DAs more

autonomous, more responsive to local needs, and technically and financially capable of expanding and improving service delivery. Chapter 20 of the Constitution is dedicated to Decentralisation and Local Governance. It provides broad guidelines on the institutional arrangements, functions of different entities in the decentralised administration, key actors, their roles and responsibilities as well as resources. To demonstrate Ghana's commitment to decentralisation principles and processes and to further pursue them, article 254 of the Constitution states:

'Parliament shall enact laws and take steps necessary for further decentralisation of the administrative functions and projects of the central government but shall not exercise any control over the DAs that is incompatible with their decentralised status.'

Consequently, the national parliament has passed a series of laws ostensibly to enhance decentralisation and LG practices in Ghana. Ironically, some of the laws, as will be seen later, have become problematic issues that draw back implementation of the policy objectives.

4.2.4 Contemporary state administration

In 1992 the PNDC regime initiated a return to a constitutional rule. The constitution introduced an executive presidential system, a two-term limit to presidential tenure and a 200-member unicameral legislature (since increased to 230 in 2004). The Constitution declares Ghana a unitary republic with power shared between an executive president and a unicameral parliament, and an independent judiciary.

Central government

The president is the head of state and head of government. In 1992, the National Democratic Congress (NDC) – an offspring of the PNDC – won the first democratic elections by a sizeable margin of 58.4 per cent. The ruling NDC was retained with 57 per cent of the popular vote four years later, while in 2000, for the first time in the history of the country, there was a democratic change of government from one political party to another. The opposition New Patriotic Party (NPP) defeated the NDC by 13 per cent. The NPP won 56.73 per cent of the votes after a second round of voting (see Table 4.1).

Table 4.1. Political parties' control of central government since 1992

<i>Election year</i>	<i>Votes won by NDC (%)</i>	<i>Votes won by NPP (%)</i>	<i>Votes won by other political parties (%)</i>	<i>Voter turnout (%)</i>
1992	58.4	30.4	11.2	50.2
1996	57.4	39.6	3	78.2
2000*	43.1	56.9	-	60.4
2004	44.64	52.45	2.92	81.5
2008*	50.23	49.77	-	69.52

Source: Electoral Commission, Accra Ghana

*Presidential runoff elections between NDC and NPP

In 2004 the NPP retained power with 52.45 per cent of the vote and a remarkable voter turnout of 81.5 per cent. In 2008 Ghana experienced its second democratic change of government when the major opposition political party (NDC) defeated the ruling NPP government by the slimmest of margins – less than 30,000 votes after a second round of voting (50.23 per cent against the NPP's 49.77 per cent). In policy terms there are not many ideological differences between the NPP and NDC. Both political parties lean towards the market or a greater role for the private sector, with the government as a facilitator, although the NDC prefers to be called social democrats. In 2009 the NDC government announced plans to review the 1992 constitution and support further strengthening of decentralisation, but speculations are that the constitutional review will not start until after the 2012 elections.

There are 23 central government ministries each headed by a minister and assisted by one or two deputy ministers. The ministers are responsible for the leadership and policy direction of the ministries. As per the constitution two-thirds of ministers are appointed from parliament, which blurs the clear separation of the executive from the legislature. The technical heads of the ministries are chief directors (a civil service position) appointed by the president through the Public Services Commission. Each ministry is divided into several departments and agencies, each headed by directors. The second tier of government are LGs (district assemblies), defined generally as democratically elected spheres of government closest to the people and below the central government with mandates to deliberate, take decisions, and execute functions on behalf of electorates in a geographically designated area.

In between the two levels of government are several middle-level institutions and organisations that have delegated powers and functional authority in their areas of operation. These include 10 regional administrations that co-ordinate LGs in their territories along with semi-autonomous institutions and organisations such as the Ghana Education Service (GES), Health Services, Water and Electricity Corporations, Auditor and Accountant General Departments, and many others managed through a Board of Governors. The structure of state administration is shown in Figure 4.2.

Legislative assembly

Legislative functions are vested in parliament, which consists of 230 members popularly elected by universal adult suffrage for terms of four years. However, parliament's legislative powers are constrained by Article 108 of the Constitution, which prohibits it from initiating any bill that has financial implications for the government. In fact, the president has the power of veto over all bills except those to which a vote of urgency is attached. In 1992 the major opposition political parties boycotted parliamentary elections following an electoral dispute in the presidential election, so the NDC won virtually all the seats in the legislative assembly. In 1996, the opposition fully contested the parliamentary elections but the ruling NDC again won 133 of the 200 seats. In

2000, the main opposition party the NPP won a majority (103 of 200 seats) and further increased its seats to 128 in 2004. In the 2008 elections the pendulum swung back to the opposition NDC, who won a slim majority (see Table 4.2).

Table 4.2. Political parties' control of the Ghana Legislative Assembly since 1992

<i>Election year</i>	<i>No. of seats won by NDC</i>	<i>No. of seats won by NPP</i>	<i>No. of seats won by other political parties</i>	<i>Voter turnout %</i>
1992	189	Boycotted	11	28.1
1996	133	60	7	78
2000	92	103	9	62
2004	94	128	8	85.1
2008	114	107	7	69

Source: National Electoral Commission, Accra Ghana

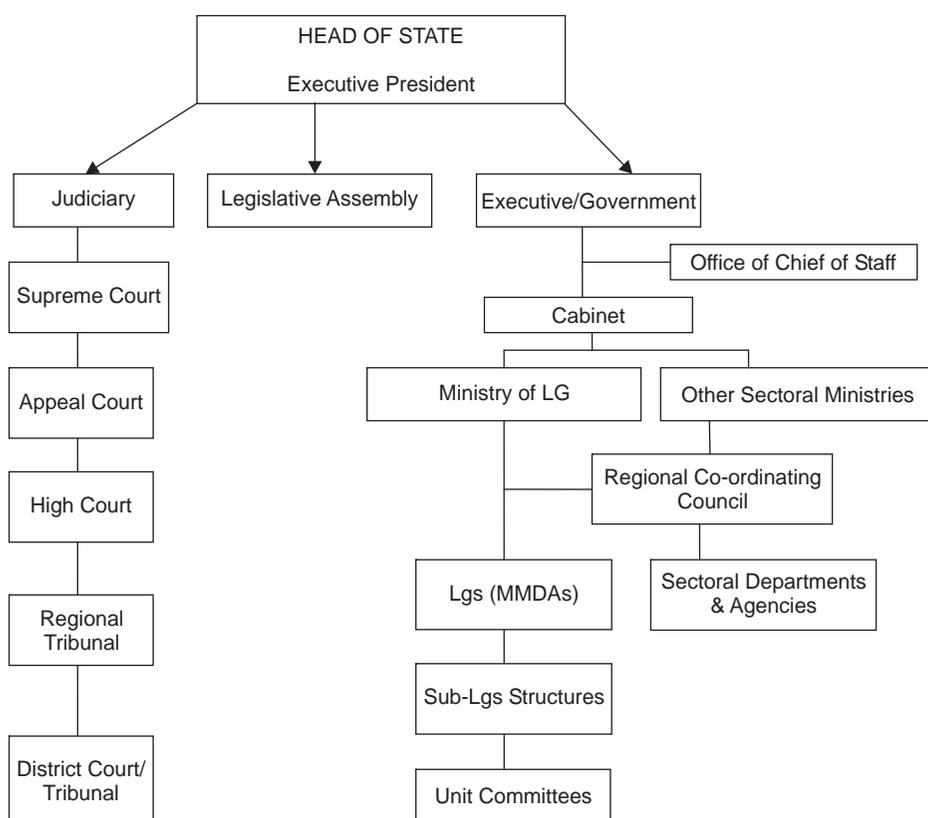


Figure 4.2. Simplified structure of state administration in Ghana

Although the core function of members of the national assembly is to deliberate and make laws while the execution of development projects and programmes are the responsibility of the government, members of Ghana's parliament are expected by their constituencies to also provide development projects. The electorate subjects their members of parliament (MPs) to all sorts of demands and favours to the extent that 6 per cent of the District Assemblies Common Fund (DACF) meant for LG development have been given out to MPs for constituency projects. In many constituencies in Ghana, the good work of an MP is judged by the number of projects he/she is able to bring to the constituency rather than the submissions or contributions he/she has made on the floor of parliament. In his 'State of the Nation Address' in 2009 the President promised to establish a Member of Parliament Constituency Development Fund separate from the DACF.

Judiciary

The structure and power of the judiciary are independent of the two other branches of government. The hierarchy of courts is composed of the Supreme Court of Ghana, the Court of Appeal, the High Court of Justice, regional tribunals, and lower courts or tribunals. The courts have jurisdiction over all civil and criminal matters. The supreme court has broad powers of judicial review. It is also authorised by the Constitution to rule on the constitutionality of any legislation or executive action at the request of any aggrieved citizen.

4.2.5 Socio-economic development

Ghana's post-independence economic story has been a difficult one. At independence, Ghana had a substantial physical and social infrastructure and US\$481 million in foreign reserves. Per capita income was high by African standards (its average income was then about the same as that of Mexico or South Korea) and the country enjoyed a 'middle income' international classification. The Nkrumah government further developed the infrastructure and made important public investments in the industrial sector. But by the end of 1960s, Ghana's reserves were gone. Mismanagement, corruption and political instability in the 1970s and 1980s resulted in the near-collapse of Ghana's economy.

In 1983, in co-ordination with the IMF, the PNDC launched structural adjustment and economic recovery programmes. While the reforms caused substantial shocks in the health, education, and agriculture sectors, the overall effects were positive and helped bring about a measure of economic stabilisation and recovery. By 1988 the economy experienced solid growth for the first time since 1978. More than two decades of political stability coupled with solid macroeconomic management with major debt relief, large inflows of donor resources, and relatively high cocoa and gold prices have resulted in steady improvements in real GDP growth, which in 2004

topped 5 per cent for the first time in a decade, reaching an estimated 6.2 per cent in 2006. Agriculture remains the backbone of the economy, accounting for more than one-third of GDP and about 50 per cent of employment. Industry, including mining, manufacturing, construction and electricity, accounts for about 30 per cent of GDP. Though Ghana depends on exports of gold and cocoa for much of her foreign exchange, recently remittances from Ghanaians working abroad provide the country's third-largest source of foreign exchange.¹ Much of the individual remittances are invested in the booming property sector in the cities. Rather than a project approach, donor support to Ghana is delivered in the form of sector-wide approach and budget support. Sector-wide support is focused on health, education, water, rural livelihoods and public-sector reform. Ghana's economic prospects were given a further boost with the announcement in June 2007 of significant oil finds off the coast. This has led to significant international commercial interest in the country's economy. It is estimated that within five years, Ghana is likely to be the third-largest producer of oil in West Africa.

Despite much progress, Ghana still faces significant development challenges, particularly in rural areas and in the three Northern Regions. Although in 2006 only 28.5 per cent of the population lives below the national poverty line (compared to 39.5 per cent in 1999), if compared to the international poverty line of US\$2 a day, then 41–60 per cent of the population are poor. Ghana is on track to meet the Millennium Development Goal of halving extreme poverty by 2015. Nevertheless, there are significant differences in the standard of living between urban and rural dwellers and between the southern and northern regions, with rural and northern residents being generally poorer.

During the past decade GoG has embarked on various economic and poverty reduction programmes with the aim of improving the living conditions of its citizens. In 2007, the Livelihood Empowerment Against Poverty (LEAP) programme was introduced and in 2008 individuals identified as extremely poor started receiving a monthly allocation of US\$8–15 (Ghana Statistical Service, 2008: 2).

4.2.6 Public sector management

Public services provision

Public service in Ghana is made up of 19 public institutions, including the civil service, judicial service, education service, prison service, health service, fire service, police, immigration and legal services. With the exception of the civil service, all other 18 public services have either regional and/or district offices. Local public services are delivered through deconcentrated, delegated and/or devolved organisational systems. For instance, while construction of local roads is the responsibility of LGs in Ghana, actual delivery is given to a central government Department of Feeder Roads. Streets, parks, market stalls and cemeteries are devolved services that LGs mobilise their own

revenue to deliver directly to residents, while community or small town and urban water supplies are delegated to Community Water and Sanitation Boards and the Ghana Water Company respectively.

Size of the public sector

The exact number of government employees in the public service is unknown, but in 2008 the Ministry of Finance (MoF) indicated that the service has reached 700,000 employees. Currently there are 24,481 civil servants that work in the ministries, extra ministerial organisations, agencies and departments; 31,705 civil servants in the LG service; 260,000 employees in the education service (mostly teachers); and 64,000 health professionals. The public sector wage bill as a share of total government spending fell from 33 per cent in 2000 to 26 per cent in 2003, but had risen again to nearly 29 per cent in 2006. The institutional framework for public sector human resource management includes the Public Services Commission, which recruits senior public servants (chief directors and heads of sub-vented state organisations) while the head of civil service recruits, posts, transfers, promotes and disciplines all civil servants below the position of director. The processes of recruitment, performance management, dismissal, etc. all start with the sector ministry, but it is the Office of the Head of Civil Service that gives final endorsement. The newly created LG Service is responsible for managing human resources in the district, municipal and metropolitan governments. Education and health, which are the two largest public services in Ghana, have separate personnel management systems: education is managed by the Ghana Education Services and health by the Ghana Health Service (GHS).

Currently there are no coherent procedures and methods for assessing the performance of senior public servants (chief directors). In 2007 an attempt was made to design a performance management system, but the process was abandoned in 2008 for no apparent reason. Below the position of chief director, the performance of all civil servants is assessed using a standard annual appraisal form.

4.2.7 Sub-national administration

The sub-national administration consists of 10 regional co-ordinating councils, district assemblies (DAs) and sub-district structures.

Regional co-ordinating councils

A regional co-ordinating council (RCC) is established for each administrative region. It is headed by a minister (a politician) appointed by the president. Sectoral ministries have offices that operate in the region as directorates. The RCC provides a link between the central government and DAs. The functions of the RCC (under Act 462) are to:

- monitor, co-ordinate and evaluate the performance of the district assemblies in the region;
- monitor the use of all monies allocated to the district assemblies by any agency of the central government;
- review and co-ordinate public service generally in the region;
- resolve any conflict between a district assembly and an agency of central government, public corporation, statutory body, non-governmental organisation or individuals (under Act 462, Section 10(8)); and
- perform such other functions as may be assigned to it by or under any enactment.

A number of planning and regional management functions (under Act 480) have also been assigned as follows:

- provide district assemblies with information and data as necessary to assist them in the formulation of district development plans;
- co-ordinate the plans and programme of DAs and harmonise them with national development policies and priorities;
- act on behalf of the commission with respect to such national programmes and projects in the region as the commission may direct;
- co-ordinate and monitor the programmes of all departments under the RCC and keep it informed of all development; and
- prepare annual report of the work of the RCC within three months after the end of the financial year to the president and the minister.

District assembly

As observed earlier, at the start of the decentralisation programme in 1988, the 65 administrative districts were increased to 110. This number has since increased and as of 2008 there are now 170 DAs.

A district assembly is the centre of administrative and developmental decision-making in the district and the basic unit of government administration. It has deliberative, legislative as well as executive functions. A DA may be called a metropolitan, municipal or district assembly, depending on the population it serves. They are collectively referred to as local governments (LGs). A metropolitan assembly have more and higher functions than a municipal or district assembly but there is no subordination of one over the other in terms of powers or decision-making authority. There are currently six metropolitan assemblies (population over 250,000), 40 municipal assemblies (population over 95,000), and 124 smaller district assemblies (population over 75,000) (GoG, undated: 11-12).

Below the LGs are subordinate local structures made up of 31 sub-metropolitan councils, 1,306 sub urban/town/zonal/area councils and 16,000 unit committees to perform functions specifically assigned to them by the legislative instruments (LIs) that established the LGs and/or were delegated to them by the DA. The sub-structures are established to ensure that government, administration and services become closer to the people. For example:

‘Urban Councils are created for settlements with a population above 15,000 and which are cosmopolitan in character but not of the scale associated with the metropolises, while zonal councils are in ‘one-town’ municipal assemblies for which the establishment of town/area councils will raise problems of parallel administrative structures. Establishment of sub-structures is based on the National Electoral Commission’s criteria of commonality of interest, population of 3,000, and identifiable streets, landmarks etc. as boundaries. Town councils are established for settlements with populations of 5,000–15,000. Area councils exist for settlements/villages which are grouped together, but whose individual settlements have a population of less than 5,000. Area councils are predominantly rural populations and in some cases can be identified with spheres of influence of a particular traditional authority. They are essentially rallying points of local enthusiasm in support of the development objectives of the DA. Unit committees form the base structure of Ghana’s LG system. A unit is normally a settlement, or a group of settlements with a population of 500–1,000 in the rural area, and a higher population (1,500) for the urban areas. Being in close touch with the people, unit committees are expected to play important roles in education, organisation of communal labour, revenue raising and ensuring environmental cleanliness, registration of births and deaths, and implementation and monitoring of self-help projects among others (GoG, undated: 14–15).

However, about 90 per cent of these sub-structures are not functioning because they have no offices or personnel and, most importantly, their upper-tiers LGs have not transferred responsibilities and resources to them. In regions where unit committees seem to function, for instance in Upper West Region, it has been successful because of DANIDA support.

4.2.8 Traditional administration

Ghana has a long history and culture where traditional authorities made up of chiefs, queens, queen mothers, family heads, community elders, and traditional priests play developmental and governance roles in LG. A traditional area may go beyond the boundaries of an LG. Although the LG system as it is designed now allocates responsibilities for local development to the DAs, traditional authorities have always remained the agents for community development, especially in rural areas. For instance the Asantehene Educational Fund has provided scholarships to thousands of Ghanaian schoolchildren, more than any single institutions outside the state. Similar development projects are being provided by chiefs in other traditional areas, such as the Okyehene Reforestation and HIV/AIDS programme and Togbe Afede

electrification project (Asogli Power Plant). Traditional authorities not only mobilise human and material resources for development, but they also form important links between the LG and the people by acting as channels of communication through the dissemination of government policy and decisions to the people. They are also critical in ensuring peace in their traditional area. Given that in Ghana chiefs are the custodians of land on behalf of the families and clans, they are key to any quest for the release of land for development projects. In the past, traditional authorities were allocated a third of the LG assembly's seats, but the 1992 Constitution modified this to say not less than 30 per cent and appointed by the president in consultation with traditional authorities and other interest groups. Under the present LG system chiefs are prohibited to contest political positions at the national and local government levels, but can be appointed by the government as part of the 30 per cent that the president can appoint in consultation with the local authority. Chiefs in Ghana want to continue to play relevant roles in local development and not to be sidelined, as seems to be the result of current decentralisation policies and practices.

4.3 Devolution through District Assembly System

Local governments (LGs) and district assemblies (DAs) (the phrases are used interchangeably and mean the same thing) are created by legislative instruments as the second tier of government. They have corporate status so can sue and be sued.

4.3.1 Functions of the district assembly

As the tier of government closest to the communities where the people live, DAs in Ghana are legislative, executive, planning and budgeting entities that are responsible for all of the development in their territory. The Local Government 1993 Act 462 (section 10 (3)) assigns them the following specific functions:

- Responsibility for the overall development of the district, ensuring the preparation and submission (through the RCC) for approval of the development plan to the National Development Planning Commission (NDPC) and budget to the MoF for the district.
- Formulation and execution of plans, programmes, and strategies for the effective mobilisation of the resources necessary for the overall development of the district.
- Promotion and support for productive activity and social development in the district and removal of any obstacles to initiatives and developments.
- Initiation of programmes for the development of basic infrastructure, and provision of municipal works and services in the district.

- Responsibility for the development, improvement and management of human settlements and the environment in the district.
- In co-operation with appropriate national and local security agencies, responsibility for the maintenance of security and public safety in the district.
- Ensuring ready access to the courts and public tribunals in the district for the promotion of justice.

4.3.2 Organisation of the district assembly

As the people’s representative, the DA is the highest legislative and decision-making body at the local level. It consists of the district chief executive, who is the representative of central government in the district, the members of parliament (MPs), who represent constituencies within the districts, and assembly members, 70 per cent of whom are directly elected by universal adult suffrage, and 30 per cent of whom are appointed by the president in consultation with traditional authorities and interest groups in the district. Heads of decentralised departments take part in the assembly deliberations to provide technical/expert advice but do not vote.

The assembly (in session) is headed by a presiding member who is elected from among the members. The mixed model of representation in the assemblies (70 per cent elected and 30 per cent appointed members) was originally introduced to enhance the ‘technical’ skills in the assemblies. However, evidence on the ground suggests that in some instances presidential appointees are not necessarily technical experts.

In the performance of its functions, the LGs operate through an Executive Committee and five mandatory sub-committees of the Executive Committee. These are: development planning, social services, works, finance and administration, and justice and security (see Figure 4.3). The DA may establish additional sub-committees

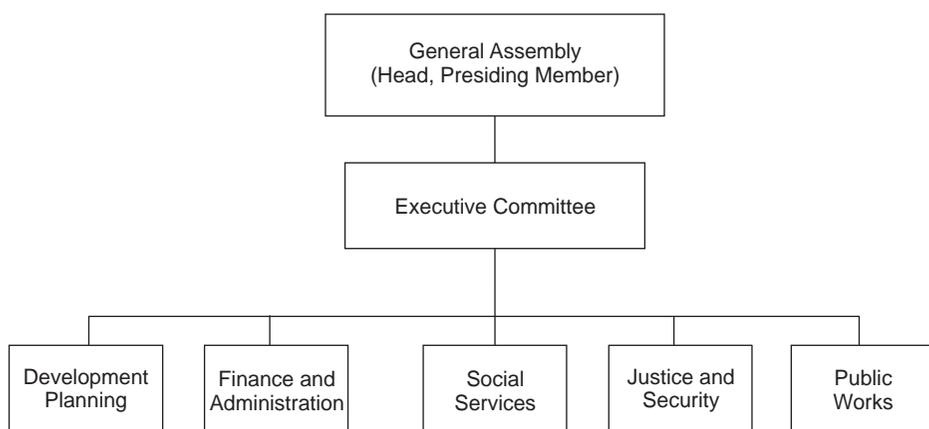


Figure 4.3. The integrated executive and political structure of LGs in Ghana

that they deem necessary. The sub-committees are deliberative in function and submit their results to the Executive Committee, which in turn reports to the district assembly in full session. Heads of departments of the assembly attend meetings of relevant sub-committees to advise the members.

4.3.3 Management of the district assembly

The day-to-day management of DAs and implementation of assembly resolutions is the responsibility of the Executive Committee. The district chief executive (DCE) or executive mayor is the head of the district executive committee and is appointed by the president but needs at least two-thirds of the members of the district assembly present and voting to approve decisions.

The Office of the Co-ordinating Directorate is the technical and administrative unit of the assembly and is responsible for co-ordinating and harmonising the work programmes of the decentralised departments of the assembly. LGs in Ghana do not have their own employees. Almost all the technical staff or bureaucrats of the DAs are deconcentrated central government employees from sectoral ministries, agencies and departments.

A new organisational structure has been proposed for the assembly (see Figure 4.4).

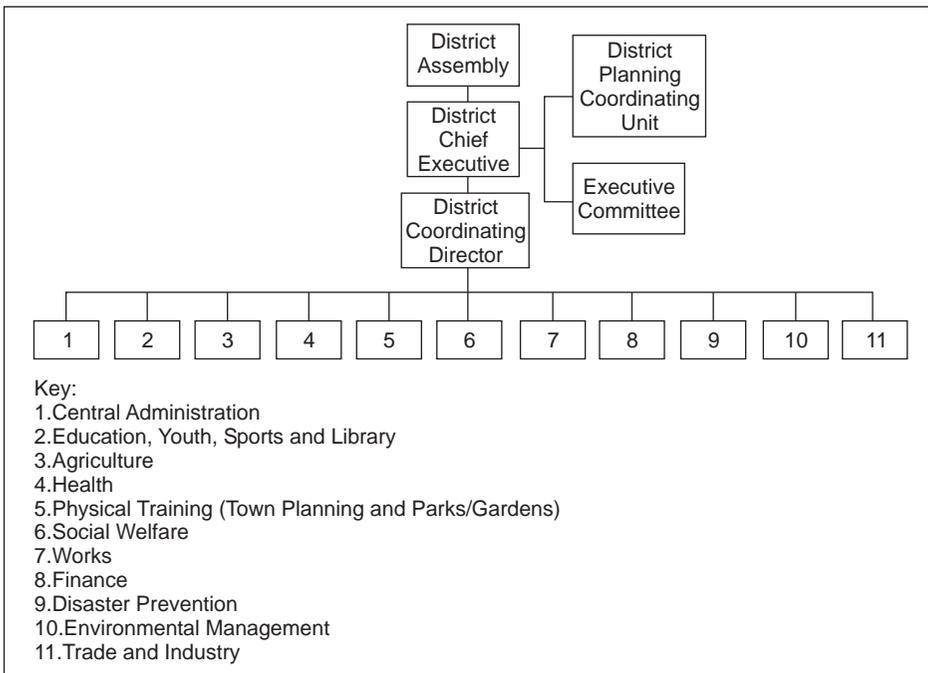


Figure 4.4. Proposed new organisational structure for district assemblies

4.3.4 District assembly elections

Since LG reforms in 1988, Ghana has had five DA elections where councillors (assemblymen and women) are elected for durations of four years for a maximum of two terms. Elections to LG positions are constitutionally non-partisan. A candidate seeking election to a DA or any lower government unit shall present him/herself to the electorate as an individual and may not use any symbol associated with any political party. Political parties are also forbidden to endorse, sponsor or offer a platform in any way for or against a candidate seeking election to a DA or any lower government unit. The National Electoral Commission (NEC) organises a state-sponsored political platform for candidates to campaign for votes. The first DA election was held in 1988–89 to elect 4,846 councillors nationwide. About 59 per cent of registered voters turned out to vote (in fact some rural districts had a 90 per cent turnout), the highest for any election in two decades. Most Ghanaians saw this first step toward the establishment of national democratic institutions as quite successful. The PNDC regime appointed another 2,423 councillors who were technocrats and well-respected community members who were put off by the electoral process. While those first DA elections produced a 59 per cent turnout, subsequent elections have not moved beyond 45 per cent (29.3 per cent in 1994; 41.6 per cent in 1998; 32.8 per cent in 2002 and 44 per cent in 2006). At the unit committee election in 1993, more than 3,000 positions were not contested. In 1998, 65 per cent of the locally electable positions were uncontested and in 2002 only 5,619 positions out of 15,386 (36 per cent) had the required number of contestants. Another 1,929 had no contestant at all, so elections did not take place in those localities (*Daily Graphic*, 2002); CDD, 2002). In the 2006 unit committee elections in the Greater Accra Region, only 90 out of 1,219 nominations were contested.

4.3.5 Capacity of members of LG assembly

Given that members of district assemblies are expected to make byelaws and take decisions on planning and budgeting issues presented by the executives, it is expected that the councillors would have the relevant intellectual capacity to interpret policies and make the right decisions. However, Ghana's LG laws do not prescribe any minimum educational qualification for members of the assembly, so generally the majority of councillors do not have academic qualifications beyond a basic education certificate. For example, in Dangme West District Assembly, out of 52 assemblymen and women only five (9.6 per cent) have a post-secondary school certificate and/or qualifications equivalent to university first degree. The appointment of 30 per cent of councillors by the president was meant to complement this deficiency. While in most cases government appointees are expected to have higher educational qualifications than their elected ones, the difference is not significant. Although the use of local languages is permitted in assembly deliberations, all official documents are written in English, so councillors without sufficient education are unable to read

and understand issues under discussion and, therefore, their participation in DA deliberations is limited. The educational qualifications of the DCEs in Ghana are not significantly different from those of councillors. It is estimated by the Ministry of Local Government and Rural Development (MoLG) that only about 40 per cent have secondary education and just a few have a university degree. The Institute of LG Studies (ILGS) provides course for newly elected local councillors to train them in their roles and responsibilities. The cost of this training is paid through deduction from the District Assemblies Common Fund. ILGS also provides handbooks and reference books to the councillors to guide them in their daily work.

4.3.6 Administrative and human resource management at LGs

Under the legal frameworks of LG Act 462 of 1993 and Act 656 of 2003, provisions have been made to establish an LG Service, whose objective is to create a loyal, motivated, and dedicated organisation of technocrats or bureaucrats to translate decentralisation policy to action by establishing departments to deliver services to citizens. But if there is one area in which implementation of Ghana's decentralisation has seen a major frustration, then it is the organisation and management of human resources. To deliver their responsibilities, LG Act 462(38) requires LGs to establish departments (16 for a metropolitan assembly, 13 for a municipal assembly, and 11 for a district assembly) to deliver services to citizens. Financial support was not given to the DAs to hire personnel to fill these departments. The law therefore made provision for all 22 departments² that were hitherto operating in LG jurisdictions as deconcentrated agencies of the central government to integrate their structures (staff, salary, function, budget, planning, etc.) into the DAs and become departments. But this did not happen as their parent sectoral ministries resisted this transfer, apparently because it would have taken away some of their powers, resources and influence. There were also legal issues to be rectified, as some of the departments (for instance the education and health services) were established by acts of parliament and needed similar legislative provisions to transfer them.

Furthermore, Act 462 required another act of parliament to establish an LG Service based on which employees and departments of the LGs were supposed to function as an integrated LG unit. LG Service Act 656 was enacted in December 2003 ostensibly to secure effective implementation of this integration. In fact the bill for the Act was held up for more than 10 years until donors made its enactment a condition for the release of budgetary support (Koranteng and Larbi, 2008). When the Act was finally passed in 2003 it only succeeded in transferring departments that were established through administrative procedures and not acts of parliament to LGs. In other words, the compromised LG Service Act created a weak LG service by accepting a centralised provision of local services like education and health, forestry, fire, and game and wildlife. Employees of these departments constitute about 80 per cent of people working at the districts as deconcentrated sectoral staff. As if to suggest

that the passage of LG Service Act will signify the end of the long wait for administrative reforms in Ghana's LG system, up until now (six years after LG service law was passed) the transfer of about 33,000 out of 43,000 civil servants from the Office of the Head of Civil Service to LGs has not taken place because section 164 of Act 462 requires the Minister of LG to prescribe the date for the commencement of this transfer ('The Minister shall by LI [legislative instrument] prescribe the date for the coming into force of section 38 and section 161 of this Act'). Up until now there has not been a minister of LG with the courage to 'blow the whistle' to commence, although the current minister says he will. Consequently, a legislative instrument to start the process has just been passed by parliament (on 25 February 2010).

The implication of this situation is that LGs in Ghana do not have functional or service delivery departments on their own but work through deconcentrated central government departments and agencies and also through private sector enterprises in the form of unstructured public-private partnerships (PPPs). Deconcentrated government employees that work in collaboration with LGs to deliver services are appointed, posted, transferred, promoted, and disciplined by central government bureaucrats in Accra, who have little or no information about their work performance at the local level. Civil servants at the LG level have no allegiance to the DA in whose jurisdiction they work and they frequently ignore LG policies and priorities and generally maintain allegiance to the central government. Locally elected councillors face severe frustrations in the very LG that they are supposed to control.

4.3.7 District assembly finances

As a prelude to intergovernmental fiscal decentralisation policy for the country, Article 240 of Ghana's Constitution makes provision for the establishment of a sound financial base (that is, adequate and reliable revenue) source for LGs to enable them to undertake their activities. This was followed up by the LG Act 462 which prescribes 10 categories of internally generated funds (IGFs), the borrowing framework, the financial management system, and the DACF.

LG expenditure assignment

Every LG, be it metropolitan, municipal or district assembly, has a legislative instrument (LI) that defines its expenditure jurisdictions. In all, LGs are expected to spend their money on 86 functions including basic education, primary health care, agriculture, water, roads and streets, welfare, community development, cottage industry, etc., but the law is not clear whether these services are mandatory or voluntary. There are substantial overlaps in the demarcation of expenditure assignment between the LGs and central government agencies. For example, in education, the LGs are required to build, equip, and maintain all primary and junior secondary schools and special schools, post teachers, and keep records of teachers. Yet, the Ghana Education

Service Act 506, 1995, assigns these same functions to the Ghana Education Service. Given that these sectoral agencies were established long before the LGs and decentralisation policy, there have not been effective laws to compel these established central government agencies to transfer their current and recurrent budget to the LGs. In practice, LGs in Ghana do not play a substantial role in the provision of basic public services such as water, sewerage, electricity, health, education and roads. These services are provided in the form of delegated or deconcentrated national systems.

LG revenue assignments

LG Act 462 (Section 86) lists the revenue sources of LGs as: property rates; fees and licences charged to hotels, lorry parks, and fuel stations; market dues and rents; special taxes imposed through fee-fixing resolutions by the assembly; and other miscellaneous taxes. In other words, an LG may charge fees for any service or facility it provides, or for any licence or permit issued, and have the power to fix and increase its charges. Although some of these sources of revenue are not significantly viable in rural districts, in the case of metropolitan and municipal governments in Accra, Kumasi, Tema, Sekondi-Takoradi, Tamale, etc. it may represent substantial revenue if they are mobilised. Ironically these well-endowed metropolitan governments have failed to mobilise substantial parts of their potential internally generated revenue (IGR) sources and prefer to rely on the DACF. IGR accounts for about 11 per cent of the budget in Tamale, 32 per cent in Kumasi, and 44 per cent in Accra. IGR is used in most cases to support recurrent budgets in the LGs. In the poor districts in Upper East, Upper West and Northern Regions, IGR averages about 5 per cent of the budget, while in their relatively better endowed districts in the Southern part of Ghana, IGR is about 10–20 per cent on average. The only LG in Ghana that collects more IGR than central government grant is Tema Municipal Assembly, who raise more than 95 per cent.

Intergovernmental fiscal transfers

The Constitution (section 252(1)) mandates parliament to make provision for the allocation of not less than 5 per cent of total national revenues to the DA for development. In 1993 the District Assemblies' Common Fund (Act 455) was enacted and an independent body was established to administer the fund. The following year (1994) the first amount of ₵1.26b (US\$2.4m) (approximately GH₵2.6m³ in 2007 currency) was released to be shared among 110 districts. In 2008 the NPP government increased the fund from 5 per cent to 7.5 per cent. By 2008 GH₵836 million (US\$796 million) had been transferred from the central government to LGs (see Table 4.3).

Table 4.3. Yearly central government transfers to LG via DACF

<i>Year</i>	<i>Amount transferred in GH¢ (converted from ¢ to GH¢)</i>	<i>Amount in US\$ (2008 exchange rate)</i>	<i>% Increase/decrease</i>
1994	2,619,300	2,494,571	-
1995	5,407,700	5,150,190	106.46
1996	7,803,600	7,432,000	44.31
1997	7,903,700	7,527,333	1.28
1998	15,528,800	14,789,333	96.48
1999	11,242,100	10,706,762	-27.6
2000	14,952,600	14,240,571	33.01
2001	18,872,900	17,974,190	26.22
2002	26,535,000	25,271,429	40.60
2003	64,856,200	61,767,810	144.42
2004	85,717,700	81,635,905	32.17
2005	70,191,700	66,849,238	-18.11
2006	139,161,500	132,534,762	98.26
2007	148,389,400	141,323,238	6.63
2008	217,000,095	206,666,757	46.24
Total	836,189,795	796,371,233	

Source: GOG, 2008: 9.

The DACF is distributed among all the LGs on the basis of a formula approved by parliament.

Since 1994 five major parameters have been used to share the money: equality (based on population per district), needs (based on accessibility to health, education, water, and tarred road services), responsiveness (based on a district's effort to generate its internal revenue), service pressure (population density) and reserve. These factors have been repeated over the years but indicators and weights have varied, with the aim of improving equity. For example in 2008 the weight was allocated as follows: equality (50 per cent), needs (40 per cent), responsiveness (5 per cent) and service pressure (5 per cent), and 15 per cent of the fund was reserved by the common fund administrator before the formula was applied. The reserve fund was shared among members of parliament (6 per cent), regional co-ordinating councils (1.5 per cent), ministers of LG authorised projects (2 per cent), administration of DACF (0.5 per cent) and Government of Ghana's contribution to the District Development Facility (DDF) (5 per cent). In accordance with the provision of Act 455, the Minister of LG in collaboration with the Minister of Finance issues guidelines for the use of the fund by the DAs. The guidelines therefore give little or no room for LGs to use their own discretion in the use of the fund. For example in 2008 the MoLG issued the following guidelines for the use of the fund (see Table 4.4):

Table 4.4. 2008 guidelines for the distribution of DACF

<i>Parameters</i>	<i>%</i>
Capacity and human resources improvement	2
National Youth Employment Programme	20
Self-help projects	5
District Education Fund	2
Establishing and strengthening sub-district structures	5
District Responsiveness Initiative on HIV/AIDS	1
Malaria	1
People with disabilities	2
Sports and culture	3
Other socio economic, administrative and environmental projects	59

LGs share of the common fund continues to be the most important source of money to finance LG activities in Ghana. It accounts for about 60–75 per cent of metropolitan governments' revenue, about 70–80 per cent of municipal revenue, and 85–95 per cent of district revenue. In the poorer three Northern regions of Ghana, the common fund accounts for about 90–96 per cent of LG revenue (with the exception of Tamale Metropolitan Assembly).

Other sources of LG finance

Donors and NGOs provide financial and other resources to facilitate the work of DAs. In Dangme West District Assembly, donor support to the LG budget in 2008 was about 18 per cent. In 1988, when new districts were created, a district resourcing programme involving the provision of vehicles, accommodation, and other logistics was provided by the central government.

One of the most important (but indirect) ways of financing LGs in Ghana is that the central government pays the salaries of more than 90 per cent of LGs employees, in addition to salaries for deconcentrated technical and administrative staff that deliver LG services.

The power of LGs to borrow money from outside the central government is limited to approximately US\$2,000 but this provision is rarely used because it is insignificant.

Auditing of LG finances

LG finances are monitored and audited by four institutions: (a) Auditor General's Department; (b) Internal Audit Agency; (c) Regional Co-ordinating Council; and (d) Office of the Common Fund Administrator. The Internal Audit Agency was established in 2006 to work in the offices of the DAs to provide on-the-spot auditing of

the DACF. It is meant to be a proactive way of continually checking the use of DACF instead of waiting until the end of the year. According to the DACF Administrator the establishment of the Internal Audit Agency has helped to reduce misapplication and misuse of the fund.

4.3.8 Decentralised planning and budgeting

Ghana operates a decentralised planning system which comprises the integrated planning activities of four institutions, including the:

- District Planning Authority at the LG level;
- Regional Co-ordinating Council at the regional level;
- Sectoral departments and agencies; and
- National Development Planning Commission (see Figure 4.5).

For the purposes of national development planning, each LG is by law established as the planning authority for its area. It is responsible for the preparation, administration and control of budgetary allocations. Every LG is expected to produce and submit a medium-term (five years) development plan to the National Development Planning Commission. As a result each LG has established a District Planning and Co-ordinating Unit (DPCU) that is responsible for undertaking this exercise, including the development of annual plans.

The decentralised planning system starts with guidelines issued by NDPC to all LGs on how to proceed in the preparation of district development plans.

The guidelines also show national development planning policy and strategy. The DPCU then undertakes consultation with all stakeholders and sub-local structures, collects information about their problems, needs, and how the LG can help. Basically at this stage the stakeholders provide shopping lists of the projects they want the assembly to deliver. The DPCU then collates all the shopping lists into a draft development plan and submits it to the executive committee and other sub-committees of the assembly for technical analysis. The draft plan is sent back to the communities for a public hearing, confirmation, and additional inputs or comments. The DPCU together with the finance and administration sub-committee will then estimate the cost of the plan and submit it to the general assembly for prioritisation.

The power to approve LG plans and budgets resides in the LG General Assembly. Once approved the plan is sent to the RCC, where all District Plans are harmonised into a Regional Plan before they are transmitted to the NDPC, which collates them to become the National Development Plan. During the harmonisation process a district plan may be changed, especially if there is a need for districts to join resources to undertake common activities.

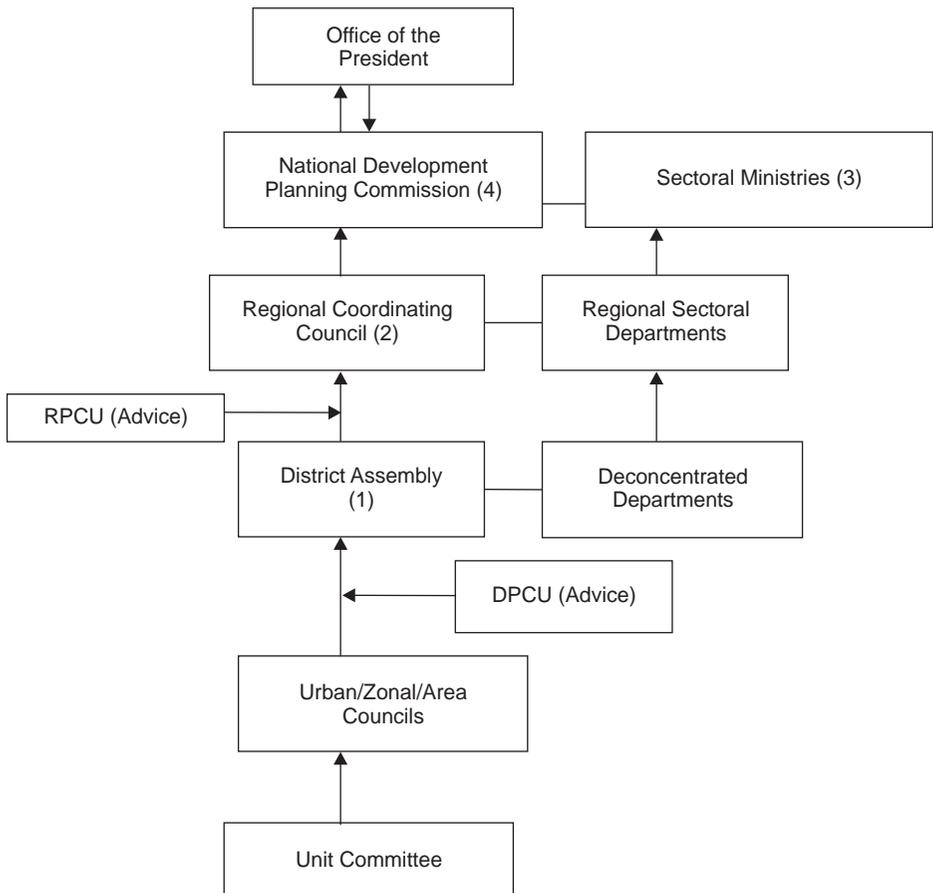


Figure 4.5. Simplified decentralised planning system in Ghana

One of the weaknesses of the district plan and budget is that some of the deconcentrated sectoral agencies also develop their own priority projects that are not necessarily the assembly's priority, thereby resulting in parallel initiatives and projects. Another weakness of the local budgetary process is that although the LG Act (462) prescribes the development of a composite budget that comprises the budgets of all the deconcentrated departments and that of the assembly, this has not happened because deconcentrated departments' budgets are linked to their sectoral ministry's budget, which is controlled from Accra, the nation's capital. Therefore although a district plan may include some activities of deconcentrated departments, the budget component that would ensure that the activity is implemented would not be included. When the national budget is released, the MoF sends the budget of deconcentrated departments to their sectoral ministries in Accra where they get stuck. During budgetary constraints priorities get changed and the ministries either reduce or divert the money meant for

activities in the districts to new areas. Therefore planned activities at the local level get delayed. About 40 per cent of district plans are not implemented within the planned period mainly because of inadequate financing arrangements. With the coming into being of LG Service (Act 656) it is hoped that composite budgeting will start and that the MoF will transfer not only the recurrent budget but also the development budget of these departments to the DAs.

4.4 Deconcentration of Central Government Administration

Central government ministries, departments and agencies (MDAs) continue to play important roles at the local level. Apart from providing policy direction to the LGs and monitoring their implementation, MDAs are also responsible for major development projects at the local level beyond the scope of the DAs.

4.4.1 Sectoral ministries

The Ministry of LG and Rural Development

The Ministry of LG and Rural Development (MoLG) is the central government agency with oversight for the operation and management of metropolitan, municipality and district assemblies (MMDAs) in Ghana. It formulates policies on decentralisation and LGs and ensures their implementation. There are 115 civil servants that work in the MoLG. The following central government departments fall under the MoLG and operate at the local level as deconcentrated departments with their own employees: Department of Community Development (831 civil servants); Department of Parks and Gardens (745 civil servants); Department of Town and Country Planning (875 civil servants); and Births and Deaths Registry (339 civil servants). With the coming into being of the LG Service, all these employees will integrate into the DAs and will no longer work under the head of civil service.

Ministry of Education

The Ministry of Education (MoE) is responsible for education sector development. There are 12 agencies working under the MoE including the Ghana Education Service, National Council for Higher Education, Library Board, Institute of Languages, Accreditation Board, and National Service Secretariat, among others. The GES, with about 260,000 employees (mostly teachers), constitutes about 50 per cent of the ministry's employees and is responsible for pre-university education services in Ghana. The GES, which hires, posts, transfers, pays and fires teachers, has deconcentrated offices in all the regions and districts in Ghana. Figure 4.6 shows the structure of education services management in Ghana.

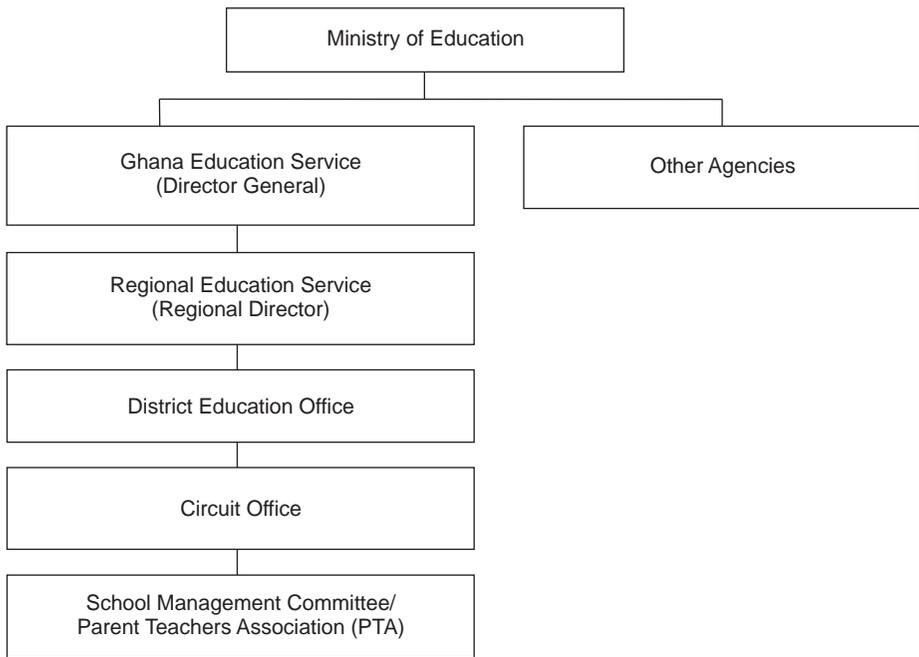


Figure 4.6. Deconcentration of education services in Ghana

The District Director of Education reports to the Director-General of the GES through the Regional Director. Every district is supposed to have a District Education Oversight Committee chaired by the DCE/mayor. Other members of the committee include the District Education Director and District Inspector of Schools. The School Management Committee that comprises parents and the head teacher are involved in education management at the community level. Education infrastructure involving school building and furniture are provided by the LGs while GES is responsible for the management of the schools including hiring, payment, transfer, training and firing of teachers. All faith-based schools are declared public schools and therefore receive financial and technical support from the government through GES.

Ministry of Health

The Ministry of Health (MoH) is the overall government sector responsible for health policy, fundraising and sourcing, allocation of resources, control of the capital or development budget, and establishment of agencies to implement government policies. Actual delivery of health services is rather the responsibility of Ghana Health Service that also provides the structure of implementation of health programmes in the country.

Out of the approximately 64,000 health professionals in the country, the Ghana Health Service employs about 38,000 (60 per cent). It is the only agency under the MoH that is deconcentrated to the regions and districts. With the passage of Act 525 in 1996, the Ghana Health Service was given the power to employ and negotiate the salaries of employees instead of in the past when it had to rely on the MoH, Office of Head of Civil Service and Public Service Commission. Health services are delegated into four semi-autonomous units: (a) teaching hospitals established as agencies directly under the MoH; (b) regional hospitals under Regional Health Directorates; (c) district hospitals under District Health Director; and (d) health centres and clinics under sub-district administration.

Each health agency has a governing council or a board that is the highest decision-making body. At the local level Act 525 provides for a district Director of Health Services who is answerable to the Director General of the Ghana Health Service for policy issues and the DCE/mayor for administrative purposes. At the community level DAs build clinics and health posts while the MoH is responsible for management (personnel, equipment, salaries, etc.).

In 2005 the District Mutual Health Insurance Scheme (DMHIS) was established nationwide. People pay a monthly premium, but the current NDC government plans to change the DMHIS to a Universal Health Insurance Scheme upon which individuals will make a one-time annual payment to the National Health Insurance Scheme (NHIS) (Mill, 2009). Internally generated revenue (in the form of insurance premiums and contributions) is the biggest source of funds for paying the recurrent expenditure of the National Health Service (NHS).

Ministry of Food and Agriculture

The Ministry of Food and Agriculture (MoFA) is charged with overall responsibility for the development of the agriculture sector. The agriculture sector is made up of five sub-sectors: crops other than cocoa, cocoa, livestock, fisheries and forestry. However, MoFA is only responsible for the crop and livestock sub-sectors. Cocoa is under the Office of the President; fisheries under the Ministry of Fisheries, while forestry is under the Ministry of Lands, Forestry and Mines. The MoFA has 488 employees at the national level and 6,340 working in the regions and districts as field officers.

MoFA implements its policies and programmes using three deconcentrated structures: national, regional and district levels. The National Directorates are headed by directors and are responsible for policy formulation, programme planning and facilitation, monitoring and evaluation, technology sourcing, promoting the market accessibility of agricultural goods, and exercising oversight responsibilities over the regions. These national directors are supervised by a chief director, who is in turn supervised by the minister and his deputies.

There are 10 Regional Agriculture Development Units (RADU) under the Regional Co-ordinating Council and 170 District Agriculture Development Units (DADUs) under the district assemblies. The DADUs and RADUs are responsible for the financial, administrative, technical, and managerial supervision of agricultural development programmes and activities in the regions and districts. The RADUs are headed by the Regional Director of Agriculture and supported by the Regional Agriculture Officers, while the DADUs are headed by the District Director of Agriculture and supported by District Agriculture Officers.

RADU and DADU prepare quarterly and annual reports for the DCEs and regional ministers on the implementation of their annual plans and budgets. Apart from the three deconcentrated structures, there are also six delegated agencies in the agriculture sector. These are the Ghana Irrigation Development Agency, Grains and Legumes Development Board, Irrigation Company of Upper Region, Ghana Food Distribution Company, Poultry Development Board and Veterinary Council.

Ministry of Water Resources, Works and Housing

The Ministry of Water Resources, Works and Housing is responsible for policy issues in water and housing. Water provision in urban areas is the responsibility of the Ghana Water Company which in 2006 signed a management contract with Aqua Vitens Rand Limited (AVRL) to operate urban water. Small town and rural water provision is the responsibility of the Community Water and Sanitation Agency (CWSA). District Assemblies provide financial support to CWSA to provide boreholes to communities. In Ghana housing provision is seen as an individual responsibility and not so much a public responsibility. Central government and LG have totally withdrawn from its provision and have facilitated private-sector provision. Unfortunately private-sector houses are beyond the reach of most Ghanaians. LGs do not provide any housing support for people except disaster relief during emergencies.

Ministry of Roads and Highways

The road sector under the Ministry of Roads and Highways is divided into three: highways are direct under the ministry, feeder roads are deconcentrated to the district assemblies, and urban roads are under the metropolitan and municipal assemblies. However, the Departments of Feeder Roads and Urban Roads operate as central government departments. When the LG Service becomes operational the two will be integrated into the Public Works Department of the DAs. The Department of Feeder roads that is responsible for roads in the districts has divided the country into 90 road districts. The department employs about 600 personnel, of whom only 13 per cent are in the national headquarters in Accra. The rest reside and work in the regions and districts. About 30 per cent of the funds for road construction come from the Ghana Road Fund that is centrally managed. With

the coming into being of LG Service and the integration of the Department of Feeder Roads into the DAs, it is expected that the Ghana Road Fund will transfer the budget component to the DAs, but again the Department of Feeder Roads has raised a legal issue which suggests that under the law the Road Fund recognises only the Department of Feeder Roads and not the district assemblies.

4.4.2 Deconcentration of human resources

Human resource management in Ghana's civil service is centralised in Accra. The head of civil service is responsible for recruitment, deployment, promotion and dismissal of all civil servants working at the national, regional and district levels. In 2009 there were about 56,000 civil servants employed by the Office of Head of Civil Service, of whom about 24,500 (43.6 per cent) work in the national offices of government institutions (ministries, departments, agencies and extra-ministerial organisations) in Accra, 2,772 (4.9 per cent) work in the regional offices, and about 29,000 work in districts. In the ministries about 13 per cent have university degrees while about 44 per cent have post-secondary education. Data at the sub-national level was still being compiled at the time of this study.

Table 4.5. Civil service staff capacity in Ghana

<i>Institution</i>	<i>No. of civil servants</i>	<i>%</i>	<i>Level of education University Degree or equivalent[†]</i>	<i>Post-secondary⁵</i>	<i>Secondary/basic</i>	<i>Primary or none</i>
			<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
National offices	24,481	43.6	12.6	44.3	28.5	14.6
Regional staff	2,772	4.9	n/a	n/a	n/a	n/a
District decentralised staff	28,933	51.5	n/a	n/a	n/a	n/a
Total	56,186	100				

With the coming into being of Act 656, all civil servants that work at the LG level as deconcentrated employees will be transferred from the central civil service to LG Service. According to Ayee there are about 285,000 civil servants in Ghana, of whom 25 per cent work at the local level. Of the 25 per cent of civil servants at the LG level, 60 per cent lack the requisite expertise to perform their functions (Ayee, 2008, p.248). Consequently capacity-building institutions such as the Institute of Local Government Studies (ILGS) and Management Development Productivity Institute (MDPI) have been established to train personnel at the local level.

4.5 Decentralisation to Markets and Non-State Institutions

As observed earlier, Ghana's current decentralisation initiative is anchored on six interrelated pillars including public-private partnerships or market decentralisation.

Decentralisation to the market has been seen more in terms of privatisation and public-private partnerships, while decentralisation to NGOs and CBOs is seen as public community partnerships.

4.5.1 Privatisation and public-private partnerships

Before privatisation started in 1988 there were 350 state-owned enterprises, many of which had become loss-making enterprises, consuming over a fifth of the country's recurrent spending in the form of loans and subsidies to keep them afloat. By 1998 the government had divested partly or completely from more than 180 enterprises including banks and mining, manufacturing and service companies. Privatisation did not move beyond the productive sector to public services. About 45,000 government employees were dismissed between 1988 and 1995. While privatisation has so far partly eased the government's fiscal burden and turned some loss-making state enterprises into profitable private firms, enthusiasm for it has waned in recent times. A number of state corporations such as the Electricity Corporation of Ghana and Ghana Railways, Ghana National Petroleum Corporation (GNPC), etc. have been on a divestiture list since 1995 without being sold because of political opposition. The current lure of the private sector to government services is couched in the form of strategic investment, the so-called public-private partnerships. Privatisation is centralised in Accra and is being implemented by the State Divestiture Implementation Committee (DIC). LGs play no role in its organisation and management.

Section 10(4)(c) of the LG Act 462 instructs the Assemblies to initiate and encourage joint participation with other people or bodies to execute approved development plans of the LG. Some LGs have taken advantage of the above provisions to enter into different types of arrangements with individuals and private organisations to execute their mandate, including revenue mobilisation, sanitation and waste management, procurement, water supply, etc.

In the provision of solid waste collection (SWC) the MoLG, in conjunction with the Das, has entered into a partnership with Zoom Lion Ghana Limited. This company has been successful in collecting heaps of waste that in the past had made Ghanaian cities filthy. The negative side of the Ghanaian PPP with Zoom Lion is that by contracting waste collection in most cities to a monopolised private company, the process has stifled many of the small waste collection companies in the country.

In the agriculture sector, the 2008 report of the MoFA shows that there has been an increase in the involvement of the private sector and NGOs in the delivery of services such as farmer training, farmer-based organisational development, and the procurement and distribution of agricultural equipment. The construction and maintenance of all feeder roads in the districts have been contracted out to small enterprises through a compulsory competitive bidding process. The Department of Feeder Roads only supervises the work of private companies. A recent development

which is worrying at the local level is the number of foreign companies that are delivering local services. For instance in the drilling of bore holes to provide rural water, Chinese-backed local private enterprises are estimated to win about 70 per cent of all the contracts.

While there are many public-private partnerships in infrastructure and social services provision (for SWC, sanitation, schools, roads, market stalls, drainage, rural water, etc.), partnerships in advocacy and decision-making are erratic.

4.5.2 Decentralisation to non-governmental and civil society organisations

NGOs, civil society, faith-based and community organisations play important roles in the LG system in Ghana. They facilitate political and social interaction by mobilising groups to participate in economic, social, and political activities in the district. A wide range of these actors are working at district level providing development assistance, relief and welfare activities. Some of the major sectors these non-state actors are involved in are education, health and micro-credit delivery, HIV/AIDS, and environmental and sanitation management. Some of the LGs have good records of the key NGOs that operate in their districts as they are expected to register their presence with the assembly.

4.5.3 Other institutions that support decentralisation and LG development

National Association of Local Authorities of Ghana (NALAG)

The National Association of Local Authorities (NALAG) is an umbrella organisation of LGs in Ghana. The Association originated in 1964 as two separate organisations (National Association of Local Councils and the Association of City/Municipal Councils) that merged in 1977. Among the objectives of NALAG are to represent and communicate the collective interests of the association and to lobby government and other organisations (local and international) for support in promoting LGs. The association works to achieve its objectives through advocacy and lobbying, organisation of training programmes, research, networking and facilitation of city-city links. NALAG has desk offices in all the 10 regions and collaborates with many national institutions (MoLG, ILGS, NDPC, etc.) and international organisations. The main source of funding for NALAG is membership subscriptions. NALAG has not been effective in its advocacy role especially in the area of strengthening decentralisation in Ghana because of structural problems. The DCEs/mayors that represent the DAs are appointed by central government and therefore any act of advocacy may be misread as opposition to the central government.

Institute of LG Studies (ILGS)

The Institute of LG Studies was established by the government in 1999 to organise training for LG employees at regional, district and other lower LG bodies and organisations interested in LG issues to enhance their managerial, administrative, financial and operational efficiency. According to ILGS there are about 60,000 potential functionaries in the LG system that need to be trained in a number of disciplines. This includes about 8,000 assemblymen and women, 170 chief executives, 170 regional co-ordinating directors, 16,000 unit committee members, market and traders associations, NGO staff operating at the local level, leaders of CBOs, local-level contractors, etc.

In 2009 the ILGS was able to train about 5,000 people from these groups on topics such as public finance and management, local economic development, leadership skills, gender mainstreaming, etc. The ILGS uses experiential teaching and learning methods which makes its approach effective and different from mainstream academic work. After training, participants receive a certificate of attendance. The ILGS charges 100 per cent fees for its training programmes.

4.6 Achievements, Challenges and Suggestions for Improvement

The year 2010 marked 22 years since Ghana started implementing its recent decentralisation policy. In this section we highlight some of the achievements/progress made, the key challenges encountered, and suggestions for improvements.

4.6.1 Progress/achievements

Strong legal support for decentralisation and the LG system

Ghana's decentralisation system is entrenched in Chapter 20 of the country's Constitution. This means that abolishing decentralisation as a system of state administration in the country would not just require a simple legislative instrument or an Act of Parliament but a national referendum – a complicated legal system that is not easy to conduct. This constitutional provision therefore provides a strong backing for decentralisation in a country that has a long history of centralisation and a powerful executive system of government. Apart from the Constitution, there are a number of Acts of Parliament that separately regulate other elements of decentralisation. Together they have given decentralisation strong legal backing. Table 4.6 highlights some of the laws, their main objectives and current implementation status.

Table 4.6. Legal provisions that support decentralisation in Ghana

<i>Legal provisions</i>	<i>Main objectives/functions</i>	<i>Comments</i>
PNDC Law 207 of 1988	Established District Assemblies as the highest political, legislative, administrative, rating and executive authorities at the local level.	Repealed by LG Act 462.
Chapter 20 of 1992 Constitution	Developed to entrench decentralisation and LG system.	Still in operation. It is not expected to be amended/repealed.
LG Act 1993 (Act 462)	Enacted to replace PNDC L 207.	Provided legal framework for operationalising provisions in 1992 Constitution. It kept many of the provisions in PNDC Law 207.
Act 1994 (Act 455)	Enacted to create District Assemblies Common Fund.	It is the only law that highlights Ghana's fiscal decentralisation.
Act 480 of 1994	National Development Planning (Systems).	Sets the procedures for preparing local and national development plans.
Institute of LGs Studies Act (Act 647 of 2003)	Create Institute of LG Studies.	Provides short-term training for LG bureaucrats and politicians.
LG Service Act (Act 656 of 2003)	To secure the effective administration and management of LGs in Ghana.	The Act holds a lot of promise for LG management in Ghana. It establishes the LG Service, distinct from the central Civil Service. Its provisions are now being implemented.
Internal Audit Act (Act 658 of 2003)	To establish a body to co-ordinate, facilitate and provide quality assurance for internal audit activities.	It is intended to reduce the misapplication of and corruption in the DACF.
Public Procurement Act (Act 663 of 2003)	Regulates procurement of goods, works and services financed in whole or part from public funds.	Introduced strict public procurement structures and mechanisms with the aim of reducing corruption. It has reinforced centralised control of public procurement (to take advantages of economies of scale).
LG Department LI 1961 of 2009	Established LG Departments.	Its provisions are being implemented.

Bringing government closer to the people

Before the inception of the current decentralisation policy, there were only 65 DAs in Ghana with a population of about 13.6m people. Without considering differences in size, this roughly averages about 209,000 people to an LG jurisdiction. As a result of the decentralisation policy, there has been a 'gradual' increase in the number of LG jurisdictions from 65 to 170 over a period of 20 years. With the current estimated population of 23.1m people this translates into about 136,000 people to an LG jurisdiction. More people now have access to LG administration thereby improving the distance between people and their government. In addition, local-level sub-structures have been created that bring government even closer to the people than the DAs. The challenge to the government is to ensure that lower level structures work effectively.

Central government transfers to LGs

The introduction of DACF has been a major source of financial support for LGs. None of the DAs in Ghana can survive without DACF. In the three northern regions of Ghana, the DACF provides about 95 per cent of the funds needed to get the assemblies to operate. It currently stands at 7.5 per cent of GDP.

Equitable spread of local infrastructure project

In 1988, when 110 DAs were created, the government ensured that administrative capitals were provided with physical infrastructure (roads, office buildings, residential accommodation for staff, electricity, district health centres, schools, etc.). This initiative ensured that district capitals became new growth centres that would help spread development across the length and breadth of the country. Since the DACF is used solely for development it has helped to improve infrastructure in rural areas more than any local development intervention ever implemented in the country. (It must however be noted that the recent creation of districts has not been matched by similar effort by the government to provide physical infrastructure projects. Some of the newly created DAs are using rented office accommodation.) Given that DACF adopts a 'basic needs' approach that takes into consideration the level of development of each district (accessibility to health, education, water and paved roads), it has helped to address social inequalities among LG jurisdictions. One can easily observe visible effort to address the development imbalance between urban and rural areas, between regions, and between districts through development activities funded with the DACF.

Grassroots participation in decision-making

There is no doubt that current decentralisation policy in Ghana has improved participation by ordinary people in the affairs of their local community. In the past, decision-making at the local level was reserved for the elders, chiefs and a few opinion leaders. The design of Ghana's decentralisation ensured that illiterates, farmers, fishermen, traders, and ordinary citizens who in the past would not be considered for LG positions and leadership are now part of the process, thereby expanding participation.

4.6.2 Challenges to decentralisation and suggestions for improvement

Despite the achievements described earlier, several critical challenges have emerged from the implementation process. Some of them are discussed below.

Divergence between constitutional intentions and political interests

Arguably the most challenging issue in the implementation of Ghana's decentralisation policy is the difference between the Constitutional provision of decentralisation,

the political interests of those who design policy, and bureaucrats who implement it. Lack of consistency or convergence in this area has led to a big gap between policy and practice whereby public administration is still dominated by central government in areas of resource flow, functional assignments, accountability lines and reporting relationships; and with time these practices have been cemented by inconsistent laws. Attempts to harmonise them has become a real challenge as there are so many interest groups (sectoral, departmental, political, etc.) that continue to move from one branch of the law to another trying to frustrate any progress in deepening decentralisation. There is no doubt that the intent and purpose of Ghana's decentralisation policy points to devolution, but what is being practiced is a mixed bag of nominal devolution and deconcentration. Since devolution brings inter-sectoral conflicts because line ministries and their leaders do not want to cede any of their budget, functions or influence to others – and especially to LGs – there is a need for political leadership that is committed to implementing hard and difficult decisions that cut across sectoral boundaries. An important strategy would be to create a substantive institutional body (not an ad hoc committee) that is higher than a sectoral ministry with a leadership that has the ears of the presidency and is convinced that devolution is the way to go.

Creation of LGs jurisdictions and their capacity to effectively deliver

The creation of LG jurisdictions in Ghana seems to have passed a threshold, to the extent that the government is unable to sustain the infrastructure and institutional capacities needed to enable them to operate effectively. The decentralisation policy started with 65 districts. This was increased to 110 in 1988. By 2006, an additional 28 districts had been created by splitting some of the original 110, bringing their number up to 138. In February 2008, there were more districts created and some were labelled municipal. This brought the final number to 170 districts in Ghana. While there are several reasons for creating LG jurisdictions, the inability of the central government to provide infrastructure and other logistical support to enable these newly created LGs to function is offsetting the objectives of bringing government closer to the people. Where newly created LGs have failed to deliver, it has created disillusioned citizens who appear to have no confidence in the LG system in Ghana and especially in the area of service delivery.

Involvement of chiefs in local government and development

In many villages and rural areas chiefs play a multi-dimensional role as the formal LG structures. They command a lot of respect from the citizens and control land – a key factor of production at the local level. In mineral-rich districts, chiefs receive money in the form of royalties from the state and mining companies. As indicated earlier some chiefs are able to seek funding from donor partners to implement development projects in parallel with DAs. In the rural areas when service delivery fails many more

people still prefer to seek answers and assistance from their traditional authorities, especially chiefs, than go to their LG representative (assemblymen, unit committee or any of the sub-structures). It is therefore important that their involvement in the DAs is encouraged and maintained.

Promoting local accountability: Appointment or election of LG leaders?

The central appointment of DCEs is now a major source of debate in Ghana. While general opinion in the country favours the election of DCEs through universal adult suffrage, this appears not to be the preferred option of any ruling political party. Both the NDC and NPP governments tend to use the existing system of appointments to their advantage, hence are hesitant to support the election of DCEs even if they promise to do otherwise. The challenge this dichotomy is posing to Ghana’s decentralisation system is that many citizens do not think that the present system promotes downward accountability and therefore have little favourable citizens’ support. If DCEs are elected, some of the people argue, mayors worried about losing their jobs will be forced to make themselves more useful to the people.

Party-based versus non-party-based LG political system

The LG system is supposed to operate on a non-partisan basis within a multi-party democratic arrangement in which the president and members of parliament are elected through universal adult suffrage. The non-partisan LG system, adopted in 1988, was to draw the DAs away from partisan considerations so they could concentrate on development – a non-partisan issue. With the coming into being of multi-party constitutional rule in 1992, where national politics is conducted on political party system, there is a major debate now in Ghana about whether LG politics can continue to be conducted on a non-party based system. The NEC, which is responsible for organising campaigns for local elections, is constrained financially and therefore unable to whip up people’s interest in the elections. Voter turnout at LG elections is therefore very low compared to national elections (see Table 4.7). Unlike presidential and parliamentary elections that provide some excitement for the people and make them feel that their decisions matter, LG elections in Ghana are boring and sometimes pass unnoticed.

Table 4.7. Voter turnout between national and LG elections

<i>National election (Year)</i>	1992	1996	2000	2004	2008
Voter turnout (%)	50.2	78.2	60.4	81.5	69.52
LG election (year)	1988/89	1994	1998	2002	2006
Voter turnout (%)	59.3	29.3	41.6	32.8	44

Source: National Electoral Commission, Accra, Ghana

People feel empowered when they see national politicians grovelling for their votes. The feeling is different in LG elections: campaigning is often boring and, to make matters worse, the LGs seem not to make much difference in people's lives. In fact a lot of Ghanaians are disenchanted by Ghana's decentralisation because it promises so much but has delivered too little for so long. People argue that at least some MPs promise to have roads repaired and some fulfil their promise, but LG politicians promise nothing and deliver nothing (Awortwi, 2010: 10). Therefore Ghana's non-partisan LG elections result in DAs full of people with no formal political agenda. The NPP government that succeeded the Rawlings regime had promised a constitutional amendment to make LG elections multi-party and the position of DCE an elected one, but it reneged on its commitment after winning power. Their rationale was also to take advantage of the status quo - filling those positions with their political favourites. The current NDC government does not appear to support a party-based LG political system.

There is no doubt that Ghana's elections have elements of tribalism and regionalism associated with them. For instance, during the 2008 presidential and parliamentary elections some areas in the Volta and Ashanti Regions became no-go areas for particular political parties. As a result there are concerns that when LG elections are organised based on the same multi-party system as the national elections, political parties will create enclaves in some local areas that would not be good for local development. There appears to be over-exaggeration in this assertion and Ghana's case is no different from any transition country where democracy is beginning to take root. The party-based organisation of LG elections would help to improve people's interest and participation in LG politics.

Institutional arrangements for service provision and accountability

In Ghana about 50 per cent of urban dwellers have no access to solid waste collection and less than 30 per cent have an acceptable household toilet facility. Urban water supply is not reliable not just for the slum dwellers, but also for relatively affluent neighbourhoods, and households with water meters are often forced to buy from private water sellers because their taps have run dry or only spurt water one or two days per week. Only 3 per cent of 41,946km of feeder roads in Ghana are paved and only about 40 per cent can be used throughout the year. Generally basic services such as water, sanitation and SWC, housing, primary health care, etc. are inadequately delivered for a number of reasons: inadequate funds, unclear responsibility and expenditure assignment between LG and central government departments, and weak accountability mechanisms. Given that LG services are delivered through deconcentrated central government departments and employees, it is unfair to blame DAs when services are not delivered. One major challenge to Ghana's institutional arrangements for service provision is that there appears to be no accountability system in service provision either in the devolved or deconcentrated system. There is no central level

government agency that is responsible for ensuring that public services meet public expectations. The mandate of Ghana's Public Service Commission is limited to the recruitment of category A and B employees of the public service. The performance of public services is expected to be assessed by individual ministries that also provide the services, so there is no proper accountability or supervisory systems and structures. At the local level, there is too much patronage in both political and administrative mechanisms to the extent that citizens do not demand high-quality services from their political and administrative leaders. The Ministry of Public Sector Reform that was established during the NPP government started the process of ensuring that public services meet public expectation by establishing national standards, but the ministry was abandoned when NDC took over. It is important that the mandate of the Public Service Commission be expanded to include oversight responsibility for the quality of public services delivery. Also, a small claims court and ombudsman system should be established to try and represent people who feel dissatisfied with the quality of services that they receive from public and LG institutions. This would compel public service providers to sit up and take notice.

Effective functioning of sub-LG structures

Generally about 90 per cent of Ghana's sub-LG structures are not functioning due to a number of factors: there are too many and they are too small; they have too many members; they lack adequate and skilled personnel; they lack the financial resources to perform; and they are consequently not viable. To facilitate effective operationalisation of sub-LG structures there is a need for the government to reduce their numbers and membership by at least 50 per cent to make them manageable. This will enable the LGs to provide financial incentives to facilitate their work. Voluntarism as it is practised at the unit committee level is unworkable in the present monetised Ghanaian economy and certainly not for unit committee members – a majority of whom are poor and cannot offer their time for free.

LGs' ability to hire and fire without victimising employees

One of the important objectives of Ghana's decentralisation and LG concept is the ability of DAs to hire and fire their own staff. It is expected that this will improve the accountability and loyalty of employees to the LG instead of to a centrally appointed central government agency in the nation's capital. However, in Ghana many civil servants are concerned about giving powers to mayors or chief executives to hire and fire. Their anxiety comes from the excessive victimisation of employees, especially those that are hired through a mixture of administrative and political processes. For instance in 2000 when the NDC government lost power to the opposition NPP, the new government dismissed thousands of employees who had worked in the districts as officers of National Disaster and Mobilisation (NADMO), Non-Formal Education (NFED) and National Communication and Civic Education (NCCE). The employees

were accused of being operatives of the past government. In 2008 when the NPP lost power to the NDC, the victimisation process was repeated. In addition, thousands of employees who had worked in the School Feeding Program and National Health Insurance Scheme were dismissed. Given that mayors/DCEs are normally politicians of the ruling party appointed by the president to represent its interest, any power given to them to hire and fire may be abused. In fact it may be dangerous in the current political polarisation to give DCEs powers to hire and fire. To allay the fear of possible victimisation of LG employees, a LG service secretariat has been established in the nation's capital to hire and fire. While this may appear temporary, the real challenge is how to empower LGs to directly hire and fire without victimising employees because of their perceived political inclinations. The LG service secretariat should begin to develop clear rules of employment at the LG level. Just like the procurement board that has been established at the LG level, so should there be an appointment board that draws its members from various groups (political, administrative, technocratic, etc.) so that the DCEs cannot completely manipulate the employment process.

Ministerial re-alignment

As a result of Act 656 some deconcentrated departments would be integrated into the LG departments and would not be part of their parent ministry. This means that some sector ministries would have to transfer not only their employees but also salary, administration, service and investment to the DAs. The consequence is that some ministries will not have the same influence as they used to have. This will be a huge challenge to some ministries, whose influence depends on their budget size and personnel numbers. Given that the MoF is used to sectoral budgets, the challenge will be if the MoF transfers the corresponding budget items to the districts. In addition, it is also not clear whether the sectoral ministries will continue to have oversight responsibility for the services that devolved LG departments would deliver. There is therefore a need for ministerial re-alignment to enable line ministries to reflect their present reality.

Political will and transformational leadership

Progress in Ghana's decentralisation process stalled for lack of political commitment and leadership. Strong political will and an understanding of the strategies are needed to implement them. Given the political set-up in Ghana one needs a strong leadership that is convinced that decentralisation is not a zero-sum game.

Central government earmarks of LG grants

There is no doubt that DACF has improved the financial status of all LGs in Ghana, and without it none of them could have survived. Nevertheless, there are too many central government earmarks in the use of the fund. In 2007 about 50 per cent of

the use of the total fund was dictated by guidelines issued by the MoLG and MoF. About 25 per cent of the funds in 2007 were deducted at source by the common fund administrator. When the common fund was introduced in 1994, the idea of subjecting it to central government deductions was meant to be an interim measure designed to manage the interface between the period of centralised project funding and a decentralised one. That is, if central government directives were not issued it would be difficult to complete projects that the central government had already started but had not yet completed in the districts (Aye, 2004: 136). However, 15 years later, central government deductions have become a permanent phenomenon. Every year new items are added to the earmarks, leading to less and less control by LGs over their grants. The challenge is for the central government to give much more discretion to DAs in the use of the fund. There is no doubt that LGs in Ghana have improved their capacity to handle the grants. At the district level, planning, budgeting and administrative officers have the same university degree as those in the regions and the ministries, so inadequate capacity as the basis for not giving LGs discretion over the use of their grants is untenable. In addition, cases of corruption and misuse of government funds as reported by the Auditor General do not only involve the DAs. In fact corruption is widespread across central and LGs, so that cannot be used as a reason for earmarking LG grants. The central government and MoF must give LGs some room to manoeuvre in the use of their grants.

Improving internally generated revenue

DACF was meant to bridge the gap between revenue and expenditure assignments. However, it appears to be replacing mobilisation of internally generated revenue. With the exception of rural districts that have a narrow revenue base, municipal and metropolitan assemblies should not be made to rely heavily on central government transfers. In fact if Accra, Kumasi, Tema, and other metropolises can be assisted to undertake proper evaluations of their property taxes and plug the loopholes in revenue collection, they would be able to mobilise more than twice what they receive from the DACF.

Attention to local economic development

LGs in Ghana put much emphasis on the provision of social services and less on promoting local economic development (LED). An attempt by the MoLG in the past to use 20 per cent of the DACF to support productivity in microenterprises in order to reduce their vulnerability was a total flop as the money was considered by the beneficiaries (most of whom were ruling political party supporters) as payback for their loyalty. Consequently loan recovery was very poor, resulting in many LGs being unwilling to provide further financial support to microenterprises. In subsequent years the MoLG reduced the DACF allocation from 20 per cent to 10 per cent and it is now only 5 per cent. The declining allocation shows the government's disinterest

in supporting LED. But it's in the interests of LG to support LED for the purposes of job creation and income growth at the local level. LED should not be considered as only the responsibility of the central government. Currently LED initiatives in the form of pilot projects financed by international organisations are taking place in a few districts. For instance the International Labour Organisation's (ILO) Decent Work Programme and LED is being organised in eight districts. The MoLG should compile the experiences of many of the successful LED initiatives, such as GATE 1 and 2, LEAP, ILO Decent Work Programme, etc. and ensure that LED becomes part and parcel of the responsibilities of LG.

Performance management in political and administrative leadership

A project to introduce a performance management system in Ghana started in 1997. About US\$40m was said to have been invested in the project with the objective of developing procedures and systems for performance management in the country's public service. The first performance agreement was to be signed between ministers and chief directors. However, by 2001 the process to ensure that the performance management system was introduced had collapsed, ostensibly because the chief of staff at the time did not buy into the idea. So at the moment Ghanaian chief executives at the national, regional and local level (ministers, mayors, chief directors, heads of public organisations, etc.) do not sign any performance agreements with the government and neither is their performance subject to any serious assessment. The Office of the Chief of Staff is a very powerful administrative unit of the Ghana state administrative system. The Chief of Staff, seen as a senior prefect of ministers and closest to the head of state, is the prime mover and shaker of government reform programmes. Without the support of the chief of staff many administrative or managerial reforms, including that of decentralisation, will not become government priority agenda.

Implementing the long-awaited LG service

Under the LG Act of 1993 (Act 462), 22 departments working at the district level were to cease to exist in their present form and be reconstituted into departments at the DAs. The Act also envisages the implementation of the composite budget system, under which the budgets of the deconcentrated departments were to be integrated into the budgets of the DAs. In addition, an LG Service was to be created to which the staff of the newly established departments of the DA were to become members. It is also expected that the conditions of service of LG employees will be different from that of the civil service. As earlier indicated, follow-up legislation to effect these changes was delayed in Parliament for more than a decade until it was finally passed in 2003 (LG Service, Act 656). However, implementation of the tenets of the new law has again been delayed because of many intractable legal and administrative problems. Section 164 of Act 462 requires the Minister of LG through an LI to determine when the old departments were to cease to exist and the new departments come

into existence. But this was not done until February 2010 when an LI No.1961 was passed by parliament to commence work on LG service and composite budgeting. While this occurrence marks a significant progress in Ghana's long-awaited LG Service, it does not bring to an end the saga of administrative decentralisation in the country. The LI 1961 only created five departments (central administration, works department, physical planning department, trade and industry, agriculture and social welfare and community departments) and dissolved only 10 out of 22 deconcentrated departments. The remaining ones would continue to operate as deconcentrated sectoral departments because the current LI could not dissolve them. These had been established by an Act of Parliament as centralised departments within the civil service and therefore needed separate Acts to amend them to a decentralised status, a process that may take some time given Ghana's past records of delays in effecting changes in established laws. Given the slow pace with which incremental decentralisation has proceeded, perhaps a big bang approach is the way to go.

Another challenge is that the LG Service Secretariat that has been established to oversee implementation of human resource management of LGs is supposed to be on the same level as the Head of Civil Service or Public Service Commission, but critics are of the view that the secretariat has not been given the same leadership position as that of the civil or public service. At the moment it is led by a strong political party member, thereby giving the Secretariat a political shadow that in the context of Ghana is not good for the institution to function effectively.

Participation of women in LG

The number of women in LG assemblies in Ghana does not reflect the country's population make-up. Although women are about 51 per cent of the population, they are woefully under-represented in local assemblies and play a marginal role in LG politics. Only 1 per cent of the locally elected politicians in 1989 were women. Subsequent elections have seen slightly higher percentages, but generally less than 10 per cent. What this means is that without affirmative action to cede a number of seats to women, they will continue to be under-represented by the electoral process because of socio-cultural factors that have not favoured them.

4.6.3 Current initiatives to address some of the challenges

If there is any single public policy that has been examined in Ghana over the last 20 years, it is perhaps that of decentralisation. In almost all its facets, proposals and solutions have been offered. The suggestions that have been made in this chapter would add to the number of current initiatives that governments of Ghana have proposed, some of which are in the process of being implemented while others have been abandoned. Below we highlight some of the initiatives.

National Decentralisation Action Plan

In 2003 the NPP government, on the initiative of the Ministry of LG, renewed its commitment to decentralisation after completion of a national Poverty Reduction and Growth strategy document. As one of the processes to guide strategic targeting of resources to poverty reduction efforts at the local level and also promote greater participation of key private-sector, civil society and traditional authorities in the processes of governance and development at the local level, a National Decentralisation Action Plan (NDAP) was developed to re-invigorate national policy and institutions for decentralisation. An inter-sectoral working group to provide technical direction for the implementation of NDAP and a Presidential Advisory Committee to provide political commitment to strengthening decentralisation implementation were established. Ghana's development partners also provided active participation in the strategic development process, resulting in the establishment of a Comprehensive Development Framework Working Group on Decentralisation. The NDAP set eight strategic objectives:

- To strengthen political leadership and inter-sectoral collaboration for decentralisation.
- Enhance decentralisation policy management, implementation and monitoring.
- Increase discretionary funding to district assemblies and consolidate the overall district resource envelope.
- Strengthen overall district-level financial and human resource management and accountability.
- Strengthen district assemblies' functional and governance performance.
- Strengthen decentralised co-ordination and monitoring and evaluation at regional level.
- Enhance and strengthen sub-district level governance.
- Promote popular participation and deepen association and partnership between district assemblies, civil society, private sector and tradition authorities.

By the end of 2008 when the NPP was voted out of government there was no assessment on the extent to which any of the objectives was achieved.

Intergovernmental fiscal decentralisation framework

In March 2008 a draft intergovernmental fiscal decentralisation policy framework was sent to cabinet by the MoLG for consideration. The policy framework addresses the overlaps in the assignment of functions between the central government and LGs, the misallocation of resources and financial accountability mechanisms. The policy also aimed to support LGs to undertake the effective collection of locally generated

revenue. The comprehensive fiscal decentralisation policy document was financially quantified and had the support of a number of donors who were ready to provide financial assistance for its implementation. Work plans and a schedule of activities were carefully drawn up, but again this document just added to the piles of lofty ideas that are written but never implemented because different political parties or governments had initiated it.

Deepening and acceleration of decentralisation policy: A new focus?

In 2009 the NDC government that took over from the NPP and started another process towards developing a new focus for Ghana's decentralisation. This was to fulfil its campaign manifesto 'Deepening and Accelerating the Decentralisation Policy.' The NDC has embarked upon what it termed 'Regional Consultations' to solicit views from a cross section of Ghanaians on decentralisation policy and its implementation. These Regional Consultations led to a national stakeholders' conference on decentralisation in January 2010 that provided an opportunity to about 250 invited participants and 65 identifiable groups and professional associations to reflect on policy and implementation issues and make recommendations. The task force responsible for the programme has just completed its work and is yet to submit a report. An interview with three of the team members solicited the following facts from the consultation:

- A consensus is emerging that the LG system should remain non-partisan.
- There is also a consensus that chiefs must be assigned some role in Ghana's LG system.
- Opinion is split over the election of DCEs. Opposition political parties, academics and civil society organisations want to see DCEs elected while the ruling government wants to keep the existing appointment system. The chairman of the task force is of the opinion that if it is put to a referendum or any organised vote, most people would support the election of mayors/DCEs.
- There is also a split in opinion about the '30 per cent appointments' of councillors, although only a minority want all councillors elected.

Introduction of performance management in LGs

The MoLG and development partners have introduced a performance-based grant system for LGs in Ghana. This initiative partly addresses the financing gap and also aims to introduce incentive systems for performance. The programme, called a 'functional organisational assessment tool' (FOAT) facilitates and harmonises performance assessment and the provision of a district development facility (DDF) in a manner that rewards good performance. The formula for allocating the total grant of US\$25m in 2008 was as follows: basic grant (40 per cent); performance grant (40 per cent); and capacity-building grant (20 per cent). The 40 per cent of the fund allocated

to basic grants is shared among the LGs as follows: 40 per cent is shared equally; 50 per cent is shared based on population; and 10 per cent is shared based on land size. The performance grant of 40 per cent (US\$10m) is shared among only 50 out of 138 LGs, that is those that were judged to have satisfied the minimum conditions of successful performance as assessed by a team of consultants. The introduction of FOAT and DDF was a bold step towards rewarding performance at the LG level. A follow-up should subject mayors/DCEs to the same performance agreement. DCEs/mayors as heads of the executive committee of the assembly do make a difference between success and failure of Ghana's LG system. However for a mayor to be subjected to proper performance assessment would require a considerable degree of autonomy in operation and longevity in duration of contract. The current arrangement where DCEs are appointed by the president and are fired based if they displease him in the least will not be suitable for performance contract. In that case there is a need for the election of DCEs as suggested earlier. Furthermore, the issue of who is responsible to supervise and assess the performance of DCEs should be clarified. Currently, both regional ministers and the Minister of LG claim responsibility but nobody does it.

Municipal Finance Authority

In 2006 the government started discussions on the need for the establishment of a Municipal Finance Authority through which DAs could raise loans from the capital market through issuance of municipal bonds. No decision was made until a new government took over in 2009. So far discussions on this novelty have died down and the MoLG does not intend to raise it further because, as they put it, 'the Ministry of Finance did not support the idea'.

Ghana Municipal Finance and Management Initiative

This project is an initiative of the GoG with sponsorship by the Cities Alliance, World Bank and UN-Habitat with the aim of assisting LGs in Ghana to significantly increase their IGR, improve their management and accounting systems, raise sufficient funds to reduce the backlog of infrastructure and service delivery requirements, and improve their credit worthiness to borrow from the capital market.

Inter-Ministerial Committee to oversee implementation of decentralisation policy

An Inter-Ministerial Co-ordinating Committee (IMCC) is being set up to provide policy direction for Ghana's decentralisation process, direct the process of harmonising sector legislation with that of decentralisation, and monitor implementation of sectoral activities to ensure that they are consistent with the country's decentralisation policies and programmes. The IMCC will be chaired by the country's vice president

to reduce inter-ministerial conflict. The MoLG will continue to be the secretariat for the committee.

Notes

1. Gross annual remittances are estimated to be about US\$4 billion. This figure includes remittances from individuals as well as non-governmental organisations (NGOs) and embassies. Individual remittances were estimated at about US\$1.9 billion in 2008.
2. Departments of Social Welfare; Community Development; Town & Country Planning; Public Works; Parks & Garden; Rural Housing & Cottage Industry; Births and Deaths; Forestry; Controller & Accountant-General; Medical Officer of Health; Feeder Roads; Animal Health & Production; Fisheries; Extension Services; Crop Services; Agriculture Engineering; Districts Sports; Cooperatives; Fire Service; Library Board; Game & Wildlife; and National Youth & Organising Commission.
3. In July 2007 The Bank of Ghana re-denominated the Ghanaian currency (Cedi) by setting a ¢10000 to GH¢1 new Ghana Cedi.
4. PhD, MPhil, MA, MBA, MSC, Post Graduate Diploma, BA, BSc, ACCA/ICA.
5. Higher National Diploma, Diploma, Intermediate certificate and GCE A Level.