

Challenges of Fiscal Desentralization Policy in the Akuapem South District of Ghana

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DEDICATION

This work is DEDICATED TO GOD ALMIGHTY.

IN HIS OWN TIME, HE MAKES THINGS ALL BEAUTIFUL.

*MY PARENTS MR. AND MRS SETH SARQUAH AND SIBLINGS
ESTHER, NICHOLAS, FREDRICK AND PAULINA SARQUAH*

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LIST OF ACRONYMS

ACCA	Association of Chartered Certified Accountants
AIDS	Acquired Immune Deficiency Syndrome
AMA	Accra Metropolitan Assembly
ASDA	Akuapem South District Assembly

CA	Chartered Accountant
CBRPD	Community Based Rural Development Project
DA	District Assembly
DACF	District Assembly Common Fund
DANIDA	Danish International Development Agency
DDF	District Development Funding
DMTDP	District Assembly Medium Term Development Plan
EU	European Union
FOAT	Functional and Organizational Assessment Tool
GETFUND	Ghana Education Trust Fund
GDP	Gross Domestic Product
GoG	Government of Ghana
GPRS	Ghana Poverty Reduction Strategy
HIPC	Highly Indebted Poor Country
HIV	Human Immunodeficiency Virus
IGF	Internally Generated Fund
KAMA	Kumasi Metropolitan Assembly
MLGRDE	Ministry of Local Government Rural Development and Environment
MMDA	Metropolitan/Municipal/ District Assemblies
MSHP	Multi-Sectoral HIV Programme
MTDP	Medium Term Development Plan
NDC	National Democratic Congress
NDPC	National Development Planning Commission
NLC	National Liberation Council
NRC	National Redemption Council
PNDC	Provisional National Defence Council
PNP	People's National Party
PP	Progress Party
PWD	People Work Department
SHAMA	Shama-Ahanta Metropolitan Assembly
RCC	Regional Coordinating Council

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ABSTRACT

The Government of Ghana introduced the decentralization concept in 1988 as part of her effort/determination to make local government administration autonomous in Ghana. The main aim of the concept was to make the people at the grassroots part of the decision making process with the view to ensuring total socio-economic transformation of the country. Until then, decentralization was not a new phenomenon in the politics of Ghana, however, it has since 1988, assumed a new dimension. New structures and institutions such as the National Development Planning Commission (NDPC), and the District Assemblies Common Fund (DACF) were established by law. These structures and institutions sought to transfer means, skills, power and competence to the districts. The DACF is believed to be the major innovation under the reform. The fund, which constitutes five percent of the National Income (NI), is disbursed by the central government to the districts through the Office of the Common Fund Administrator. In addition, each DA is required to generate revenues from local sources referred to as Internally Generated Fund (IGF) to supplement the DACF to carry out socio-economic development of the local areas.

It is against this background that, this study was carried out to describe and explain the implementation process of the Fiscal Decentralization Policy in the Akuapem South District of Ghana. The study set out to describe the assumption that inadequate bureaucratic resources, lack of political resources, poor economic and social resource and lack of inter-governmental communication and enforcement agency may impede effective implementation of the fiscal decentralization policy in the district. The Mixed method approach of social science research and a case study approach were used in the study. Interviews and questionnaires were used to solicit data for the study.

The research found out among things that the fiscal decentralization policy is underway. However, the ability and capabilities of the DAs implement the policy is affected by various several factors namely bureaucratic resource such as technical, managerial and financial resource; political resource which implies the acceptance by the bureaucrats of the policy; economic and social resource such as the social condition prevailing at the time of the implementation; and the inter-organizational communication and enforcement agencies which refers to the relationship between the policy makers and the implementers. The study concludes that for effective implementation of fiscal decentralization in Ghana there is the need to provide the necessary resources intended for the policy.

The study seeks to investigate the implementation of the fiscal decentralization policy in the Akuapem South District of Ghana. It aims to highlight some of the challenges confronting the district in the implementation of the policy and the strategies being employed to meet these challenges.

1.0 INTRODUCTION

Developing countries all over world have experience numerous challenges including poverty and exclusion and development has been very slow in reaching the majority of the vulnerable populations. The desire to meet the needs of the people has invariably culminated in increasing concentration of functions and responsibility within central governments but has also led to increasing disaffection due to large-scale marginalization and alienation. The resultant increasing demands on governments have led to the search for appropriate policy options to fast-track social, political and economic development. One of the popular policy options that have attracted the attention of governments worldwide has been decentralization. Although there remain mix reactions to the ability of decentralization to improve upon livelihoods, it remains a key policy option for accelerating development at the local community level. The implementation of decentralization policies, it is hoped, would empower local communities to use local resources for their development; and also enhance their participation in government

Decentralization has been variously conceptualized but whatever way it is looked at, there appears to be some level of convergence. According to Hussein (2004:10) citing (Smith 1985:1; Rondinelli 1981:137; Kiggundu 2000:89), “Despite variations, there tends to be a common agreement that decentralization is a generic concept for various forms of structural arrangements in government and organizations. As a process, decentralization involves the transfer of authority and power to plan, make decisions and manage resources, from higher to lower levels of the organizational hierarchy, in order to facilitate efficient and effective service delivery”

In Ghana, The Fourth Republican Constitution was designed to contain the most explicit and comprehensive statement of principles yet on the Local government system as a decentralized form of the national administration system that any post-independence constitution has ever covered. It was entrenched in the Local Government Law 1988 PNDCL 207 and Article 240 of the Constitution says that Ghana shall have a system of local government practically

decentralized (Ministry of Local Government and Rural Development, 2002). It explicitly shows the features, functions, powers, responsibilities and resource to the local government units. To achieve the objective local government providing service delivery to the grassroots, the country has been divided into smaller units with the District Assembly as the fulcrum of authority.

The Local Government Act, 1993 Section 10, (subsection 3) stipulates the function of the Local Government. It states that the District Assembly shall be responsible for the overall development of the district and preparation and submission of developmental plans and budget of the district related to the approved national development plans. Beside this, the district assembly shall formulate and execute plans, programs and strategies for the effective mobilization of the resources necessary for the overall development of the district. Nkrumah, (2000:60) indicates that local governments have as many as 86 minor and major functions f as it pertains in Ghana. He further states that some of the functions include significant areas as “roads, forestry, agricultural extension, secondary education, health service delivery, fire prevention, town and country planning”. Ayee (1999:467-8) categories these specific functions into deconcentrated, delegated and devolved public services to exemplify the involvement of actors as central government departments and agencies, and their differential powers. It is in light of the above functions that, the Government of Ghana also sought to give financial autonomy to the districts to embark on the developmental projects in their local areas.

1.1 FISCAL DECENTRALIZATION

For decentralized agencies to be able to perform functions bequeathed to them there is the critical need for financial resources designed to be catered for through the concept of fiscal decentralization. ‘Financial decentralization’ denotes two interrelated issues (Bird 1993, 208); the first is the division of spending responsibilities and revenue sources between levels of government, and the second relates to the extent of discretion given to regional and local governments to determine their expenditures and revenues. In simple terms, fiscal decentralization is a system where central government gives local levels of government autonomy over financial resources to implement local development aspirations into policies, plans, and programmes. The main object of fiscal decentralization is to delegate expenditure responsibilities to lower level of government, but in addition, it has been regarded as serving to ensure sustainable development and accountability to government.

In pursuit of local development, Article 240(2) (c) of the Ghanaian constitution (1992 Republican Constitution of Ghana) provides that “there shall be established for each local government unit a sound financial base with adequate and reliable sources of revenue”. In pursuance of this goal, article 252 (1) of the constitution further provides that “There shall be a fund to be known as the District Assemblies Common Fund (Article 252 (1) of the 1992 Constitution of Ghana). This fund makes provision for the allocation of not less than five percent of the total revenues of Ghana to the District Assemblies for development; and the amount is to be paid into the District Assemblies Common Fund (DACF) in quarterly installments. Although this provision is made, the enormity of the functions and the development challenges facing the districts make this woefully inadequate and further made more challenging by persistent late release of funds which ‘suffocates’ the Assemblies (Local Government Act 462).

To complement the DACF, two other decentralized sources of revenue for the District Assemblies are made in the Local Government Act 462. These are ceded revenue collected by the central government and then transferred to the local government and distributed to the districts according to specified, annually approved formula. The other source of revenue is the internally generated funds from within the district, for example are taxes from the local people even though this does not yield significant inflows to enable the assemblies fulfill their mandate. In addition to the above, Section 88 of the local government Act (Act 462) stipulates that DAs can raise loans or obtain overdrafts within Ghana with the approval of the Minister of Local Government and Rural Development in consultation with the Minister of Finance. Approval is not required only when the loan or overdraft to be raised does not exceed 20 Million Cedis¹ and does not require a guarantee by the central government.

¹ Approximately 2200 US Dollars

1.2 RESEARCH PROBLEM

Designing and crafting policies do not seem as controversial and complicated as implementing them. Although local governments in most developing countries have various sources of funding such as central government transfers, locally generated revenue, donor aid and loan and overdrafts, local government agencies are characterized by chronic financial problems (Hussein, 2004). Citing Kaluwa et al, (1998:22) Hussein (2004) identifies the narrow resource base for locally generated revenue, lengthy budgetary processes, legislative financial controls, lack of effective accounting systems, and inability to access loans as some of the problems affecting the financial viability of local government agencies. Other factors which contribute to the financial problems faced by local government agencies is the lack of effective information systems or data bases, inadequate and inappropriate skills and techniques for efficient revenue mobilization and utilization, the prevalence of corrupt practices, the misallocation of funds in some district assemblies, and erratic and unpredictable disbursement of grants (Mzembe 2001:1; Kaluwa et al.1998:22).

In spite of the financial provisions made in the 1992 Constitution of Ghana and the Local Government Act, fiscal decentralization has presented some problems to policy implementers in Ghana. Local government units face similar fiscal decentralization challenges and as they strive to respond to the needs of the populations within their jurisdictions and these often culminate in poor performance in the delivery of services and other functions devolved to them. Whilst, District Assemblies complain that financial resources are still inadequate, National authorities however contend that the financial challenges are the result of the inability of local government units to effectively mobilize internal revenues ceded to them by central government but rely heavily on central government transfers. What specific fiscal decentralization challenges face the District Assemblies? This is the research problem the study seeks to find out through a case study of a selected local government unit, the Akuapem South District Assembly.

Akuapem South District is one of the 17 districts within the Eastern Region. Nsawam, the district capital, is located within a gap along the main highway between Accra and Kumasi. The District, which has experienced rapid population growth in recent years is largely rural and has a number of challenges. Nsawam has a vibrant market, which is the only active market that the district can realize significant internal revenue from. This situation puts

enormous amount of pressure on the district in attempts at providing socio-economic infrastructure for a sound economic development and sustainable human development.

1.3 SIGNIFICANCE OF THE RESEARCH STUDY

The study will be significant for a number of reasons including:

- It will be an added value to the knowledge base on fiscal decentralization and serve as a impetus for future research into similar areas
- It could also serve as a guide to policy makers, development workers and other stakeholders of decentralization in Ghana in particular and the developing world in general
- It seeks to highlight implementation challenges and problems in a third world context.

1.4 THEORETICAL FRAMEWORK

This study is focused on the thesis that implementation of fiscal decentralization programs at the local level in Ghana is thwart with a lot of challenges. These range from late allocation of the funds from the national level, and inadequacy of the finances such as the DACF and internally generated incomes at the local level to enable the assembly fulfill its mandate. It is upon this that the theory was selected to explain these variables mentioned above.

This study is guided by theory of implementation propounded separately by two writers. First it is situated in the theory propounded by Van Meter and Van Horn in which they mentioned variables which may affect the proper implementation of a policy as including policy resource, inter-organizational communication and enforcement activities, characteristics of implementing agencies, economic and social conditions, and the disposition of implementers. Two of these variables were used in this thesis and these are inter-organizational communication and enforcement activities and economic and social conditions. Second, it is also situated in the theory of Thomas and Grindle in which they explain that the success or failure of implementation may depend on two variables, namely bureaucratic resources and political resources. These variables will be discussed in detail in the next chapter.

1.5 ORGANIZATION OF THE STUDY

This study is divided into seven parts. Chapter one introduces the research topic and discusses the research problem. Chapter two is concerned with the theoretical framework in which the theory of implementation of implementing fiscal decentralization is discussed. Chapter three will look at the methodology of the study and describes, the method used to collect data for the thesis. Under Chapter four, the historical perspective of fiscal decentralization and the descriptive analysis of the various Local Government reform in Ghana are presented including what happened under each reform and discussion of problems of implementation. Chapter five deals with the fiscal decentralization policy in detail and discusses what the policy entails, the various forms it has and the problems under this policy. In Chapter six, the research findings will be discussed which in chapter seven covers the summary and conclusion of the research findings.

CHAPTER TWO

THEORITICAL FRAMEWORK

2.0 INTRODUCTION

This chapter outlays the theoretical framework within which this study is analyzed. It also defines and operationalizes the concept of implementation which drives the study.

2.1 PUBLIC POLICY IMPLEMENTATION

The concept of policy implementation has been the focus of considerable amount of political and administrative discourse. The success of a policy may depend on how best it is implemented (Hill and Hupe, 2002) in regard to the functional dynamics of a number of variables to be discussed in due course. However the attention given to implementation as a tool for policy analysis stems from the wide gap that have often existed between the formulation stage and the execution stage. (Pressman and Wildasky 1973). This is particularly the case in the Third World where a combination of factors impinges on the full realization of policy goals (Thomas and Grindle 1990). Hargrove term the gap between policy-making and the evaluation of policy outcome as ‘missing link’ (Hargrove 1975)

The significance of this observation to this study cannot be over-emphasized. Ghana’s Fiscal Decentralization policy has been intended to be an institutional foundation for socio-economic development. This is because, the districts are given the financial autonomy to develop their own area. Whilst the successful implementation of this policy means a nation’s march towards change and development implementation failures will imply the nation’s inability to use the policy as such and therefore a defeat of purpose. The following observation made by a policy analyst on implementation in Third World countries in this regard is worth noting:

‘The distribution of revenue and services, as well as other consequences, has frequently run counter to those anticipated in official policy. This disparity between declarations of intent by state leaders in the capital city and the actual disposition of state resources has been most evident in micro-level social policies, although even in macro fiscal questions...’ (Migdal, 1988:260.2)

2.2 DEFINING POLICY IMPLEMENTATION

The attempt to explain the gap between stated objectives of a policy and their realization has raised a number of studies during the 1970's. Implementation as viewed by Majone and Wildavsky is 'a process of interaction between the setting of goals and the actions geared to achieving them (1978:104). Whatever the processes, they do not end with the choice of a policy but they continue through the implementation stage. (Barret and Fudge 1981:25-26). Therefore it is unrealistic to distinguish planning from implementation because, the setting of goals and the actions geared towards its implementation and achievements are intertwined. It has been such that while one is planning, the other is contributing immensely to implement it. As defined by Van Meter and Van Horn, 'policy implementation encompasses those actions by public and private individuals (groups) that are directed at the achievement of objectives set forth in prior policy decisions. This includes both one-time efforts to transform decisions into operational terms, as well as continuing efforts to achieve the large and small changes mandated by policy decisions'. (Van Meter and Van Horn 1975: 447-448)

Another definition propounded by Howlett and Ramesh, is that policy implementation is 'a stage whereby programs or policies are carried out, the translation of plans into practice' (Howlett and Ramesh 2003:185). In their book, they identified two main types of implementation process, which is top-down and bottom-up approaches. The top-down approach involves a process where government actors form a policy decision and focus on its formal policy objectives until they are materialized over time. As indicated by Clarke in Howlett and Ramesh's book, this approach 'assumes that we can usefully view the policy process as a series of chains of command where political leaders articulate a clear policy preference which is then carried out at increasing levels of specificity as it goes through the administrative machinery that serves the government' (Clarke, 1992:222).

The second approach, bottom-up approach which is also known as the street-level approach is where all private and public actors are involved in the implementation programs (Howlett and Ramesh, 2003). They systematically examine through interviews and survey research their personal and organizational goals, their implementation strategies and the network of contacts they build. Lipsky, states that the success or failure of a program depends on the commitment and skills of the actors directly involved in the implementing programs. (Lipsky, 1986).

This approach is based on the assumption that the actions of the street-level implementers are important in implementation stage and their involvement should be considered when any meaningful implementation is taking place. It emphasizes the careful interactions of those at the operational level, thus the local level or those directly affected by and involved in the implementation of the policy. This postulate the fact that, implementation studies should start from the local, through the regional and finally the national levels to depict ‘Backward mapping’ as described by Elmore (Elmore, 1982:604)

The approaches identified above would help this study to understand the policy implementation in the Akuapem South District of Ghana and will give more in-depth knowledge into the implementation of the fiscal decentralization in the district.

2.3 THEORIES OF IMPLEMENTATION

Theory application is one of the components of research design; the other two are research problem and methodology. Theory is an explanation for some phenomenon that is based on observation, experimentation and reasoning.² Thus, theories identify those elements that have particular relevance for answering questions focused on diagnosing phenomenon, explaining processes and suggesting outcomes.

The fiscal decentralization policy is very essential but nevertheless problematic to implement in a Third World country context and raises the following questions: What are the factors that cause failures? How can the implementer solve these problems? I examine these questions within two theoretical perspectives to try to provide answers. These are Thomas and Grindle and Van Meter and Van Horn Model Models of Implementation. Thus the independent variables for this study are derived from these two theories as they focus on some factors that presumably affect the implementation of the fiscal decentralization policy in Ghana.

2.4 VAN METER AND VAN HORN MODEL OF IMPLEMENTATION

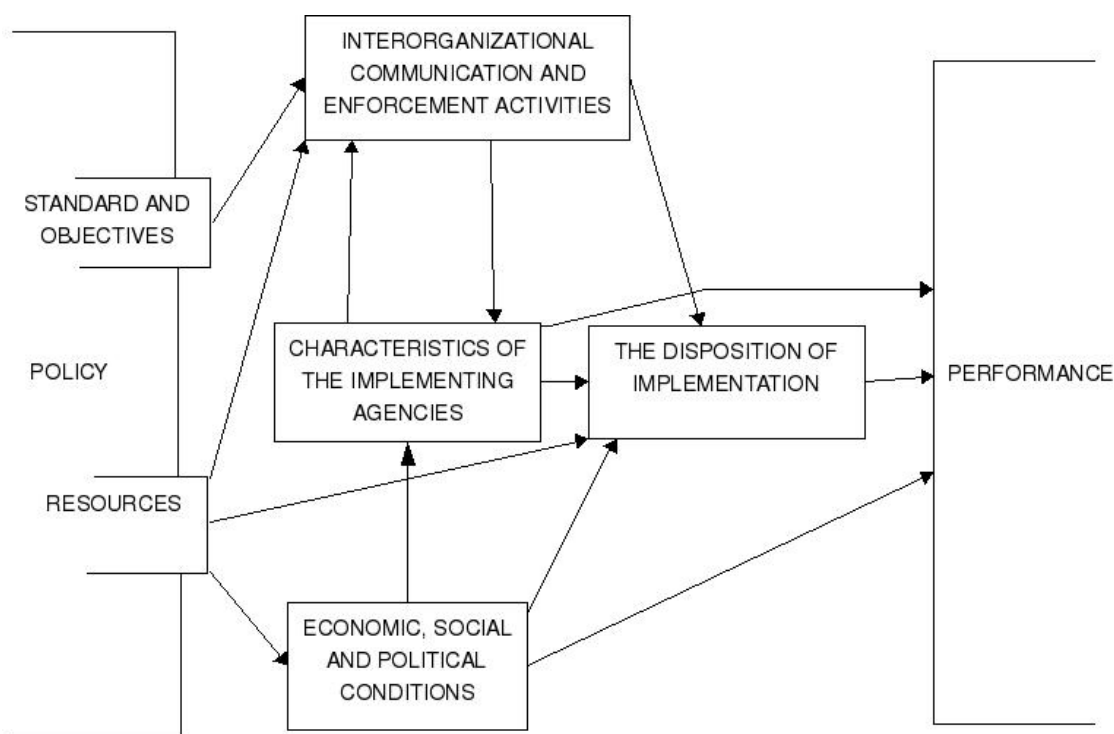
Van Meter and Van Horn have outlined specific variables that shape the linkage between public policy and its implementation (Van Meter and Van Horn 1975). They stressed that the study of implementation should examine the factors that contribute to the realization or non-

² <http://eobglossary.gsfc.nasa.gov/Library/glossary.php3?mode=all>

realization of policy objectives. Pressman and Wildavsky, 1973: xiv, as cited by Van Horn and Meter, argued that, ‘After all, the world is full of policy proposals that are aborted. You can’t finish what you haven’t started. Lack of implementation should not refer to failure to get going but inability to follow through.’ They emphasized that the implementation stage does not commence until goals and objectives have been established (or identified) by prior policy decisions, it takes place only after legislation has been passed and funds committed (or after a judicial ruling and accompanying decree) (ibid). The success of any implementation usually depends on:

1. The amount of change involved
2. The extent to which there is goal consensus among the participants in the implementation process.

Upon this, they have identified six main variables, which facilitate or impede a policy. They are: program standards and objectives, human and economic resources available for the implementation, administrative structure of the implementation, national political structure and processes, inter-organizational communications and enforcement activities, and the disposition of implementers. These factors explain the translation of policy objectives into reality. These are discussed below.



Skeletal Flow Diagram of the Variables Involved in the Implementation Process reproduced from Van Meter and Van Horn (1975:463)

2.4.1 Program Standards and Objectives are the overall goals of a policy. All policies start with standard objectives, which should be clear and purposeful for effective implementation. The overall goals of a policy decision depend on clearly specified standards and objectives. They argued that, standards and objectives go beyond generalities of the legislative document to provide concrete and more specific standards for assessing programme performance and they can be measured easily. Taking for instance the Fiscal Decentralization Policy in Ghana, the success of this policy is to measure whether the districts have actually gained their autonomy fiscally. On the other hand, it is not easy to measure performance if the standards and objectives are complex. To determine standards and objectives, they need to be derived from policy documents, statements of policy makers and guidelines that spell out the criteria for an evaluation of policy performance.

Vague and contradictory objectives would not generate effective implementation. They stressed that, when studying implementation, the goals and objectives must be identified and measured since as stressed by Pressman and Wildavsky in Van Horn and Van Meter, ‘ implementation cannot succeed or fail without a goal against which to judge it’. (Van Meter and Van Horn 1975)

2.4.2 Policy Resources: When standards and objectives are specified to serve as a basis to judge implementation. Resources are made available to facilitate implementation and these comprise of funds, personnel and other incentives meant to facilitate effective implementation.

2.4.3 Inter-organizational Communication and Enforcement Activities: When policy objectives are clearly specified the implementation of policy is not necessarily effective and depend largely on effective communication and collaboration among decision makers and implementers. Thus, an effective implementation requires that those individuals responsible for their achievement understand a program’s standards and objectives. To have effective implementation training should be organized for the implementers and effective communication and collaboration among all actors in the implementation process is vital.

They further argued that, in the context of inter-organizational relations, two types of enforcement or follow-up are most important. Higher-level officials can help the subordinates

who are the implementers with physical and technical resources, interpretation of laws and guidelines, which are prerequisite for the carrying out of the implementation policy. Secondly, both negative and positive sanctions can be used to ensure effective implementation.

2.4.4 Characteristics of Implementing Agencies: (Bureaucratic structure) Van Horn and Van Meter see this as both the formal structural features of an organization and informal attributes of their personnel and the implementing agency's ties to other participants in the policy delivery system. Ripley et al (1973:10) explain bureaucratic structure as 'characteristics, norms, and recurring patterns of relations inside the executive agencies that have either potential or actual relation to what they do in the way of policy.'³ This has to do with size of the staff, the hierarchical control of subunit decisions and processes within the implementing agencies. It also includes an agency's political resource and the vitality of an organization.

They offer the following lists of elements to suggest the characteristics that may interrupt the proper implementation of policy:

- a the competence and size of an agency's staff
- b the degree of hierarchical control of subunit decisions and processes within the implementing agencies.
- c an agency's political resource
- d the vitality of an organization
- e the degree of 'open' communication (networks of communication with free horizontal and vertical communication and a relatively high degree of freedom in communications with persons outside the organization) within an organization
- f the agency's formal and informal linkages with the 'policy-making' or 'policy-enforcing' body.

2.4.5 Economics and social conditions: This is an environmental variable, which affect or influence a policy. Though these parts of public policy receive very little attention, they may have a profound effect on the performance. The questions normally asked are:

- a Are the economic resources available within the implementing jurisdiction (or organization) sufficient to support successful implementation?

³ Van Horn and Van Meter 1975:470

- b To what extent will the prevailing economic and social conditions be affected by the implementation of a policy?
- c What is the nature of public opinion; how salient is the related policy issue?
- d Do the elites at the national and district level support or oppose the policy?
- e What is the partisan character of the implementing jurisdiction (or organization); is there partisan opposition or support for the policy?
- f To what extent are private interest groups mobilized in support or opposition to the policy?

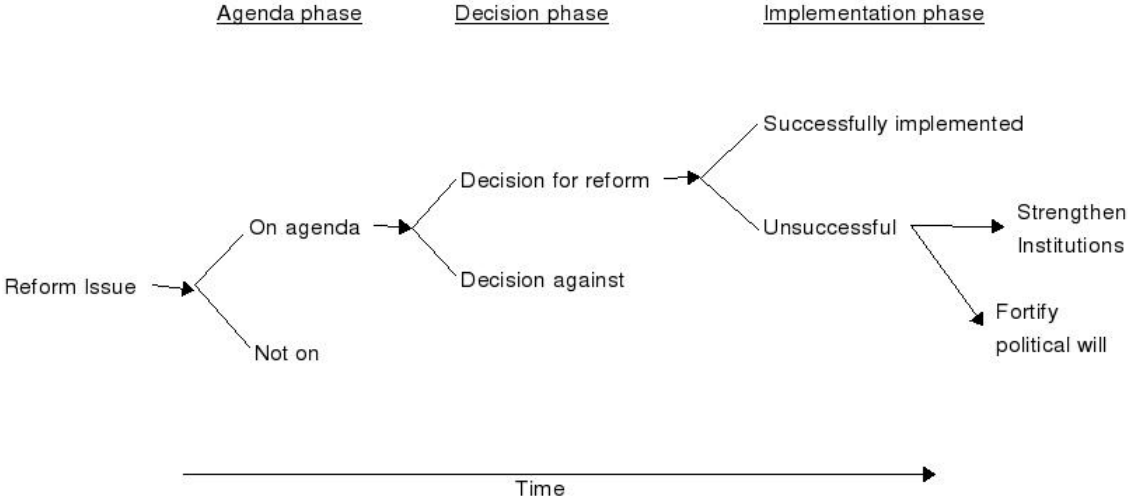
2.4.6 The disposition of implementers: For any program to make significant impact towards its achievement it requires an understanding of the policy. The implementer's general understanding of the policy would yield successful implementation and vice versa. Three elements of the implementers response which may affect their ability and willingness to carry out the policy are: their cognition (comprehension, understanding) of the policy, the direction of their response toward it (acceptance, neutrality, rejection), and the intensity of that response. Thus, the implementers understanding of the general intent, as well as the specific standards and objectives of the policy become very important. However, officials may thwart successful implementation when they seem not to comply with the policy. In addition, when they reject the goals and objectives of the policy, the implementers may fail to execute them whole-heartedly.

The relevance of Van Horn and Van Meter model of implementation to my study is in diverse ways. Firstly, it will be of a great interest to find out how the model in its entirety can be applied to the implementation of Fiscal Decentralization policy in Ghana. Also, I shall compare specific aspects of the model to aspects of the Fiscal Decentralization policy to see if they correspond to the real life situation.

2.5 THOMAS AND GRINDLE LINEAR MODEL

According to this model, a proposed reform gets on the agenda for government action, a decision is made on the proposal, and the new policy or institutional arrangement is implemented, either successfully or unsuccessfully (Thomas and Grindle 1990:1164). In this model, the decision is the critical choice and attracts the attention of the policy makers and donors. Here implementation is ignored or considered to be the task of other groups.

The model sees policy reform in three phases: these are Agenda phase, Decision phase and Implementation phase. Implementation is seen as what happens after the decision phase, and successful implementation is viewed as a question of whether or not the implementation institution is strong enough for the task.



Skeletal Diagram of the model of implementation is produced by Thomas and Grindle (1990:1165)

Thomas and Grindle have objected to this model of reform on the grounds that policy implementation can not be straight forward as has been discussed. A policy may be altered or reversed at any stage in its life cycle by pressures and reactions of those who oppose it. As they argued, some interests may be more effective at influencing high-level officials in government, others at affecting the managers of the implementation process or those who control the resources needed for implementation (ibid).

2.5.1 POLICY MAKING AS AN INTERACTIVE MODEL

Thomas and Grindle offer “an interactive model of policy implementation that focuses on the conflicts and reactions that are evoked by efforts to bring about changed policy or institutional context for development, and the resources that policy makers and managers are likely to require to sustain a reform in the face of such reactions”. (Thomas and Grindle 1990: 1163)

The analysis suggests a framework for the strategic management of reform initiatives” (ibid). Specifically, they “focus attention on the conflicts and issues that surround efforts to implement reform initiatives” (ibid). After careful study of implementing policy in some

developing countries, they concluded that: “the characteristics of particular policy reforms determine the type of conflicts and opposition that surround their implementation” (ibid). According to them, the central element of their interactive model is that the implementation of a public policy is a cycle and “a policy reform initiative may be altered or reversed at any stage in its life cycle by the pressures and reactions of those who oppose it” (Thomas and Grindle 1990:1166), and as postulates by Lowi ‘policies determine politics’. (Lowi: 1964:299)

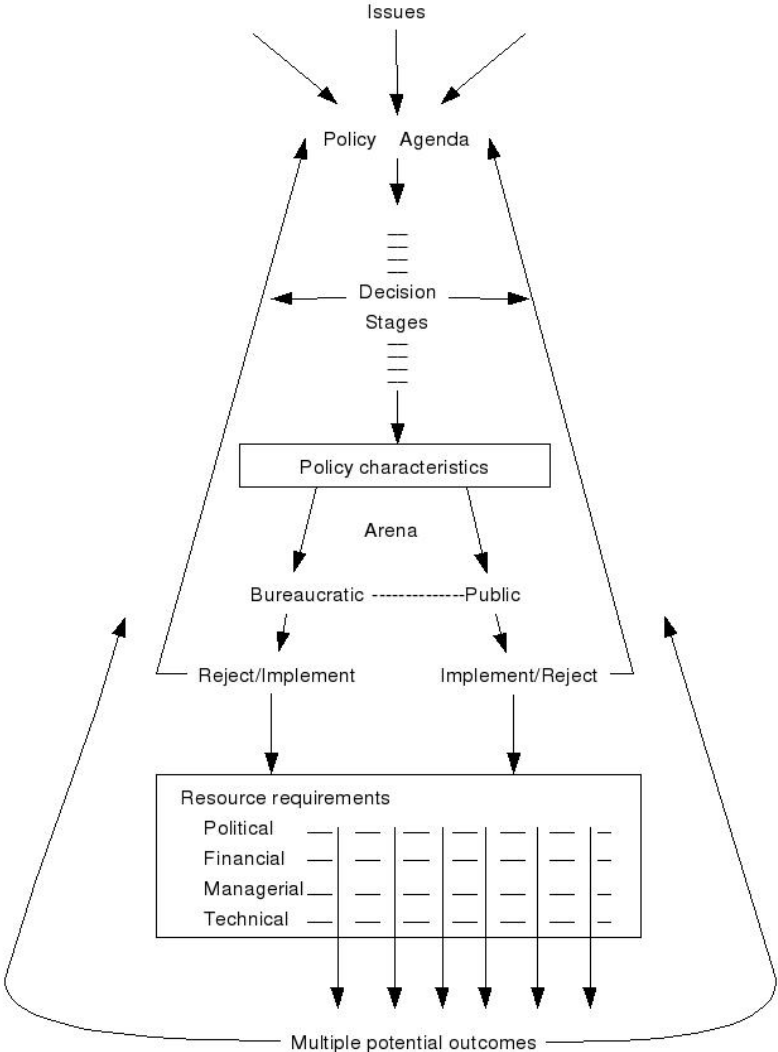
From the discussion above, one may come to understand that, for a policy to be implemented successfully, there are some factors, which need to be studied and these include political and bureaucratic resources. The study focuses on specific challenges that affect the capacity of local government units and the District Assemblies to formulate and execute plans, programs and strategies for the effective implementation of the fiscal decentralization policy at the local level. Thus, the main task of the study is to unravel the problems that have frustrated the successful implementation of fiscal decentralization in Ghana. As Thomas and Grindle say about the objective of their article, “our goal is to assist those interested and involved the policy reform to understand, predict, and influence the likely results of a policy or institutional reform decision” (Thomas and Grindle 1990:1165).

They further argued that, their interactive model “provides some tools to enable reformers to anticipate reactions, to consider the prospects for sustaining a reform through the implementation stage, and to assess whether resources to implement it actually exist or need to be augmented” (Thomas and Grindle 1990:1164). They identify two main types of resources necessary for policy implementation to succeed. These are political and bureaucratic variables. Mobilizing these is part of the challenge to policy managers. They encourage implementation analysts to consider the effect of political decision making on actual implementation instead of divorcing the two processes. This is because, according to them, opposition encountered in policy formulating from political elites might affect the actual implementation. This suggestion might help in the analysis of why certain political, economic, and social policy reforms are implemented successfully or unsuccessfully.

From the model presented by Thomas and Grindle, fiscal decentralization policy can appropriately be categorized as one with a ‘high administrative or technical content’. As they point out: “If the administrative content of a policy is high or it is technically complex, it

requires the coordinated efforts of public officials and institutions to see that it is carried out. In this case, the public is unlikely to be immediately affected by implementation of the reform or fully aware of the costs and benefits it may impose. Implementation depends on competence and support in the bureaucracy” (Thomas and Grindle 1990:1173), and therefore lack of capacity in the administrative apparatus can lead to implementation challenges or even failure.

Three main bureaucratic resources are seen as very instrumental namely, financial, managerial and technical resources. How these affect the implementation of policy reforms are discussed below.



Skeletal Diagram of the model of implementation is produced by Thomas and Grindle (1990:1167)

2.5.2 Bureaucratic Resources

As has been discussed by Thomas and Grindle, bureaucratic resource can affect the successful implementation of policy. Though the implementation of fiscal decentralization policy is aimed at the mobilization of revenue for local development, implementers need financial resources as behavioral incentives to adequately pay revenue collectors and other bureaucratic staff. In the words of Howlett & Ramesh, for effective policy implementation, “funding must be allocated, personnel assigned, and rules and procedures developed.” (Howlett and Ramesh 2003:185. Managerial resource looks at whether policy-implementing bureaucrats possess the competence and skills required for implementing a policy with high administrative and technical content like fiscal decentralization. For instance, are there skilled personnel or well trained personnel at the local level for the implementation policy? The commitment and skills of policy implementing staff, in the opinion of Lipsky is very important for the success or failure of policy implementation. (Lipsky 1986)

Technical resource is also one of the variables they discuss. It looks at whether resources like offices, computers, financial computer software, stationery and the like are available for the implementation.

2.5.3 Political Resource

They also talk about political resource, which affect a successful implementation of policy. Political resource (support and acceptance of dominant stake holders like public sector in general, bureaucrats at the local level) are to be the first to be considered when implementation or change is to be effected. According to them, the role of policy makers is to mobilize support and counteract opposition in order to sustain policy reform. (Thomas and Grindle 1990: 1175). Do the bureaucrats at the local level favor or oppose the implementation of a policy? Normally, the bureaucrats are used to doing a particular thing repeatedly and their resistance to change is very high. This brings conflict and may affect their ability and willingness to carry out the policy. It may also affect the direction of their response towards it and the intensity of their response. The relationship between the central government and the local government is also a factor to be considered. If the relationship were that of master servant then the implementers would thwart the implementation of the policy. Van Meter and Van Horn stress this point on their model of policy implementation. They argued that, for an implementation to be successful, the human and financial resource should be adequately provided.

The relevance of this model to this study is to measure the extent to which the bureaucratic and political resources were adequately provided in the implementation of the fiscal decentralization policy in Ghana. Moreover, if so, to what extent have these resources affected the implementation process?

2.6 VARIABLES FOR THE STUDY

Variables are considered an empirical property that can take on two or more properties. They can be dependent or independent. According to Nachimias and Nachimias dependent variables are that which the researcher is trying to explain, and the independent variables are those that cause a change in the dependent variable. (Nachimias and Nachimias 1996:56-59)

2.6.1 DEPENDENT VARIABLES

The dependent variable in the study is the implementation of the fiscal decentralization policy in the Akuapem South District of Ghana. Thus, the degree to which this policy is implemented is assessed by the study. The district council has a role to play in this implementation process to achieve the stated objectives of the policy. This they do by

- Explicit use of the central government transfer for developing projects and
- Levying taxes at the local levels

The extent to which fiscal decentralization policy is implemented will be analyzed by identifying the extent to which and how the stated objectives are met. This can be assessed as follows:

- Whether the government transfers are adequate
- How the district collects their levies
- What strategies are employed to achieve maximum collection of these levies

The government of Ghana formulates policies and grants resources to the local governments for its proper adjudication. The questions then are; which factors facilitate or impede the effective implementation of the policy in the District? Are there adequate bureaucratic and technical resources for the formulation of the policy? How are the goals of the policy communicated to the street-level bureaucrats?

2.6.2 INDEPENDENT VARIABLE

I chose Van Horn and Van Meter and Thomas and Grindle Model of implementation because as a theoretical framework, it is easily understandable and it offers key variables and highlights the inter relationship between each of the variables and it is relevant for effective implementation policy. These models help to identify the actors, participants in the policy process and their intentions, and resources at their disposal and how all these contribute to performance of policy. Thomas and Grindle's model for instance resulted from their research in the developing countries and thus relevant to my study.

However, not all the variables under these models could be used for my studies and those that I used are bureaucratic resource and political resources in Thomas and Grindle's model. In addition to inter-organizational communication and economic and social conditions discussed by Van Meter and Van Horn Model of Implementation. These variables were selected because they are essential to my studies and best explain the implementation of the fiscal decentralization policy.

The theory of implementation discussed above served as a guide in identifying a more specific model to reflect the implementation of fiscal decentralization policy in Ghana. I identified four (4) variables, which I believe affect the implementation process of the fiscal decentralization policy either positively or negatively. These are

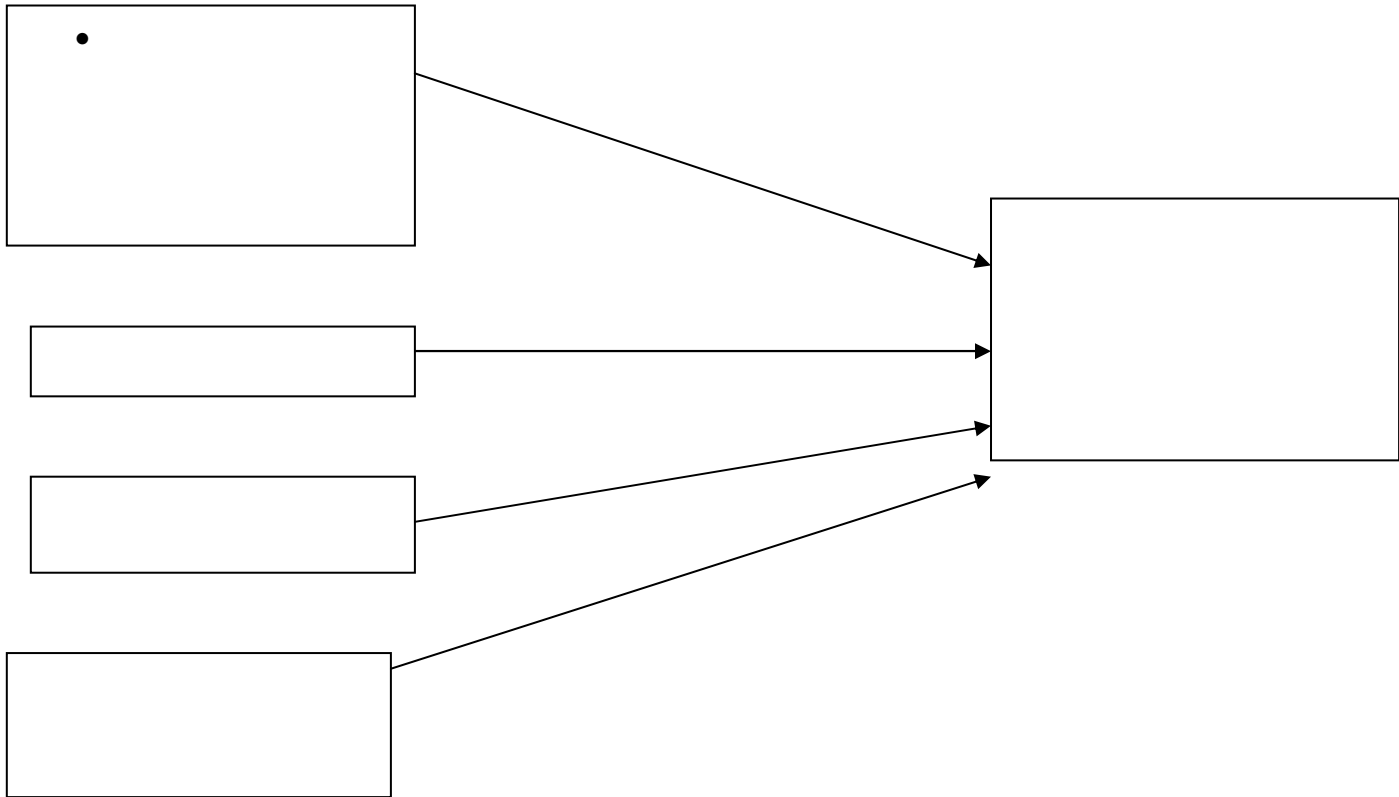
- i. Bureaucratic resources
- ii. Political resources,
- iii. Inter-organizational communication, and
- iv. Economic and social conditions.

The purpose of the study was to investigate the role and effect of these variables on the implementation of the fiscal decentralization policy in Ghana.

2.7 Conditions for successful Implementation of Fiscal Decentralization

Independent Variables

Dependent Variables



2.7.1 Bureaucratic Resources

I found out whether the financial, managerial and technical resources were available for effective implementation of the fiscal decentralization policy in Ghana. For a policy to be successful there must be adequate finances and other resources for its administration and enforcement. It has been argued that lack of these resources may lead to unsuccessful implementation of policies. For the fiscal decentralization policy to be implemented successful, the ministries in charge of the implementation, that is, the Ministry of Local Government, Common Fund Administrator and Ministry of Finance should provide all the necessary resources at the Local level. These include, adequate resources, computerized system of finance, and qualified personnel to manage the funds.

2.7.2 Political Resource

I looked at whether the policy was being supported by the bureaucrats at the local level. Political resource (support and acceptance of dominant stake holders like public sector in

general, bureaucrats at the local level) were to be the first to be considered when implementation\change is to be effected. The commitment and skills of policy implementing staff, in the opinion of Lipsky is very important for the success or failure of policy implementation. (Lipsky 1986). According to them, the role of policy makers is to mobilize support and counteract opposition in order to sustain policy reform.

2.7.3 Inter-organizational Communication: For a policy to be implemented effectively depends largely on effective communication and collaboration among decision makers and implementers. If this is not well done, there could be an enforcement mechanism attached. To have effective implementation, training of personnel at the local level could be organized and effective communication and collaboration among all actors in the implementation process is vital (Van Horn and Van Meter, 1975). Instructions from the ministries should be clear to the local personnel and laid down procedures on how to do things should be self explanatory.

2.7.4 Economics and social conditions: If these receive very little attention, they may have a profound effect on the performance. The questions normally asked are: to what extent will the prevailing economic and social conditions be affected by the implementation of fiscal decentralization? Do the elites at the national and district level support or oppose the policy?

In sum, the study looked at whether these variables mentioned above affect the implementation of the fiscal decentralization policy.

2.8 HYPOTHESIS

Hypotheses are guiding statements that are made to keep a researcher focused. It is meant to be tested to prove its viability or otherwise. This study will be conducted on the following hypotheses:

- Inadequate financial resources may constrain implementation of fiscal decentralization
- Low level of managerial resources may be an impediment to the implementation of fiscal decentralization in Akuapem South District
- Lack of technical resources may inhibit the successful implementation of fiscal decentralization
- Lack of active bureaucratic and citizen participation may be an obstacle to implementation of the fiscal decentralization

- Lack of co-ordination and collaboration in the Akuapem South District may impede effective implementation

2.9 Conclusion

The chapter outlined the theoretical framework for the study. It discussed the dependent variable around which the study is centred. The main objective of the study is to examine the challenges of implementation of the fiscal decentralization policy in Ghana. This chapter brought to light that, the extent to which a policy is implemented depends on a number of factors ranging from bureaucratic resources, political resources, inter-organizational communication and economic and social conditions. In all, two (2) theories were discussed to derive the independent variables by which the study hypotheses were outlined.

CHAPTER THREE

METHODOLOGY

3.0 INTRODUCTION

This chapter discusses the methodology employed during the data collection. The research objective is to examine the challenges affecting effective implementation of the fiscal decentralization policy in Ghana. The chapter explains the strategies and the rationale behind the choices I made in the data collection. It also discusses the problems encountered during the study and the limitations of the study.

3.1 RESEARCH STRATEGY

3.1.1 Case Study

Nachimias and Nachmias cited in (Yin 2003:21) define research design as a plan that guides the researcher in the process of data collection, analysis and interpretation of findings. It is a logical structure that enables the researcher to make conclusions about causal relationships between variables. Case study has been employed as my research strategy in order for me to answer my research questions. They provide a systematic way of looking at events, collection of data, analyzing information and reporting the results. This gives the researcher a better understanding of the issue at stake, why it happened and what can be looked at extensively in case of further investigations.

Case study is one of the several ways of doing social science research. It is an empirical inquiry that investigates a contemporary phenomenon with its real-life context, when the boundaries between phenomenon and context are not clearly evident and in which multiple sources are used. (Yin 1984:23) Creswell identifies three approaches of doing research, which are quantitative, qualitative and mixed methods. (Creswell 2003:18) The basis for selecting any of these approaches depends on three framework elements that are considered in any research project. These he propounds as follows; the knowledge claims⁴, the strategies and the method use. (ibid)

He further discussed that certain types of social research problems necessitate the selection of specific approaches to use. In my study, the use of both qualitative and quantitative have been employed to answer my research questions.

⁴ Knowledge claim means the researcher start a project with certain assumptions about what and how they will learn during their inquiry

My study investigates the extent to which the decentralization of fiscal policy has been implemented in the local councils in Ghana.

This study examines the factors affecting the implementation of fiscal decentralization policy in the Akuapem South District of Ghana. When a research question is posed in this nature, the best method to use to answer such question is case study approach. The aim of this research is to describe and explain the result of the decentralization policy in Ghana in a particular context.

Case study allows the research to obtain detailed data. Data are collected through different methods like interview, questionnaires, survey, focus group discussions and documentary sources. In my research, I interviewed a number of officials and collected natural occurring data for the period of two months I was in Ghana.

The unique strength of case study is its employment of a variety of evidence-documents, artifacts, interviews and direct observation. (Yin 2003:8) This alleviates the problems of reliability and validity. In my case, data were collected from the field included documents from the various ministries at stake, reports, Acts, figures of money over a period of time.

It has been argued that, the major weakness of case study is the inability to generalize its findings since it is centered on a single study. Another potential problem is the subjective nature of the researcher's own interpretation of the case. This is so because, the researcher puts himself in the study and filters the data through a personal lens.

However, Yin argues that, the study can be generalized to an existing theory thus analytical generalization. 'It is a mode of generalization in which a previously developed theory is used as a template with which to compare the empirical results of the case.' (Yin 2003:32-33). Thus, the researcher is striving to generalize a particular set of results to some broader theory.

Silverman emphasizes that, "It is an increasingly accepted view that work becomes scientific by adopting methods of study appropriate to its subject matter. Social Science is thus scientific to the extent that it uses appropriate methods and is rigorous, critical and objective in its handling of data". (Silverman 2006:280) The selection of methodological approach depends largely on what questions the attempts to answer and what methods are feasible given financial, time and other constraints.

3.1.2 Qualitative Research

Qualitative research is an attempt to shed light on a phenomenon by studying in more depth a single case example of the phenomenon. The case can be an individual person, an event, a group or an institution or a policy decision process in this context.⁵ Thus my case is the fiscal decentralization policy in Akuapem South District Assembly. It also, involves an in-depth understanding of human behavior and the reasons that govern human behavior thus reasons behind various aspects of behavior.⁶ It is characterized by a physical closeness between the researcher and the respondents and thereby eliminates or solves misunderstanding and inaccuracy.

In the words of Silverman qualitative research provides deeper understanding. (Silverman 2001) Creswell also asserts that qualitative research usually takes place in a natural setting. (Creswell 2003:21) Thus, the researcher goes to the location where the research is to be conducted. In conducting this research, I talked to officials who are directly related to the implementation of the fiscal decentralization policy in Ghana in order to gain a more in-depth information on the topic.

2.1.3 Quantitative Research

This method employs instruments like surveys, experiments and collects data on predetermined instruments that yield statistical data. In my study, five-year trend of the District Assembly Common Fund and Internally Generated Fund were collected for analysis.

3.1.4 Mixed Methods

This approach of data collection employs both the qualitative and the quantitative approaches of research. It is the one in which the researcher tends to base knowledge claims on pragmatic grounds thus consequence-oriented, problem-centered, and pluralistic. The mixed method surmounts the disadvantages of qualitative and quantitative methods and capitalizes on the advantages of both. It uses data collection instruments that normally deals with numeric information as well as text information so that both qualitative and quantitative approaches are both represented.

⁵ <http://wilderdom.com/OEcourses/PROFLIT/Class6Qualitative1.htm>

⁶ http://en.wikipedia.org/wiki/Qualitative_method

Creswell identified three strategies within which case study can be undertaken. These he identified as sequential procedures, concurrent procedures and transformative procedures. (Creswell 2003:16). In the case of the concurrent approach, the researcher combines the use of both qualitative and quantitative methods of research in order to provide a comprehensive analysis of the research problem. Here, the researcher collects both data at the same time during the study and then combines the information in the interpretation of the results. (ibid)

This study adopts the concurrent approach of for the following reasons.

- The study employs both qualitative and quantitative methods in order to gain more insight about fiscal decentralization and the extent to which the policy has been implemented.
- I collected both forms of data at the same time in Ghana. The concurrent procedure that will cater for the shortcomings of both qualitative and quantitative method of research. This procedure will enable both forms of data to be collected and analyzed in order to gain a better understanding of the phenomena given the limited time available for data collection.

3.1.5 Application of Mixed Method

I employed mixed method in my study in order to undertake more depth research by combining multiples of methods. The study focused on the implementation official decentralization policy in Ghana, how it has been performed since its implementation and the challenges it is encountering so the use of various method of data collection would give me more insight into the research problem. For instance, using methods like interview to deduce more information requires the use of qualitative and analyzing documentaries and measurements of figures requires the use of quantitative method to make it more represented.

In a mixed method research, a researcher employs multiple approaches in collecting and analyzing data. The application of this method in data collection and analysis has the benefit of minimizing biases that may crop up when using a single method in generating information and this will give me a better insight to the research problem.

3.2 METHODS FOR DATA COLLECTION

3.2.1 Unit of Analysis

For the purpose of developing democracy at the grass-root levels, Ghana is geographically divided into ten (10) regions and out of each region are various districts. In all, Ghana has about 138 districts of which Akuapem South district is one. This study selected Akuapem South District as the Unit of Analysis. It is in the eastern part of Ghana with a population of about 124,809. It has a literacy rate of 60% percent. There are various reasons why I selected Akuapem South District. Among the various reasons are the following:

- I have lived in the district all my life, a fact that would make so gathering of data from the area a lot easier. I am also familiar with the language of the district, thus making communication with my respondents facile. My proximity to the place of interview enabled me return several times to ensure I had recruited as many respondents as possible.
- I had relatively easy access to officials since I previously worked with the Ghana Education Service. The Education Service worked hand in hand with the district assembly office. I had an existing relationship with most of the potential respondents and as a result they were more willing to participate in the interview..

3.2.2 Choice of Respondents

In qualitative research, sampling is very important. For instance, who and how many should be interviewed.

In an institution, such as the Akuapem South District Administration, the question then was, who are the right respondents and how to contact them? To meet the right people in the Administration I talked to the Public Relation Officer at the District who provided me with the contact information of officials who has the answers to my questions.. This combined with other contacts I had made prior to my trip to Ghana made my work less difficult especially in meeting the right people. .

3.2.3 Sampling Techniques

For the purpose of this research, I used purposive sampling to select my respondents. A purposive sample is *a non-probability method of selecting a sample based on selecting*

*respondents because they are uniquely qualified to provide needed information.*⁷ The selections are based on expert knowledge of the particular problem of the research. This helped me to select respondents who seemed to know more and work directly under the finance administration.

I interviewed twelve (12) persons. This included the Director of Common Fund in the Ministry of Finance, Director of Ministry of Local Government, District Chief Executive (DCE), District Coordinating Officer (DCO), District Finance officers and Revenue Collectors. These people were purposely targeted by virtue of their positions and roles. Thus, they could provide relevant and accurate information needed for the completion of the research.

3.2.4 Primary Data

Acquiring data is one of the practical and demanding aspects of a research process. The research took me to Ghana for a two-month period to gather primary and secondary data to answer the following research questions:

- (1) What has happened in the implementation of the fiscal decentralization policy?
- (2) What are the challenges confronting the proper implementation of the fiscal decentralization in the Akuapem South District?
- (3) What are the strategies being employed to curb these challenges

Primary data can be acquired in several ways, example by experiment, observation, interviews, among others.. The method used in obtaining information was interview with the use of a semi-structured questionnaire. My intention was to do an in-depth interview but I was obliged to employ questionnaires instead, due to the inaccessibility of respondents who were public servants working on a very tight schedule. Cumulatively, I was only able to interview 12 people from the various Ministries and departments: These were:

⁷ http://www.google.com/search?hl=en&client=firefox-a&rls=org.mozilla:en-US:official&hs=pYx&defl=en&q=define:Purposive+sampling&sa=X&oi=glossary_definition&ct=title

Ministries

Table 3.1

Officials	Number
The Regional Budget Officer in the Ministry of Local Government and Rural Development	1
The Director of Local Government Service	1
The Director in the Ministry of Local Government and Rural Development	1
The District Assembly Common Fund Administrator	1
The Budget Officer in the Ministry of Finance and Economic Planning	1
Total	5

At the District Level, I was able to interview:

Table 3.2

Officials	Number
The District Budget Officer	1
The District Finance Officer	1
The Assistant Co-ordinating Director	1
The District Planning Officer	1
The Presiding Member of the District Assembly	1
Two District Revenue Collectors	2

Total	7

Attempts to get the District Chief Executive (DCE) for an interview proved futile after several visits to his office.

3.2.5 Secondary Source of Data \ Naturally Occurring Data

Apart from the primary source of information, I obtained some secondary data from both the Ministries and District Assembly to support the research. These included the overview of Fiscal Decentralization in Ghana, document on the Composite Budget, figures of five-year period of the District Assembly Common Fund and the Internally Generated Funds, minutes of some meetings, books on decentralization, Local Government Act 462 and media reports.

I employed published texts and internet sources to supplement information garnered from the surveys and interviews.

3.3 PROBLEMS ENCOUNTERED DURING DATA COLLECTION

I encountered various difficulties during the data collection. The discussion below outlines some of the challenges encountered and how they were addressed to ensure that the quality of the field data was not compromised.

The busy nature of the bureaucrats was a major problem since they were the respondents for this research. Their busy schedules made it difficult to me to meet with them. Occasionally scheduled meetings were canceled because bureaucrats had to attend to other work related issues. To resolve this issue I designed a survey for respondents who were given ample time to fill them out and return them to the researcher.

Red tapism or bureaucratic processes in the civil service in Ghana was also a problem. For instance, at the Ministry of Local Government, I went to see the Finance Director who redirected me to see the Director-General at the Ministry. It took about a week for me to be granted an audience to see the Director-General.

Data gathering from the district assembly was also challenging. The District did not have any effective information storage and some of their files with relevant information were lost. I was

directed back to the Ministry of Local Government and the District Assembly Common Fund for figures on Common Fund and Internally Generated fund respectively over a five-year period.

I had limited time to collect the data needed for this research. This fact coupled with the lack of access to public servants made the process very frustrating.

I was unable to garner all the necessary information because public officials considered some information to be confidential. For instance, a Director instructed me not to write or record what he was saying. This did not give me in-depth information of the research topic.

Despite the numerous challenges encountered during the research, the primary data was supplemented by secondary data in order to gain a clearer picture of the implementation of fiscal policy in Akuapem South District.

3.4 CONCLUSION

In sum, the chapter analyzed in detail the methodology used during the study. It also explained the idea behind the selection of the research strategy and the problems and limitations of the study were also identified and discussed. The next chapter will look at the historical perspective of the topic understudy.

CHAPTER FOUR

ADMINISTRATION AND FINANCING UNDER THE DECENTRALIZATION POLICY IN GHANA FROM THE COLONIAL PERIOD TO DATE

4.0 INTRODUCTION

This chapter would focus on the historical perspective of decentralization and financing since the colonial era to date. For any meaningful development to be effective at the local level there should be a strong local government, which will seek to mobilize and harness resources for that effect. For any decentralized agent to discharge its duties effectively there should be the requisite support or resources. From the above, one needs to review the nature of decentralization policy from the colonial era and the problems it has encountered.

4.1 DECENTRALIZATION AND THE LOCAL GOVERNMENT PROGRAM

Local government in Ghana, especially the District Assemblies were established with the sole aim of generating good contacts with the citizens and to bring decision making to the level where events generally take place. They were also created to help strengthen the democratic process and lay the basis for the upsurge of autonomous institutions of governance with the structure of the nation-state. The District Assemblies have added potential advantage such as spreading development skills throughout the society. (Ayee and Amponsah, 2003:49)

According to Price, the underlying aim of local government is that the central government cannot be present at every detail of local administration, attending to local preferences and prejudices on every issue. (Price 1977:252) This will lead to resentment and unpopularity if it tries. It therefore, makes use of the local citizens by delegating local functions to local Administrative bodies, which may be of various types, such as a locally elected representative body.

The Political Science Department of the University of Ghana, in an Interim report on local government, argued that local government serves a dual function. One of which is, it is the lowest level of the governmental control structure, which executes certain functions based on delegated authority or the principle of deconcentration. The other they explained as the first level of the consensus structures in which the specific goals of different groups are integrated based on common value.

Jackson sees local government as essentially a method of getting various services run for the benefit of the community. (Jackson 1958:1) Awa also sees local government as a political authority set up by a nation or a state, as a subordinate authority for the purpose of dispensing, or decentralizing political power. (Awa 1981:3)

The above bring to light that, local government is an essential agent for every society with simple and complex political system. Local government units must be representative, must have an independent budget and a separate legal existence. They should perform a number of functions and control their own resources i.e. human and material.

4.2 DECENTRALIZATION AND LOCAL GOVERNMENT PROGRAM DURING THE COLONIAL PERIOD

Past governments have recognized the need to implement a decentralization program designed to speed up the socio-economic development of the country. Through the system of Indirect Rule in the Gold Coast by the British, they made use of decentralized structures in the form of native administrative institutions to include some degree of local participation. Ayee quotes Hindin (1959) who posits that, with indirect rule the local administration should be entrusted to local institutions having their roots in age-old custom, subject to the supervision and overriding authority of the central government. (Ayee 1994:14) Indigenous chiefs were employed and assigned the responsibility of maintaining law and order, collecting taxes, settling disputes and managing essential social-economic services (Asibuo, 1991:7)

According to Ayee, the system was intended for two goals. First was to prevent the traditional system from being weakened by the disintegrated forces of Western life. Second, to give education to the chiefs and their councils to perform new functions assigned them. There were Ordinances, which regulated the activities of the Local government during this period. Some were the Native Jurisdiction Ordinance 1878, Town Council Ordinance 1894, Native Administration Ordinance 1927, the Native Treasury Ordinance 1936 just to mention a few.

Despite the review with regards to the local government structure, size, membership, function and financing, there was gross dissatisfaction on the part of the educated elites. Two committees were set up to investigate grievances. These were the Watson Commission (1948)

and Coussey Committee. Both bodies recommended that, there should be an effective decentralization system for local government and for entirely new councils that were more democratic in composition, and more efficient and effective in the discharge of greater responsibilities for the social welfare and well being of their local communes (Ayee, 1994:27-33).

The Indirect Rule system employed decentralized structures in the form of native administrative institutions to elicit some degree of local participation. The masses were unhappy, against the backdrop that the British Treasury was not willing to pay bills for colonial administration. As alien rulers, they found it difficult to increase taxes to the point where revenue could be sufficient to support improved local administration. Price notes that 'The British Treasury expected each colony to be self-supporting financially. Consequently, the colonial government could only rely on chiefs and other traditional rulers for revenue support from traditional sources.' (Price 1977:20)

4.3 DECENTRALIZATION AND LOCAL GOVERNMENT PROGRAM DURING THE POST INDEPENDENT GHANA

The recommendations made by the Coussey Commission, saw an end to the indirect rule and created a local government in keeping with the structure of the 1950 Constitution. The 1951 Local Government Ordinance introduced a modern, democratic and representative Local Government System. Asibuo mentioned the primary objective was to provide opportunities and broaden the scope of participation for:

'the majority of the people to contribute to and participate actively in that sphere of government which most immediately affects their everyday life. This was therefore the only sure foundation on which to base a democratic system of central government.' (Asibuo 1991:8)

There was a major reform in the local government by the nationalist movement following the reports of the Commission of Enquiry into the Disturbances of the Gold Coast. (Watson Commission of 1948 and the Coussey Committee of 1949). The ordinance created a two-tier system of local government, these were District Councils and Urban and Local Councils. Two-third of the Council members was elected while the one-third represented the traditional authorities. Members of the District Councils were indirectly elected but the local and urban councils were directly elected and appointed to the council.

The councils were given 82 functions as provided by Section 58 of the Ordinance. These included the function of providing local services such as primary education, sanitation and markets. The urban councils were to cater for the needs of urban areas of considerable population and varied interest.

As indicated by Asibuo, the major setback of the 1951 Local Government Ordinance was the smallness of the local councils. (Asibuo 1991:9) The councils were instituted in a rush without taking into consideration their economic stands as units of local government. These councils could not perform their statutory functions because of their poor state.

By the end of 1956, 26 district councils, 14 urban councils and 238 local councils had been instituted. Most of these councils survived only on government grants since they were relatively small in size and too weak financially. (Nsarkoh 1964) This compelled the appointment of A.F. Greenwood as a Commissioner for Local Government enquires in 1956.

The Greenwood Commission was set up to investigate and report upon the following:

- 1 The structure of local government in the Gold Coast since the nationalist were agitating the reduction of the local authorities
- 2 Local authorities methods of revenue collection
- 3 Local authorities methods of control of expenditure
- 4 The method of financing local authorities with particular reference to government grants-in-aid and loans
- 5 The prospects of raising the level of rates and imposing other forms of taxation

The Commission came out with the following findings and recommendations. The reports were in two parts . These were:

1. Local government should continue to be democratic in form and should perform as wide range of functions as lies within its capacity.
2. Local government must finance its services as far as possible out of resources at its own disposal, and that undue dependence on the central government is to be avoided.

The commission found the existing local authorities too many, fragmented and weak financially. It favored fewer local authorities. The reasons being that the fewer the local

authorities, the greater the opportunity of supervision and advice from the centre. In addition, the development of services could be planned much more efficiently and economically. He suggested two main approaches for the reconstructing local government in Ghana. These were Plan 'A' (divisional councils) and Plan 'B'. These dealt with the subject of the level of rates and taxation and the sharing of responsibility between the centre and the periphery. The councils would continue to make byelaws. Revenue derived from local services and the councils would retain imposition of fees. As a means of controlling expenditure, Greenwood recommended the following:

1. A strict compliance with financial memoranda
2. The production of quarterly financial statements
3. Examination of prospective financial liabilities before embarking on capital projects or new services, together with a revised form of estimates
4. Financial code for municipal councils and training of officers followed later by internal auditing and cost accounting
5. A closer system of supervision and inspection

Finally, on the method of financing local authorities, the Commission made particular reference to central government grants and loans. It recommended that the search for a satisfactory formula by which to measure need should be sustained. Further, it recommended that population should be the basis of distribution. On loans, the Commission felt that loans must assume a much greater importance in the realm of local government finance if development grants were to be curtailed.

The implementation of these recommendations met some challenges. For example, the amalgamation of some council would pose a threat to traditional authority and influence. It was feared that this would also lead to loss of revenue from stool lands. Petty quarrels, ill feelings, hatred and resentment among neighboring communities also posed a threat to the implementation of these reforms concerning local government levies and rates. This particular fear, however, was to be abated by the amendment of section 94(1) (a) of the Local Government Ordinance, 1951. (Nsarkoh 1964:18-29)

In 1961, government decided that there should be one principal consolidating enactment for local government. The passing of the Local Government Act of 1961 (Act 54) consolidated some of the provisions of the Local Government Ordinance of 1951 and the Municipal

Councils Ordinance of 1953. The Local Government Act of 1961 divided Ghana for Local Government purposes into areas administered by City, Municipal, Urban and Local Councils. (Nsarkoh 1978:56) In 1965, the Local Government (Amendment) Act of 1965 established a Unified Local Government Service for the whole country.

The functions of the local government bodies were classified into four main categories and these depended on their sizes. These were:

1. Essentially personal welfare services (eg education, sanitation, health, water supplies)
2. Essentially communal or environmental services (eg. Recreational grounds, feeder roads, streets, postal agencies)
3. Protective services (eg. Control of sale of food, traffic control, fire service)
4. Commercial undertakings (eg. Markets, lorry parks, ferries, bus services, light industries)

The councils came under central government control, rendering them less autonomous. Areas of control were in finance, legislation and administration. Financially, the councils depended on central government grants (Percentage and Block Grants). Other sources of revenue however came through local taxation or rates. These were the Basic Rates, the Graduated Rates, and Property Rates on assessed possessions. Apart from government financial control, the councils themselves suffered from poor taxable capacity, smallness in size and population of the councils and poor rate collection method.

The local authorities were expected to act within the confines of the area of legislative control. The Minister was in charge of approving the byelaws of the local authorities. Administratively, the Local Government Inspectorate was set up in 1961, carrying out general inspections of local authorities. The Minister had regulatory powers over the appointment, conditions of service and dismissal of local government officials. (ibid)

Local government saw a different direction in 1964.. The one party state policy of the government undermined local government which ceased to be genuinely representative and had become a party affair. It was felt that Nkrumah had too much power. 'Nkrumah did not want to share this power with others' (Tamakloe et al 1988:32). Asuboi noted that, the final blow to effective local administrative development came from the norms of the one party

state. For instance, the dissolution of the regional assemblies was designed to ensure central control. The penetration of the CPP to every nook and cranny of the society required the dismantling of any independent organization that might be a threat (Asuboi 1991:12). By 1966, local authorities had no control over their functions but did what they were directed to do (Amonoo, 1989:17).

In 1966, the CPP government was overthrown by the military thereby ending the era of local government in Ghana.

4.4 DECENTRALIZATION UNDER THE NATIONAL LIBERATION COUNCIL (NLC) 1966-1969

The National Liberation Council took over from the Nkrumah's regime after it was overthrown. The new government was unhappy about the centralized administrative structure of the previous government. (Ayee 1994:75) The guiding decentralization policy of the NLC was not only to lay firm foundations for sound and effective system of government, but also to ensure effectiveness and efficiency. (ibid) Subsequently, new local governments were created though they were intended to be of temporary nature, a culmination of certain factors made the changes linger on until 1979. (Harris 1985:202)

The Local Government Interim Administration Amendment Decree 1968 directed local government during this period (N.L.C.D. 229). The Decree was in two parts, the first constituted City and Municipal Committees and second consisted of Urban and Local Management Committees.

In place of the former urban and local councils, Management Committees were established. Locally based civil servants were nominated to this committee and were under the chairmanship of highly powered central government District Administrative Officers. The membership of the committees was increased to include traditional representatives, local traders, professional men and retired civil servants in 1968. The town and village committees also underwent changes in the structure and functions.

The NLC set up a number of Commissions to inquire into the administration of the country and to promote their objectives. These three commissions had terms of reference, which overlapped to involve them in local government: the Commission on the Structure and Remuneration of the Public Service (Mills Odoi Commission Report, 1967); the Constitutional Commission (Akuffo-Addo Commission Report, 1966); and the Commission

on Electoral and Local Government Reform (Siriboe Commission Report, 1968). (Ayee 1994:77)

Ayee cited Harris (1983) who notes that, the reports of these commissions taken together seem to provide us with a detailed general model of decentralization of the machinery of government that not only marks an important landscape and watershed in the administrative thinking of Ghana but also serves as a constant source of reference for reforms to the present time. (Ayee 1994:77-78)

Upon the recommendation made by these commissions, the model of local government structure that emerged was four tiers in nature, namely Regional, District\Municipal, Local Councils and Town and Village Development Committees. Their work also reflected the need for devolution of administrative power than delegation of authority.

Ironically, the NLC government held on tight to centralization. Its background was bound to make it dictatorial. It was not ready to confer any substantial measure of autonomy to any local institution, should that go to undermine its power and authority. Problems of implementation cannot be left out namely, financial, personnel, administrative and bureaucratic opposition. Some conservative elements within the regime felt that the transfer of powers, functions and means would negatively affect their authority. (Asibuo 1991: 15)

The pattern and system of financing were not any different from the existing ones. The 1969 Constitution proposed the establishment of the Local Government Grant Commission, which was proposed by the Akuffo-Addo Commission and supported by the Siriboe Commission. It was a means to protect the district councils from domination through central financial control. In the words of Wraith 1970:23 as cited by Ayee, 'the establishment of a Local Government Grants Commission was clearly an insurance against repetitions of the events of the 1960s, when many local councils were so starved of resources that their functions, and indeed their purpose, became somewhat nominal.' (Ayee 1994) The management committees were over-dependent on central government subsidies and often failed to provide basic amenities out of the rates collected. The problems of inadequate financing, made local government under the NLC regime also very inefficient and ineffective.

4.5 DECENTRALIZATION POLICIES UNDER THE PROGRESS PARTY (PP) GOVERNMENT (1969-1972)

In September 1969, the Progress Party was voted into power under the leadership of Dr. K.A. Busia. The Party took an important step in local government administration, they introduced the Local Government Bill of 1970. Wood reiterated that, the Bill sought to satisfy the need for efficient and economic administration on the one hand and the need for responsive, convenient and sympathetic administration on the other. He however cautioned against the dangers involved in the arrangement in that, there was the tendency towards decentralization (Woode 1971:9). Harris showed that within two years of the Progress Party government there was increasing evidence of centralization (Harris 1985:206).

There were three types of local authority under the Local Administration Act of 1959 which was normally referred to as Birmingham Model.⁸ These were: Regional Councils, District Councils and Local Councils. The Regional Councils consisted of members elected by the District Councils, traditional representatives and ex-officio members. The Regional Chief Executive was the chairman of the Council and a Regional Administrative Officer. The main tasks of the council were planning, allocating resources, approving and supervising the activities of their constituent district councils and allocating central government funds made available by the Local Government Grants Commission.

The District Councils were the basic local government units. Their duty was mainly the provision of public services. They could go beyond normal statutory functions of development and public services on the authority of the Minister or the Regional Council. The other function, which was commercial activities, therefore prescribed in very broad and general terms.

The last on the Local Administration Act was the Local Councils, which were seen at the grass-root. Their aim was essentially the primary community development agencies. They were to assist the District Councils in collecting rates and performing any tasks, which might be delegated to them by the District Council. Each council membership was made up one-half of traditional representatives. This gave the opportunity to mobilize traditional opinion in support of community development projects.

⁸ Nsarkoh J.K 1978:58

Section 29 and 30 of the Act empowered the Minister of Local Government to modify at will, various provisions of the Act. The District Councils were to discharge their functions, subject to the 'general guidance and directions' of the Minister acting through the Regional Council. This served as the control mechanism of the local government to act accordingly. Price noted that, the Act was believed by many to have created a local administrative system, which was in effect, a hierarchy of central agencies. (Price 1977:252) The President appointed the Chairmen for both the Regional and District Councils and this gave him the undue influence over the local government decision- making process.

The 1969 Constitution and the Local Government Administration Act of 1971 spelt out clearly the sources of financing the local government. The major source of revenue was the Local Government Grant, to be administered by a Local Government Grants Commission, which was headed by a commissioner. The grants-in-aid to be paid by the Commission to the Council were fixed for a period of five years at a time.

Traditional sources of revenue were also the sources finance to the local government. Moreover, the District Councils could levy special rates for special projects in a particular area. This aspect of the Constitution was not favored by the National Redemption Council Regime which took over in 1972. (Price 1977:139)

The Progress Party, to all intents and purposes was committed at promoting rural development yet it did not demonstrate the political will and enough commitment to make it work.⁹ Agbozo, accused the Busia government of inconsistency between intentions, objectives and actions. (Agbozo 1985:206) No major administrative reorganization took place. In other words, the Progress Party regime did not depart from the system of local government it inherited.

The Busia government became unpopular due to its style of administration. The Local Government Bill (1971) which was originally drawn up for presentation in 1970 had to be withdrawn and then reworked to take account of the government's much-reduced support. The civil servants at that time doubted whether the government could have undertaken

⁹ Obeng Manu Rural Development and Our Chiefs 1971:232

administrative reorganization on any scale due to the poor morale and general apathy at the time. (Harris 1985:206)

In 1972, the National Redemption Council through a military coup d'état overthrew the Busia government. In our next discussion, we shall see how local government fared under this party.

4.6 DECENTRALIZATION UNDER THE NATIONAL REDEMPTION COUNCIL (NRC) 1972-1979

During the period under review, local government in Ghana got underway. Regional Development Corporations were established through the NRCD 140 in 1973. Efforts were made to address Decentralization and rural development to curtail rural problems and issues.

The administration of the local government sought reform under the 1972 Local Administration (Amendment) Decree NRCD 258. It sought to abolish the distinction between local and central government at the local level and to create one common monolithic structure (District Councils). The totality of government at the local level was placed under the District Councils. As a result of these arrangements, certain ministries were decentralized and became departments of the district councils. However, chiefs were to be given their full recognition in the local administration. Boachie-Danquah quotes Acheampong as stating that 'On our part we will continue to give Nananom every encouragement in the implementation of the Chieftaincy Act' (Boachie-Danquah 1998:87)

The government appointed the District Chief Executives who were the head of the administration at the district. They were responsible for co-ordinating the programme of all government agencies in the area, to ensure their harmony with those of the council. The government appointed members to the council. The chairman of this council was elected among the members of the council but he had limited powers. The NRC, however, reserved the right to appoint its own executive chairman.

Under this regime, the Regional Commissioner had the discretionary powers to create villages, towns and area committees. The relationship between the center and the council regarding the conduct of affairs of the council clearly indicated that the centre controlled the periphery.

With financing the local government, a Financial Administration Decree of 1979, SMCD 221 (FAD) and the Financial Administration Regulation of 1979, LT.1234 (FAR) were enacted and provided exhaustive direction and control of financial administration in the country. All finances were centralized at the country's capital, Accra. The central government took responsibility for the payment of all remuneration due to the monolithic nature of local government.¹⁰ This was seen as an attempt to relieve the councils of some of their financial predicaments. The government absorbed all former local government employees into the civil service as well as the responsibility for the payment of their wages and salaries.

As a result of change in the government policy, revenue collected at the local level was available for the provision of local amenities and each locality was, in a position to see the results of its revenue collection efforts in concrete terms. (New Local Government System 1974:15) However, there were problems since this attempt created 'a rat race' for recruitment by the District Council. (New Local Government System 1996:5) The result was devastating since the payroll of the District Councils; the bureaucracy and other staff of the District Councils became over-bloated and financial discipline broke down. (ibid)

It is noteworthy that, apart from central government grants and the traditional sources of revenue for the district under the NRC regime, District Councils engaged in commercial activities and increased their efficiency in revenue collection.

Under this regime, the system of reform never worked. Decentralization as a policy did not receive the enthusiastic support and attention of those who had the power, political and administrative leadership to make effective decisions in these matters. Akuoku-Frimpong felt this failure was due to the fact that since 1974, there had been as many as five Commissioners for the Ministry of Local Government. It is worth saying that the frequent changes in the political leadership of the Ministry had an adverse effect on the implementation programme. Beside the pre-occupation of the military government, since 1976, with a search for a new constitutional government for Ghana, emphasis and government priority has shifted from local to national reforms. He felt that these contributed to the failure in implementing the decentralization policy. He asserts that little headway was made by the creation of the new local government system. (Akuoku-Frimpong 1994:24) The first local government elections

¹⁰ New Local Government System 1996:5

took place in November 1978. The Armed Forces Revolutionary Council (AFRC) took over power in June 1979 and after staying in power for three months, it handed over power to the Peoples National Party (PNP).

4.7 DECENTRALIZATION UNDER THE PEOPLE'S NATIONAL PARTY (PNP) 1979-1981

The Limann government was nothing to write home about and therefore did not register much along its policy of decentralization and rural development.

The government was under obligation to decentralize so the 1979 Constitution of Ghana made provision for local government administration. There was a three-tier structure of the local government, which consisted of the Regional and District Councils and Town and Village and Area Committees.

Regional Ministers headed the Regional Councils. The functions of these Councils were primarily coordinating, planning and implementation of regional development programmes and the control of the operations of any Development Corporation or authority. Two representatives each from the district, two chiefs from the region and regional heads of the ministries made up the membership of the councils.

The District Councils were made up of members of parliament from the area, two-thirds elected members and one-third to be chosen by traditional authorities. The administration of the area in consultation with the village, town or area committees was the sole responsibility of the district councils. There was a clerk who was responsible to the council and a council chairman and vice who were to be elected from amongst the members of the council.

in the area of finance of the local government under this administration, the main source of finance came from traditional sources, levying of taxes, rates and duties. There was a development fund, which was also to be established. Local government councils were also to enjoy local government grants, to be administered by the Local Government Grants Commission.

Local government under this administration was confused, lacked clarity and direction. Buame argues that the PNP government was paralyzed from birth and further that this

government could be described as an era of political and economic inaction and confusion. (Buame 1996:22)

4.8 LOCAL GOVERNMENT FINANCING BEFORE 1986

During the pre-colonial era to 1986, where local government saw a turn, local government was mainly financed by central government grants. This grants from the central government formed 40-50 percent of their revenue. As Price (1997:52) puts it central government grants formed the most important single source of income for local authorities in Commonwealth West Africa. These grants came in the form of block grants and percentage grants.

Block grants came in lump sum and no restrictions were attached to its use .It was mainly disbursed to assist the poor local authorities more than the rich.

On the other hand, the percentage grants were based on the percentage of what the service provided will actually cost, as in the case of education where the grant for maintenance of schools and furniture was a specific percentage of the total expenditure. This grants made it possible for the central government to control in detail the services for which the grants were paid.

The local authorities could raise loans but this was subject to the approval of the Minister responsible for local government and there were restrictions to discourage them from contracting loans.

Apart from the central government grants which were disbursed to the districts, the second largest source of revenue to the local authorities was from traditional source thus from the districts themselves. This came in the form of property rates, basic rates, graduated rate and special rate. There was also financed from court fines and fees, market fees and tolls, rents, regulatory fees, licenses and municipal trading which formed a minor cause of finance. These constituted about 20 percent of local revenue.¹¹ Local authorities also engaged in commercial activities to raise funds for instance transport operation. Most of the time, duties were levied upon local authorities' for example maintenance of health service and provision of primary education. Under this condition, the central government paid an annual grant to the local authorities to cover the whole or part of the cost since it became too expensive for them.

¹¹ Price 1997

The Local Authority Treasuries, which were later replaced by the District Treasuries, requested that proceeds such as basic rate, market fees and tolls, general rate or property rate, regulatory fees and licenses from the traditional sources should be paid into separate Bank Account.

The local authorities were mandated to prepare a draft estimates, or expenditure for the incoming year. It was then sent to the Ministry of Local Government for approval and finally submitted to the parliament for approval as subsidiary to the main national budget. At the end of the financial year, annual accounts were prepared showing the revenue and expenditure and this was subject to audit.

Akuoko-Frimpong (1980:24) with reference to the 1974 Local Government Structure, asserted that, the crucial problem that militated against the successful implementation of the decentralization policy, in relation to finance, was the absence of composite budgets at the District level. Thus, funds allocated to the decentralized ministries and departments had not been transferred to the office of the District Chief Executive. This frustrated the efforts of District Chief Executives to control the finances as well as co-ordinate the activities of the departments of the District Councils. (Nsarkoh 1978:61)

For the 1974 new Local Government System to be effective, it recommended that the budgetary process should start from the district level. This will ensure that the needs of the local people were represented when preparing the estimates and development plans. It also recommended that all projects envisaged in the district should be determined, budgeted for and co-ordinated at the District level.¹²

It had been argued that, the Financial Administration Decree of 1979, SMCD 221 (FAD) and the Financial Administration Regulation of 1979, L.I 1234 (FAD), which were earlier referred to, did not solve the problem of local government finance, even though it shifted the financial responsibility of paying salaries and wages of council staff to government. Local authorities were overly dependent on the basic and property rates and there were problems of collecting these taxes, problems that persist till today.

¹² Okoh Commission (1974)

To conclude this, there have been inadequate financial resources in the various phases of local government administration in Ghana. Apart from the insufficient intergovernmental transfers to the local authorities, there were also the problems of poor method of revenue collection, inadequate human resource, lack of technical resource on the part of the local authorities.

4.9 DECENTRALIZATION UNDER THE PROVISIONAL NATIONAL DEFENCE COUNCIL (PNDC) AND THE NATIONAL DEMOCRATIC CONGRESS (NDC) GOVERNMENT (1988-1992)

The PNDC came to power with the main aim of restructuring the Ghanaian society and one of the institutions, which attracted its immediate attention, was the public service. (Woode 1984:59) It sought to achieve breaking away from the old administrative practices and make the civil service practical, responsive and sensitive to the needs and aspirations of the people. Decentralization was a major component in the local government reform embarked in 1988 by the PNDC government.

The Fourth Republican Constitution of Ghana contains the most explicit and comprehensive statement of principles yet on the local government system (Ahwoi 1992:1) Article 240 of the constitution provides that ‘Ghana shall have a system of local government and administration which shall, as far as practicable, be decentralized’.

The legal instrument backing the new local government was the Local Government Act of 1993 (Act 462) and other supporting ones. Under this Act, a Local Government Service is to be established by an Act of Parliament. The Assemblies are the pivot of administrative and developmental decision making in the district and the basic unit of government administration under the decentralization process thus they are solely responsible for the implementation of development policies and programmes.

The District Chief Executive is the head of the District Assembly. He is nominated by the President and must get the approval of two-thirds of the members of the Assembly. The members of the Assembly are directly elected by universal adult suffrage and it is on a non-partisan basis. Two-thirds of the members elect one member of the Assembly who becomes the presiding member of the house. Also, the President in consultation with chiefs and interest groups in the district appoints one-third of the members of the Assembly.

The New Local Government was made up of the following structures: Metropolitan, Municipal and District Assemblies. In addition, the following sub-structures existed under them: sub-metropolitan district council, urban council, Zonal council, town\area councils and unit committees.

As has been argued by Ayee, one major cause of failure of local government units in Ghana has been their lack of financial capacity. (Ayee 1999:120) He further, stated that to solve this problem, the Sixth Schedule of PNDC Law 207 set up a financial base that covered six broad areas namely;

- (i) local taxes which the DAs were empowered to impose and collect
- (ii) bank borrowing with Ghana for investment
- (iii) investment income
- (iv) central government development grants
- (v) shares of revenues collected by the central government of specific natural endowments eg stool lands
- (vi) shares of seven central government revenues, like casino, betting and gambling, entertainment, daily transport taxes and income tax(registration of trade and vocation, ceded to the DAs

From the above details, it could be inferred that, previous governments used the first five areas. However, the six sources were until 1988 collected by both the central government alongside the district councils and shared between the two levels of government equally.

The major innovation in local government financing has been the introduction of the District Assemblies Common Fund (DACF) and this would be discussed in my next chapter.

4.10 Conclusion

Various changes have been introduced into the system of local government in Ghana following the country's independence in 1957. This has revealed how the Local Government Administration in Ghana has gone through financial constraints, lack of political will and commitment which affected their performance and the effort by various governments to improve the Local Government financial basis. As a result, an effort was made by the NDC government institutionalize the fiscal decentralization which we shall see in the next chapter in detail.

CHAPTER FIVE
FISCAL DECENTRALIZATION POLICY IN GHANA

5.0 INTRODUCTION

This chapter will look at the fiscal decentralization policy, what it means in the Ghanaian context its implication for local government in Ghana.

5.1 DEFINING DECENTRALIZATION

The concept of decentralization has been variously defined. For example, Rondinelli defines decentralization as the transfer of authority to plan, make decisions and manage public functions from a higher level of government to any individual, organization or agency at a lower level. (Rondinelli1981:57) Smith also defines it as ‘reversing the concentration of administration at a single centre and conferring powers on local government’ (Smith 1985:1) He went on further to say that, decentralization is the direct opposite of centralization or concentration and involves delegation of power or authority from the central government to the periphery.

The United Nations defined decentralization as the ‘transfer of authority on a geographical basis, whether by deconcentration (that is delegation of authority to field agents of the same department or level of government, or by devolution of authority to local government units or special statutory bodies’. (Asibuo 1991:7)

In management context, it refers to the transfer of state responsibilities and resources from the central government ministries and agencies in the nation’s capital to its periphery institutions in the districts with the same administrative system.

Ayee identified four forms of decentralization: political, administrative economics and fiscal decentralization. (Ayee 1981:2) Political decentralization involves the transfer of specific responsibilities and resource from the central government to the local communities. Administrative decentralization is the transfer of state responsibilities and resources from the central government ministries and agencies in the nation’s capital to its periphery institutions in the districts within the same administrative system. He defined Economic Decentralization as the openness of the economy to competition rather than domination by the state institutions. Finally, the forth form of decentralization he identifies is fiscal decentralization,

which involves the transfer of financial resources from central government to local government units.

Asibuo also identified various forms of decentralization:- Functional Decentralization, Areal Decentralization, Devolution, Delegation and Privatization. These forms are different approaches to decentralization, which can be distinguished primarily by the extent to which authority to plan, decide and manage is transferred from the central government to other up-country organizations and the amount of autonomy granted to these organizations to carry out such tasks. (Price 1977:20)

Asibuo quoted Zanu who notes that decentralization means different things to different people at different times and different places. (Asibuo 1991:2) According to him, the 1992 Constitution of Ghana has defined Ghana's concept of decentralization to mean the transfer of functions, powers and authority and has perceived local government units as beneficiaries of the decentralized functions, powers and authorities.

From the above discussions, it can be inferred that decentralization is the creation of semi-autonomous and independent local government units on which central government supposedly has little control and which are established by law and have the power to raise taxes. It is meant to create its own developmental plans and agendas and generates its own revenue for such projects.

By the policy and programme of decentralization, the Government of Ghana is concerned with the low level of development and the lack of infrastructural facilities. It is designed to bring about development at the grassroots. . As quoted in the work of Boachie-Danquah, in an opening address on the 18th of July, 1994, Flt. Lt. J.J Rawlings (the then Head of State of Ghana) declared 'Development for our rural areas means for me the provision of the basic necessities of life'. This was made in an induction course for District Chief Executives at the Accra International Conference Centre.

Asibuo (1991), he quoted Henry Maddick, who states that 'local authorities will provide the opportunity for local people to participate in local decisions and local schemes within general national policies and to act, above all, as local centers of initiative and activity conducive to development' (Asibuo 1991)

Another argument raised to support decentralization is that if the local people are involved in the decision-making, they are more likely to reflect the local needs and conditions. In addition, they would be more committed to development programmes, which affect them and therefore participate actively in implementing them. In addition to the above argument, decentralization enables government to integrate isolated or lagging areas into regional economies; and makes it possible for administrators to monitor and evaluate the implementation of development projects more effectively than could be done by central planning agencies.

5.2 DECENTRALIZATION AS A POLICY MEASURE IN GHANA

The PNDC government, in pursuit of an accelerated and balanced socio-economic development in Ghana, adopted the decentralization policy as a policy measure. It is a form of promoting democracy, which is now a criterion by the world to offer support to other countries. Ghana fell prey to this, since it is in the process of restructuring and reforming its economy and so relied heavily on foreign donors for support.

It should be worth noting that, it was not only the PNDC government who adopted the decentralization policy as a means of making government responsive and sensitive to the needs of the people. Various committees and commissions of enquiry seemed to indicate the existence of the decentralization policy in the past. For instance, the Mills-Odoi Commission (1967), the Siriboe Commission (1968), the Okoh Commission (1977) and so on. The argument put forward presently in defense of decentralization, were the same arguments put forward in the past. For example in 1974, the government maintained that:

‘the new local government structure was designed to take the decision making function in specified areas of government away from Accra closer to the areas where the decisions were implemented by devolving on local units of administration functions then centralized in government Ministries and Departments in Accra. It was also hoped that the new arrangement would give practical effect to the new democratic principle of self-determination at the local level and create opportunities for the optimum involvement of the individual in the whole process of Government and development’. (Nsarko 1997:48)

The most significant features of the PNDC programme, was the political will and the commitment on the part of government to give it a real meaning as expressed through the

creation and establishment of new structures and institutions, such as the District Assemblies and Unit Committees.

Article 240 of the 1992 Constitution clearly states that, Ghana shall have a system of local government practically decentralized and explicitly shows the features, functions, powers, responsibilities and resource to the local unit (1992 Constitution of Ghana). To achieve its objectives, new institutional structures and the roles and functions of various planning agencies have been defined in a number of legal instruments. These were promulgated into law, to give effect to the policy of decentralization of public administration in Ghana. These laws include:

1. The Constitution of the Fourth Republic of Ghana, 1992
2. The Civil Service Law, 1993 (PNDC Law 327)
3. The Local Government Act, 1993 (Act 462)
4. The National Development Planning Commission Act, 1994 (Act 479)
5. The National Development Planning System Act, 1994 (Act 480)
6. The Local Government (Urban, Zonal and Town Councils and Unit Committees)(Establishment) Instrument, 1994 (L.I 1589)

It is pertinent to know that, the Local Government Law (1988) (PNDCL 207) precedes all these laws. This law provided for the establishment of 110 (now 166) elected Districts/municipal/metropolitan Assemblies and empowered them to formulate, implement and monitor development plans and programmes for their Districts.

The Civil Service Law, 1993 primarily seeks to restructure the ministerial organizations and decentralize public administration. It also seeks to replace the vertical system of administration and development control with a horizontal system. This means the formal system where every instructions and policies came from above thus the central government to the local to a system where the local government initiates their own policies and developmental agendas. Thus, administratively, the new system is designed to expand operational capacity at the local level and to promote the involvement of the local people in governance. (Price 1997:249-250)

In the case of the Local Government Act of 462, it stressed popular participation in development decision-making at the grassroot levels. The structure of the decentralized service under the Civil Service Law, 1993 is as follows:

1. The office of the Head of the Civil Service as the overall body to oversee the Civil Service
2. Ministries, Departments and Sectoral Agencies at the national level to prepare sectoral development plans and programmes in the line with the national development goals and objectives
3. Offices of the Regional Co-ordinating Councils at the Regional level to co-ordinate and harmonize development plans and programmes of the District Assemblies with the national development objectives.
4. Offices of the District Assemblies at the district level – assume responsibility of planning development for their areas of authority.

On developmental issues with decentralization framework, it provides for formal plan-making as a statutory requirement for two levels. First, the national level, by the National Development Planning Commission and the ministries and at the district level by the District Assemblies. The formal role of the regional administrations planning for the districts has been put a stop to, assigning new role of co-ordinating and monitoring of district development plans.

The planning agencies provided under the Act to ensure effective and efficient administration are as follows:

1. The District Planning Authorities
2. The Regional Co-ordinating Councils
3. The Ministries and Sector-Agencies
4. The National Development Planning Commission (NDPC)

Under this Act, the NDPC is the national co-ordinating body of the development planning. All the other planning agencies are therefore to submit their development plans and programmes to it for approval. The NDPC has a duty of monitoring the implementation of the approved plans, programmes and projects of the other planning agencies, with the aim of evaluating and reviewing or revising national development plans to respond to the dynamics of both the internal and external environment.

In Ghana, the decentralization policy forms the basis of the new local government system. The argument put forward for this are as follows:

- 1 Development is not the sole responsibility of the central government, but a shared responsibility between central government, local government, parastatals, non-governmental organizations and the people, who benefit from the development.
- 2 Development is that which responds to peoples problems and represents their goals, objectives and aspirations
- 3 Virile local government institutions are necessary to provide focal points or nuclei of local energies, enthusiasm, initiative and organization to demonstrate new skills and leadership. (Harris 1985:202)

5.3 FISCAL DECENTRALIZATION POLICY

There are massive responsibilities, spelt out in the Act of 462 specifying the functions, and responsibilities of the District Assemblies in Ghana. The Local Government Act of 1993 Section 10, (subsection 3) states that the districts shall be responsible for the overall development of the district and preparation and submission of development plans.

These functions of the District Assemblies cannot be achieved without adequate financial resources to support them. Cited by Harris, Nkrumah cautioned that ‘there cannot be any meaningful and feasible system of decentralization, if the allocation of functions is unaccompanied by a commensurable allocation of resources with which to undertake the functions and responsibilities.’ (Harris 1985:203) Inadequate financial resources can undermine the effective implementation of developmental projects in the districts. As the adage goes the power of money seems to control every facet of life thereby directing developmental projects

It is against this background that the New Local Government System has made provision for the financing of the district.

Fiscal decentralization is ‘the transfer of responsibilities, power and resources to a level of public authority that is autonomous and fully independent from the devolving authority’ when narrowed down to devolution. The Local authorities are given responsibilities and financial means within the national levels determining the scope and quality of services to be provided and the amount of funds needed to deliver these services. Fiscal decentralization could also include deconcentration and delegation. Deconcentration is the transfer of responsibilities, power and resources from the ministries and agencies to the local representatives, for developmental projects. The officers at the local level cannot act discretionally or raise their

own revenues unless ordered by the central body. On the other hand, delegation is whereby the centre retains more control over the services, financing of these services and staffing matters. Here, the local authorities though elected, may be fully or partially accountable to the central government.¹³

Fiscal Decentralization can then be defined as the empowerment of communities by fiscally empowering the local government. An element of fiscal decentralization is that, the local governments are given roles and discretionary powers on how to achieve successful delivery of services in the communities.

Financial decentralization system envisages the establishment of financial procedures and practices, which will ensure a steady and adequate disbursement of funds at the appropriate times to the districts to meet the ever-increasing expenditures and also seeks to put in place a process whereby financial decisions can be taken and implemented without hindrance from the centre. (Nkrumah, 1991:12)

As cited in the UNDP Primer, there are four building blocks or pillars of fiscal decentralization for it to make a better sense of the topic. These are as follows:

1. The assignment of expenditure responsibilities to different government levels: what are the functions and expenditure responsibilities of each level of government?
2. The assignment of tax and revenue sources to different government levels: once sub-national governments are assigned certain expenditure responsibilities, which tax or non-tax revenue sources will be made available to sub-national governments in order to provide them with resources?
3. Intergovernmental fiscal transfers in addition to assigning revenue sources, central governments may provide regional and local governments with additional resources through a system of intergovernmental fiscal transfers or grants.
4. Sub-national borrowing. Sub-national deficits, borrowing and debt: if sub-national governments do not carefully balance their annual expenditures with

¹³ UNDP Primer Fiscal Decentralization and Poverty Reduction Pg 2

revenues and transfers, this will result in sub-national deficits and the incurrence of local debt.¹⁴

The first principle expenditure responsible suggests that, functions and responsibilities should be assigned by the lowest level of government that are capable of undertaking them efficiently and effectively.. For instance, provision of schools in the district, should be the responsibility of the locality not the national government. This principle suggests that three types of functions are best performed or funded by central government.

- 1 provision of public goods and services that benefit the entire nation
- 2 income redistribution or social policies
- 3 government activities that involve spill-overs or externalities between local governments.

The assignment of expenditure responsibility can be seen in four different ways: produce, provide, finance and set policy standards and regulate certain functions.

This raises the question: what revenue sources are assigned to sub-national governments? In a sound system of finance, local government revenue autonomy (taxes and income generating activities) plays a salient role in supplementing funds provided by the central government to help provide services. In a decentralized system where local governments have a degree of revenue autonomy, communities are able to provide extra services where they think the community would benefit most. On the other hand, when they are not given the autonomy, the local governments do not respond to such local needs.

Inter-governmental fiscal transfers are grants from one level of government to the other normally, from the higher to the lower levels of government with the main objective of funding government activities. In Ghana, it is called the District Common Fund and the ceded fund but the ceded fund for about two years now, has ceased coming to the districts.

The final pillar to be discussed is the sub-national borrowing. It is argued that local government borrowing is essential for some local spending, such as borrowing for long-term capital development projects. Since local government is part of the public sector, any indebtness means the central government will fund local deficits or guarantee local government arrears and this is what government is unwilling to do. This goes a long way to

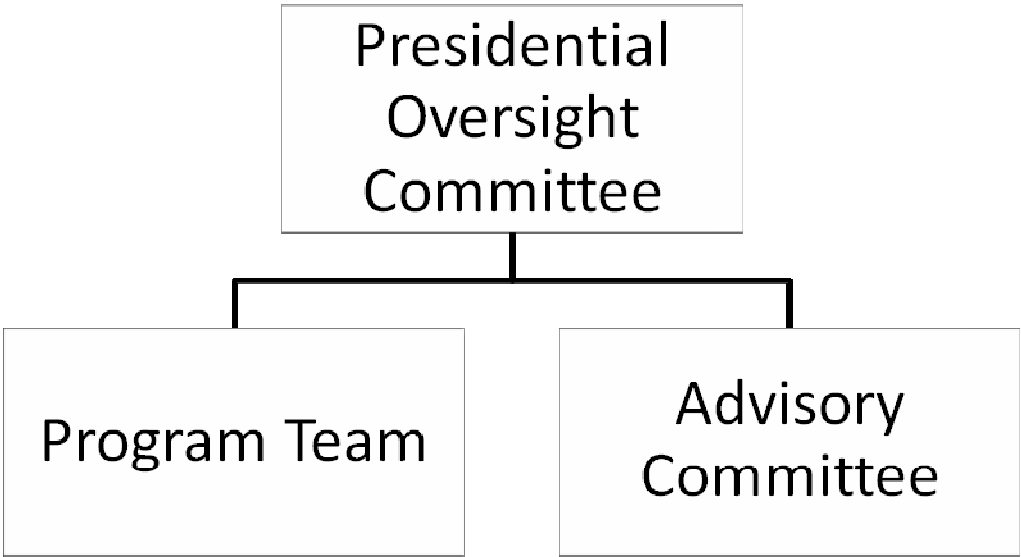
¹⁴ UNDP\UNCDF

put restrictions on the local government borrowing- for instance the national government sets an expenditure limit beyond which no local government is allowed to exceed..

Laws establishing fiscal decentralization are no different from that which establishes decentralization. However, there are additional laws enacted for fiscal decentralization. These are as follows:

1. The Financial Administration Decree, 1979 (SMCD 221)
2. The Financial Administration Regulations, 1979 (L.I. 1234)
3. The Audit Service Act 2000 (Act 584)
4. Financial Memoranda for Local Governments 1961
5. The Value Added Tax Act, 1998 (Act 546)

5.4 THE ORGANIZATIONAL STRUCTURE FOR IMPLEMENTATION OF FISCAL DECENTRALIZATION



The financial provisions for the new Local Government System are contained in section 27, Part IV, Part VIII and 252 of the 1992 Constitution. The Revenues from those sources may be classified as:

1. Central Government Transfers
2. Locally Generated or Traditional Source

5.5 CENTRAL GOVERNMENT TRANSFER

These are revenues, which are transferred from the Central Government sources to the District Assemblies. In Ghana, the New Local Government System provides for three of such transfers. These are as follows:

- 1 Grants-in-Aid
- 2 Ceded Revenue
- 3 District Assembly Common Fund

Grants-in-Aid: The Ministry of Finance and Economic Planning employed a simple ratio of 3:2:1 to administer this form of transfer. This formula was used between the City Councils, District Councils with the regional capitals and other Districts respectively. This form of fund was meant for specific projects. These transfers were inadequate for developmental projects and the formula used in disbursing was criticized. These grants were not released on time for such projects to be completed on time. With the introduction of the New Local Government, these transfers have ceased to be paid by the Ministry.¹⁵

Ceded Revenues: These are transfers which the Central Government tapped through the Internal Revenue Service and ceded to the District Assemblies in pursuit of decentralization. These sources as listed in the Sixth Schedule of the Local Government Law 1988, (PNDCL 207) are as follows:

1. Entertainments Duty under the Entertainments Duty Act 1962, (Act 150)
2. Casino Revenue Under the Casino Revenue Tax Decree, 1973 (NRCD 200)
3. Betting Tax under the Betting Tax Act, 1965 (Act 268)
4. Gambling Tax under the Gambling Machines Decree, 1973, (NRCD 1974)
5. Income Tax (Registration of Trade, Business, Profession or Vocation Law, 1986 (PNDCL 156)
6. Daily Transport Tax under the Income Tax (Amendment) Law, 1987 (PNDCL 177)
7. Advertisement Tax under the Advertisement Tax Decree 1976 (SMCD 50)

These Laws make up the ceded revenue. The Secretary of Local Government in consultation with the Secretary responsible for National Revenue can make an amendment on the Sixth Schedule to this Law. These revenues are collected by the Internal Revenue Services and the total ceded for the year is transferred to the Ministry of Local Government to be shared to the

¹⁵ The New Local Government System

District under a formula provided. I was informed during my fieldwork that, this transfer has been discontinued for the past two years and has been replaced with the DACF.¹⁶

5.5.1 DISTRICT ASSEMBLY COMMON FUND

Article 252 of the 1992 Constitution provides for the establishment of this fund. This fund shall:

- 1 be allocated annually by Parliament not less than five (5) percent of the total revenues of Ghana and payable in quarterly installments for development
- 2 be distributed among District Assemblies on the basis of a formula to be approved by Parliament and
- 3 be administered by a District Assemblies' Common Fund Administrator.

Article 455 which established the District Assemblies Common Fund defines the total revenue as all 'revenues collected by or accruing to the Central Government other than foreign loans, grants, non tax revenue and revenues already collected by or for District Assemblies under any enactment in force'.

The objective for the establishment of the Common Fund is to supplement the meager revenue accrued by the districts to accelerate development. Section 9 of Act 455 states that 'the Minister responsible for Finance in consultation with the Minister responsible for Local Government, shall determine the category of expenditure of the approved development budget of the District Assemblies that must in each year be met out of amounts received by the Assembly from the Fund'. (New Local Government System 1994: 33)

The Act made provision for the appointment of the District Assembly Common Fund Administrator and these functions were assigned him. These are as follows:

- 1 to propose a formula annually for the distribution of the Common Fund for approval by Parliament
- 2 to administer and distribute monies paid into the Common Fund among the District Assemblies in accordance with the formula approved by Parliament
- 3 report in writing to the Minister on how allocations made from the Common Fund to the District Assemblies have been utilized by the district Assemblies
- 4 to perform any other functions that may be directed by the President.

¹⁶ The New Local Government System

5.5.2 FACTORS FOR DEVELOPING THE FUND

Needs, Responsiveness, equalization, service pressure and contingency are five factors which were approved by parliament as the basis for sharing the Common Fund. These were as follows:

Table 5.1

FACTOR	WEIGHT	RATIONALE
Need	35%	To address imbalances in development
Responsiveness	20%	To motivate the districts to generate more income
Equalization	30%	To ensure that each district has access to a specified minimum sum from the fund
Service Pressure	10%	To assist the improving existing services, which as a result of population pressure are deteriorating faster than envisaged
Contingency	5%	To take care of unforeseen events (It is deducted before the balance is shared among the other four factors)
Total	100%	

(SOURCE: Common Fund Administrator Office)

5.5.3 HOW THE FUND IS SHARED

There have been various media reports on how the fund is shared. It has been argued that, how the formula for sharing the fund defeats the objectives of the fund. The following is the said formula:

- 1 Ninety percent (90%) of each year's allocation of the Fund is shared among District Assemblies according to the approved formula
- 2 Five percent (5%) of the Fund is shared to the two hundred and thirty MPs for constituency projects.
- 3 Two and half percent (2.5%) is shared among the Ten Regional Co-ordinating Councils (RCC) to be used for supervision in their respective region
- 4 Two percent (2%) is reserved to meet Contingence Expenditures

- 5 The remaining 0.5% is for the DACF office

The formula for sharing the fund is subject to constant change. The stakeholders in the sharing of the Fund are mainly, the Common Fund Administrator, the District Assemblies and the legislators that is Parliament. The figure below shows the functional relationship among all the interested stakeholders. See attachment

5.5.4 FORMULA FOR SHARING THE COMMON FUND

There is no permanently fixed formula for the sharing of the fund. It is subject to change at any financial year. In a letter to the District Chief Executive of Akuapem South District, a formula proposed for the sharing District Assemblies Common Fund for the year 2007 is as follows

- 1 Ten percent (10% each District Assembly's share of the DACF will be retained as a Reserve Fund and used as follows:
 - a. 6% of the Reserve Fund (6% of the total DACF allocation for the year) is shared equally to the 230 Parliamentary Constituencies as was resolved by parliament in 2007. This Fund will be utilized in accordance with guidelines agreed with Parliament.
 - b. The remainder of the Reserve Fund (ie 4% of the total DACF allocation for the year) will be used as follows:
 - B(i) 1.5% is allocated to the ten Regional Co-ordinating Councils to be used for their statutory role of monitoring, co-ordinating and evaluation of the performance of Assemblies. The allocation of this portion is as follows: 50% is shared equally to the ten regions and the remaining 50% in proportion to the number of districts in the Region.
 - (ii) 2% to be used as authorized by the Minister of MLGRD
 - (iii) 0.5% to be used by DACF for monitoring and Evaluation

The remaining amount should be shared as follows:

- 2 Human Capacity Building
Two per cent (2%) of each District Assembly's share of the DACF will be deducted to finance the cost of training and other capacity building programmes for Assemblies. This item should be included in the DACF supplementary Budgets of all Assemblies.
- 3 National Youth Employment Programme

Up to 20% will be utilized to set up a revolving fund for the purpose of Youth Employment Programme. Activities selected to benefit from this fund should be in conformity with the poverty profile of the District and with the Ghana Poverty Reduction Strategy (GPRS)

4 Self-Help Projects

Up to 5% may be allocated to support and sustain self-help spirit through community-initiated projects.

5 District Education Fund

Up to 2% may be used to support and sustain a District Education Fund. It should be in the form of scholarships, bursaries or repayable loans to financially needy students with a proven record of good academic performance.

6 Establishment And Strengthening of Sub-District Structures

Up to 5% may be used for the establishment and strengthening of Zonal, Urban, Town and Area Councils

7 District Response Initiative

1% may be utilized to support the District Response Initiative on HIV/AIDS

8 Malaria Prevention

1% may be utilized for initiatives for the prevention of malaria

9 People with Disabilities

2% shall be utilized to support initiative by the physically challenged in the District. It meant to help people with disabilities (PWD) to organize programmes to create awareness about their activities, their rights and obligations

10 Sports and Culture

3% shall be utilized to support sports and cultural activities

11 Other Projects

59% may be used as follows: Economic ventures, Social Services, Administration and Environment.

SOURCE: The Akuapem South District Assembly File

Since 2001, disbursement of the Akuapem South District Assembly Common Fund has been as follows:

Table 5.2

YEAR	AMOUNT RECEIVED (IN BILLIONS)
2001	2,084,802,158
2002	1,258,873,635
2003	4,059,216,662
2004	4,309,088,427
2005	4,447,600,442
2006	5,104,131,968

(SOURCE: Office of the Common Fund Administrator)

From the above table, it can be deduced that, funds have been increasing for every year except in 2002. There will be further discussion on this in a later chapter..

5.5.5 DISTRICT ASSEMBLIES COMMON FUND ACCOUNTS

Bank Accounts have been opened separately for each of the 138 Districts. The aim is to make monitoring of the Fund easy and effective. The signatories to these accounts are:

- 1 The District Co-ordinating Directors
- 2 The District Finance Officers.

To make the District Chief Executives aware of the disbursement of the fund, they are made signatories with the above mentioned officers.

The Districts are obligated to submit monthly report on the use of the Fund. They are to specify how much money they received and how they utilize the fund.

The monitoring teams that are to ensure the effective and efficient administration of the Fiscal decentralization policy include:

- 1 The Regional Co-ordinating Council
- 2 The District Monitoring Team
- 3 The Local Government Inspector.

5.5.6 CHALLENGES OF THE DISTRICT ASSEMBLY COMMON FUND

The implementation of this fund is yielding accelerated development including, development of infrastructure and improvement of living standards of the people, to mention only a few. Nevertheless there have been a number of problems since its implementation. In a Local

Government Digest 2000, 'The Common Fund, its benefits and problems', it was indicated that five years after the inception of the funds, problems are increasing. Despite all the good uses it has been put to. Among the problems, cited were criteria for sharing of the Fund, the timing of the release of the Fund, its inadequacy and central control of the fund. It was suggested that the five percent of the total national revenue for the fund should go up to twenty percent. It is upon this suggestion that, the Parliament of Ghana in 2007 agreed to increase the percentage to 7.5%. Though it has been approved it is yet to be implemented. Suggestions were made that, the Assemblies should have full control of the funds disbursed to them and have demanded that the Administrator o release the funds on time.

There have been rising concern on the utilization of the fund at the District level. The Ministry of Local Government and Rural Development has expressed dissatisfaction about the imbalance in the use of the DACF on programmes such as basic administrative services and infrastructure, to the neglect of expansion in productivity and employment opportunities. It is on this note that, 20% of the fund has been allocated for the District Youth Employment Scheme. For instance, the Ashanti Regional Co-ordinating Council, stated that, despite the provision of infrastructure and other facilities under the fund, the utilization and management of the fund have been plagued with a number of problems and lapses.

Furthermore, there has been allegation of corruption in some District Assemblies in the management and utilization of the Fund. These always come into play when the districts ignore the guidelines set for them and follow their own desires. This often involves awarding of dubious contracts and shoddy contract executions.

5.6 INTERNALLY GENERATED REVENUE OR FUND (IGF)

These are funds, which the District Assemblies have the power to collect and utilize as they deem fit, within the limits, or guidelines provided by government,.

According to the New Local Government System, locally generated revenues (otherwise referred to as traditional local government sources of revenue), are derived from six main sources. These are: Rates, Lands, Fees, Licences, Trading Services and Miscellaneous Sources. I would like to discuss what each one of these entails.

Rates:

These are made up of basic rates (poll tax), property rate (by landed property owners), special rates and rates payable by public corporations and organizations owing property in the area of jurisdiction of the District Assembly.

Basic Rates are similar to poll tax, and is levied on every adult in the active age group. The Assemblies through fee-fixing resolution to raise funds for specific projects impose special rates. Such rates are area and Project Specific.

Property rate is levied on landed properties in the area of authority of the Assembly. In the highly urbanized area, this source of revenue is the most important, whereas in the rural districts, this source forms an insignificant source of revenue for the Assembly.

Rates payable by public institutions – Central Government payments made ‘In lieu of rates’ used to be paid to District Councils in respect of its landed property in the District.

Fees

In accordance with Section 27 of the Local Government, 1988 (PNDCL 207) and within the guidelines set by the Central Government, District Assemblies levy fees on a range of items. The Sixth Schedule of PNDCL 207 lists some of the areas for fees as Cattle Pounds, Slaughter House, Market Dues, Market Stalls, Trading Kiosks, etc. Under L.I 1530 of 1992, all crops, with the exception of cocoa, coffee and cotton are also now leviable.

Licences

Licenses are issued for a host of items and activities. They include Dog license, Hawkers’ Licences, Extension of hours, Hotels and Restaurants, Beers and Wine Sellers, Petroleum Installations, Lorry Parks overseers, Self-employed Artisans, etc.

Trading Service

District Assemblies undertake trading activities such as cement sales and flour sales from which revenue is earned.

Lands and Courts

Revenue from these sources is negligible

From the above, it could be argued that it has the inherent quality of enhancing participatory democracy since the people in the locality contribute their quota for development. The

performance of these traditional sources has been clearly recognized as low yielding but recent developments appear to confirm an expectation that people at the local levels should be more willing to pay taxes to and entrust their monies to the management of their elected local representatives.

Internally Generated Fund for Akuapem South District from the period of 2000 to 2006

Table 5.3

YEAR	RATE	LANDS	FEES & FINES	LICENCES	RENT	INVESTMENT	MISCE.	GRANTS	TOTAL
2001	32,580,660	-	147,754,700	15,278,500	11,072,500	15,541,42	19,149,001	744,767,855	986,144,6
2002	112,232,213	21,610,000	201,236,350	23,822,000	14,541,000	9,971,964	372,785,640	1,942,370,612	2,698,569
2003	171,109,700	34,000,000	199,163,000	37,126,000	8,979,000	6,821,331	198,588,000	-	655,787,0
2004	246,428,200	46,578,400	308,557,238	117,536,000	47,943,500	10,575,696	10,575,696	5,415,311,766	6,203,506
2005	625,082,760	59,860,000	383,698,500	106,784,250	79,820,000	2,179,417	150,000	4,261,657,563	5,546,232
2006	347,215,590	490,290,000	448,910,800	69,627,000	107,538,000	-	50,000	7,825,661,096	9,289,262

(SOURCE: Ministry of Local Government and Rural Development)

From the table above, it is evident that, the revenue from local taxes is very low. This would be explained further in the analysis chapter.

The problem here is that, Section 27, of the Act empowers the District Assemblies to determine the levels of the local taxes only subject to Guidelines prescribed by the Council. As Nkumah puts it, the important issue is how to ensure that the Guidelines do not put all Districts in one straight jacket. Different spatial and environmental conditions offer different revenue generation opportunities to different District. The guidelines must recognize the variables in revenue generation opportunities so as to facilitate fee fixing and approval of the fees by the District Assemblies. (1990:48)

Another problem of the low generation is the inexperience and poor caliber of local government personnel attributable in part to low prestige attached to and poor remuneration for service at the local level in some cases. The tax bases of local governments are static because of weak databases for determining revenue potentials. Areas within the districts

where revenue could be generated are not well identified and therefore the revenue collection level is not optimal.¹⁷

In addition, there are complex structures in terms of planning for revenue collection in some of the districts. The role of the Regional Co-ordinating Councils (RCC) as co-ordinators needs to be clarified. Extracts from the Auditor General's Report reveal that about 112 revenue collectors misappropriated revenues generated in Ghana. (ibid)

5.7 COMPOSITE BUDGET

In order for the efficient achievement of the fiscal decentralization policy to be realized, Section 12 of Act 462, 1993, the Local Government Act, establishes the District Assemblies as the District Planning Authority. To achieve this role, Section 92 (3) of the Act 462 states that the budget for a district shall include the aggregate revenue and expenditure of all departments and organizations under the District Assembly.

Every department in the district prepare its own budget, they adopt a sector-based approach for the resources allocated to them while Districts also follow the Medium Term Development Plan process for the allocation of their internally generated funds and central government transfers.

A Composite Budget as defined by the Ministries of Finance and Local Government respectively is an aggregation of a projected revenue and expenditure of the MMDAs including decentralized departments with the view to minimizing duplication and ensuring cost effectiveness, efficiency and economy so as to achieve set targets and goals. (2007:2) It has various objectives:- to ensure cost effectiveness in the implementation of District programmes, to determine the total inflow and outflow of resources, to ensure transparency in the use of resources to mention only a few.

5.8 DISTRICT DEVELOPMENT FUND MODALITY

This is a new form of financing the District Assemblies, which is being introduced into the New Local Government System. Performance based funding is introduced in the form of the District Development Funding facility (DDF). The DDF is a mechanism to mobilize additional

¹⁷ Financial Resource Base of Sub-national Governments and Fiscal Decentralization in Ghana

development funds for MMDAs and an effective instrument to manage existing capacity problems at the district level in a harmonized manner.

In 2008, the DDF will be introduced in all the districts in the country at an average per capita allocation of USD 2, which aggregates to a total required pool of roughly USD 48 million. Every MMDA will receive an average of USD 437,000 which would be used to finance eight (8) additional small works. An annual allocation of 11% would be disbursed into these districts. The key principle with regard to financing the DDF is that it has to be done through a co-financing arrangement between Government of Ghana and Development Donors.

The DDF Allocation formula would be as follows

5.8.1 Entitlement Component

The entitlement component is set at 50% of the overall pool and will be distributed based on the following:

- 1 equal share of (5%)
- 2 population of the district (80%)
- 3 Size of the MMDA territory (15%)

5.8.2 Performance Component

The allocation of the performance grant will be 40% of the overall pool and will be determined by the outcome of the Functional and Organizational Assessment Tool (FOAT)

5.8.3 Capacity Component

The capacity building is set at 10% of the fund and will be distributed on two factors:

- 1 an equal share of USD 10,000 for used to finance mandatory training programmes for all the MMDAs as prescribed by the government
- 2 a discretionary share on the basis of the outcome of the FOAT in individual MMDAs

The inclusion of the performance component makes the DDF complementary to the DACF.¹⁸

¹⁸ THE DISTRICT DEVELOPMENT FUNDING MODALITY:
A PERFORMANCE BASED GRANT SYSTEM FOR LOCAL GOVERNMENT
DESIGN AND MANAGEMENT ARRANGEMENTS (March 2007)

5.8.4 The Development Menu

The Development Menu for the DDF defines which types of expenditure the grant can be used for. Since the DDF is introduced as an additional source of investment funding, the fund can be used for these expenditures

Investment Activity Expenses, Construction Works, Property Purchases, Rehabilitation Expenses. Examples are:

Consultancy fees, Purchases of Plant, Equipment and Vehicles, Buildings Contractors fees, Purchase of Plant & Equipment, Plant and Machinery, Site Preparation, Purchase of Vehicle, Other Assets, Compensation for land, Purchase of Furniture to mention but a few.

Given the ceiling for district level investments, not all of the specified expenses are relevant for MMDAs. In addition, there will be a strict “negative menu”, that is, items that cannot be financed from the DDF. These will include:

1. investments outside of the Medium Term Development Plans (MTDPs) and Annual Plans;
2. investments of a private nature; and
3. purchase of luxury cars and similar consumption expenditure

Office equipment is also precluded from the DDF Development Menu; purchase of office equipment will, however, be possible from the Capacity Building Grant, providing that the outcome of the performance assessment justifies this.

Further, MMDAs can use 10% of the annual DDF allocation for maintenance purposes, provided that this use is backed up by a maintenance plan and budget.

The utilization of the capacity-building component will be mainly on items listed.¹⁹

5.9 ASSESSMENT: TO WHAT EXTENT ARE THESE PRACTICABLE

From the above laws and procedures stipulated about the implementation of the fiscal decentralization and decentralization policy in general the question one would ask how decentralized the local governments are both administratively and financially?

¹⁹ THE DISTRICT DEVELOPMENT FUNDING MODALITY:
A PERFORMANCE BASED GRANT SYSTEM FOR LOCAL GOVERNMENT
DESIGN AND MANAGEMENT ARRANGEMENTS (March 2007)

5.9.1 FINANCIALLY DECENTRALIZED

Local governments are overwhelmingly dependent on the central government for economic resources. The central government in a bid to support the local units to develop introduced the District Assembly Common Fund with the objective of supplementing the meager revenue accrued by the districts to accelerate development. It was intended to serve this purpose but what do we experience now?

Though these funds put the districts in a better position in terms of capacity and service provision, the fact that these funds are released by the central government means the central government still wields political control over the districts. The adage ‘he who pays the piper calls the tune’ is relevant here.

Before this fund is disbursed to the various districts, there is an attachment of the formula detailing central government guidelines to be used to distribute the fund. This cripples the assembly’s ability to make discretionary expenditures which would help, bring development in the districts. Example of this has been shown above in the first quarter of the 2007 financial year.

Another argument is that, the central government mechanism used in monitoring these funds at the district denies its autonomy. The Act states that, the Districts are obligated to submit monthly report on the use of the Fund. They are to specify how much money they received and how they utilized the fund. In addition, there is a monitoring team comprising of representatives from the headquarters (Ministry of Local Government and Ministry of Finance) who periodically inspect the utilization of the fund. The accumulation of these factors results in a district lacking financial autonomy. Local government is accountable to the central government because of the strong financial dependence on central governments transfer. Local governments are also politically beholden towards the central government.

Internally Generated Funds, also have restrictions. The Acts stipulates that, the Districts Assemblies have power to levy charges within limits or guidelines to be provided by the government. Thus, the Ministry of Local Government and Rural Development is responsible for issuing guidelines for levying rates. Based on the guidelines, fee-fixing resolutions are passed by MMDAs to which revenues are collected. In my opinion, the districts should use their own discretion as to what rates or taxes to be collected and the amount to be charged.

However since they are under obligations, they have no other option than respond to the 'orders from above'..

Strict government regulations and the low credit ratings of local governments make it difficult for the latter to borrow externally. . No district can acquire a loan without the approval of the central government. Even then, they cannot go beyond an estimated amount, twenty thousand cedis (□20,000,000) which is specified by the constitution. From the above discussion, it can be inferred that though the Constitution states that, the districts are autonomous fiscally, this autonomy exists only in theory.

5.9.2 DECENTRALIZED STRUCTURE

The structure of the local government in Ghana has been questioned. The Local Government Act 462 states categorically that, 30% of the Assembly Members are to be appointed by the Central Government and the President appoints the Head of the Assembly. Where lies the autonomy when the central government influence is felt here? Here, it can be envisaged that, the spirit of consultation will reign supreme when appointment are made as observed by Ahwoi. (Ahwoi 1992:17) Thus, a partisan Central Government lauds over a non-partisan local government? Allegiance is therefore owed to more than one boss and more than one center.

The Act creating the Common Fund Administrator further threatens local government autonomy. The Administrator is appointed by the President to see to the disbursement of these funds. as a result, the Central Government can manipulate them to toe the party line since they will definitely receive instructions from above. My argument is, is the creation of this office necessary? Since the formula for disbursement of the fund is drawn by parliament and disbursement can be computerized by local officials.

5.10 REASONS FOR GOVERNMENT INVOLVEMENT

Ghana practices a centralized system of government and comes out with its own agenda for the whole country and at the same time decentralized local government. The national government nominates representatives at the local levels who would ensure that its objectives are effectively implemented at the grassroots level.

The reason government sets a quota for loan acquisition is that, when the districts are giving the will power to acquire loan at their own discretion, they might misuse that authority and the

central government would be saddled with a large debts. it has been reported that even under the current restrictions, there have been instances of corrupt practices among the District Chief Executives.

The guideline for the utilization of the Common Funds remains the best way for the government to safeguard its funds. The purpose of this fund was to aid development projects in the districts even with these guidelines, there have been issues in the newspapers of misappropriation of the funds by some districts. This is the reason for the monitoring team, which the government has created to monitor the utilization of the fund.

5.11 CONCLUSION

This chapter discussed the rules and regulations governing the implementation of fiscal decentralization. It also examined the practicality of these rules in the local government system in Ghana and the reasons that yields so much power over the local government.

CHAPTER SIX

DATA ANALYSIS AND FINDINGS

6.1 Introduction

This chapter presents the analysis of the data which were gathered from the field. The study is aimed at explaining the implementation of the fiscal decentralization policy at the local level in Ghana and focused on the Akuapem South District.

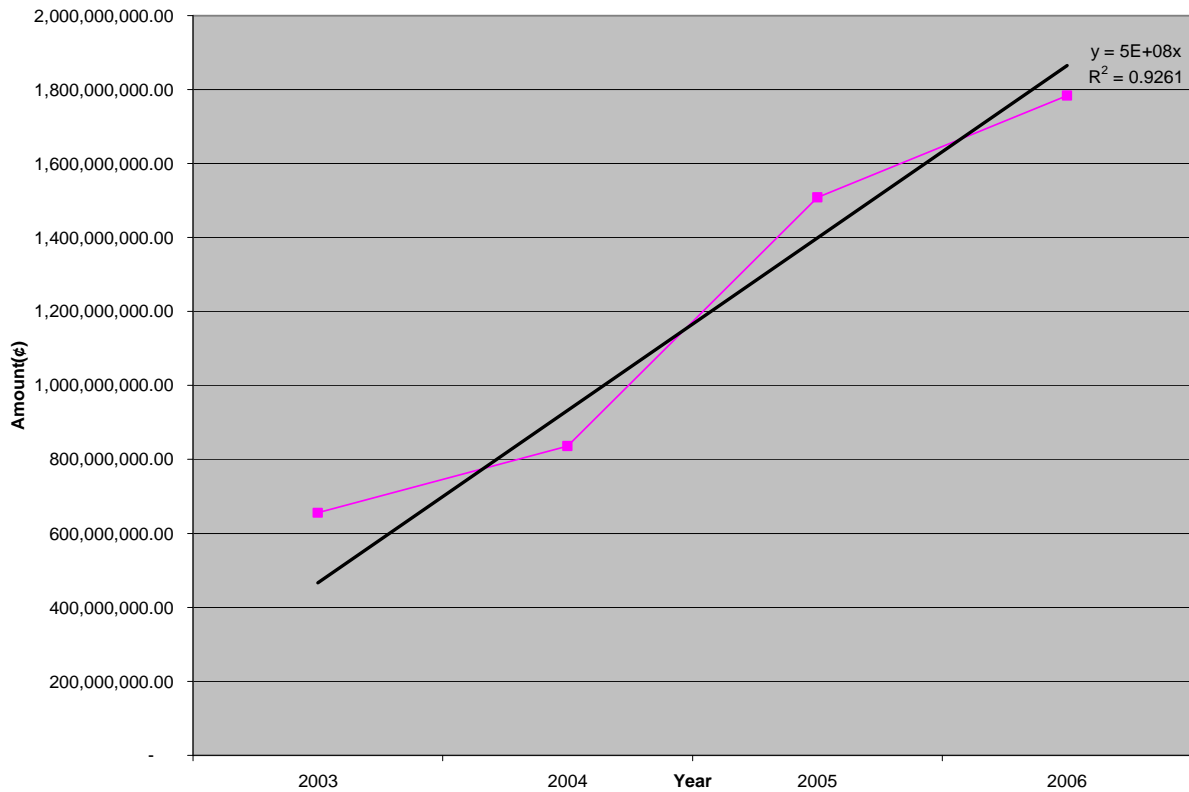
The study has been guided by the models of policy implementation propounded by Van Meter and Van Horn (1975) and Thomas and Grindle (1990). Van Meter and Van Horn identified six (6) variables in analyzing implementation. Two of these variables which are inter-organizational communication and enforcement agencies and economic and social and conditions were used in explaining the implementation of the fiscal decentralization policy in the Akuapem South District of Ghana. Thomas and Grindle on the other hand identified two (2) variables for the study of policy implementation; these are bureaucratic resources and political resources. Both variables were used in this study.

The data analyses have resulted from interviews with government officials and district assembly officials. A trend analysis of the Akuapem South District Assembly's Common Fund allocation and its internally generated funds from 2001-2006 and 2003-2006 respectively have also been presented in this chapter.

6.2 THE STATE OF FISCAL DECENTRALIZATION THE AKUAPEM SOUTH DISTRICT ASSEMBLY

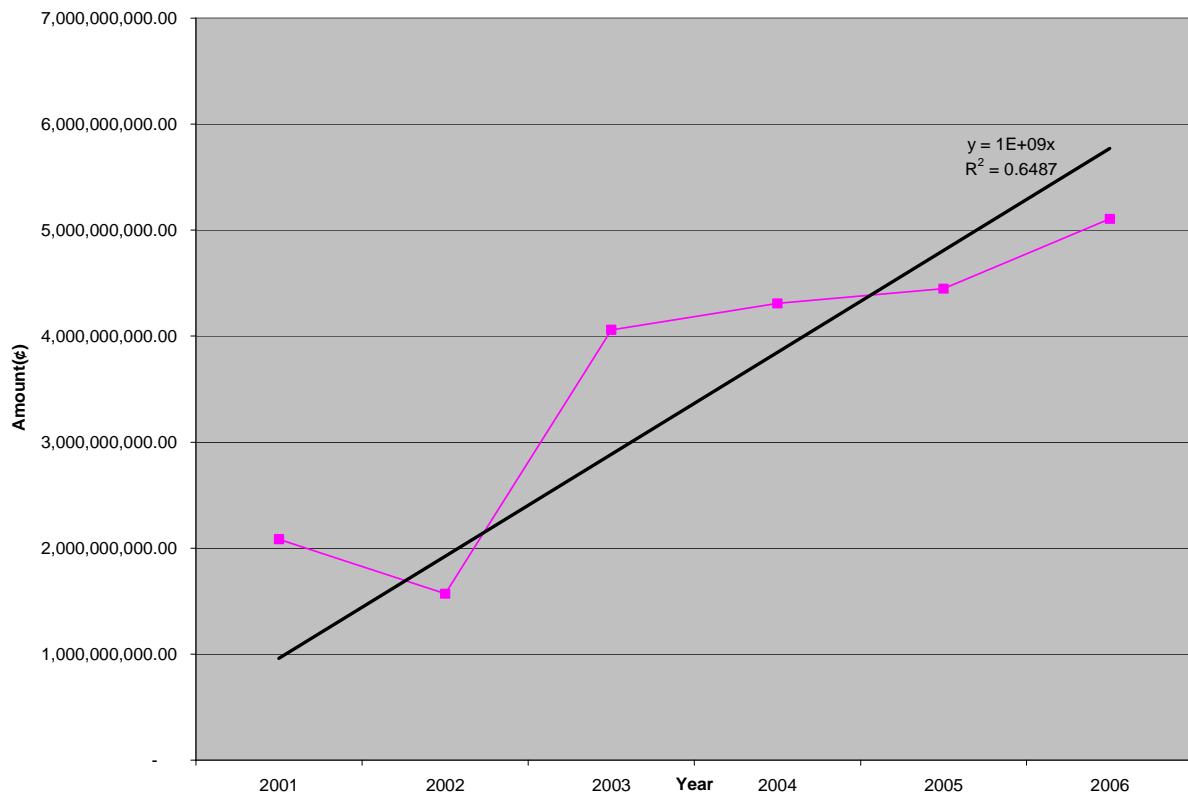
The District is empowered by law – Act 462, 1993 to generate income from local sources, including funds from rates, operational fees, fines, taxes, permits for example property rates, business registration and penalties. However, these were inadequate for developmental projects in the districts due to two main inter-related factors. First, tax obligations were not honoured, and second, there were low collection rates due to the inability of the district assemblies to mop up revenue from all identified sources. As the district is unable to meet its target of 15% annual increase which is 1.8 billion cedis over the previous year, the aggregate target for 2007 was ₵ 2 billion. The shortfall was attributed to the unwillingness of the target group to pay, probably due to poverty, and lack of resources for effective revenue mobilization.

Fig. 6.1: Internal Generated Fund (Revenue)



From Fig. 6.1, it can be observed that the District's internally generated funds have been increasing over the years. From ¢655,787,033.98 in year 2003, it rose to ¢ 1,508,372,751.41 in 2005, rising further to ¢ 1,783,574,720.00 by 2006. The equation of the trend line shows an average rate of increase of ¢500,000,000 per year over the period 2003-2006 and as much as 92.61% ($R^2 = 0.7873$) of the increase occurring during the period. The increase in the trend is a result of the new strategies being adopted by the District office to generate which was said to be encouraging as disclosed by the Accountant at the District. When District Assembly Officials were asked on the strategies being adopted to rectify the constraint faced in revenue mobilization in the districts, it was found out that revenue register was being compiled to ensure effective monitoring of collections and presentation of defaulters.

Fig. 6.2: Akuapem South District Common Fund Allocated (2001-2006)



It can be observed that the Akuapem South District's Common Fund allocation increased considerably over the period 2001-2006. From a total of ¢ 2,084,802,158.00 in the year 2001, the District's Common Fund allocation decreased to ¢1,568,812,979.00 in the year 2002. There was however a sharp increase in the Common Fund allocation to ¢4,059,216,662.00 in year the 2003 increasing further to ¢ 5,104,131,968.00 in 2006. The equation of the trend line shows an average rate of increase of ¢1,000,000,000 per year over the period under study. An $R^2 = 0.6487$ was obtained for the period, which means that as much as 64.87% of the increases in the Common Fund allocation can be explained by changes in years. This shows the government's commitment in fulfilling its part of the policy implementation.

6.3 DISCUSSION OF RESEARCH FINDINGS

6.3.1 Awareness /Knowledge of Fiscal Decentralization

As to what entails in the fiscal decentralization policy, the officials at the Ministries mentioned that, it entails financial autonomy, that is, the transfer of financial resources from the central government to the sub-national government or the districts. Generally, it is the

matching of expenditure with revenue. The theoretical basis is empowerment to ensuring democratic values and good governance as well as the efforts of central government to strengthen the local government system. Responses showed that the government officials sampled had appreciable knowledge of the content of the fiscal decentralization policy and these were consistent with the objectives of the Law. When the district assembly members were asked what the fiscal decentralization policy entails, they stated that it entailed the devolution of funds from central government or allocation of government funds to lower structures of government (districts/provinces) for administrative accelerated development and good governance.

The study was also to find out the fiscal decentralization policy component of Ghana's national budget. The officials at the Ministries mentioned that fiscal decentralization forms 5% of national revenue, and that it involved the establishment of district treasury, and certain tax base. With regard to the objectives of the fiscal decentralization policy, they provided the following:

- i To provide adequate resources to promote development of the districts
- ii To ensure equitable development of the whole country
- iii To promote rigorous revenue generation by the districts.

Thus, the overall objective of the fiscal decentralization policy is to ensure that each local government unit will have a sound financial base with adequate and reliable revenue. On the other hand, the District Administration Officers stated the objectives of the fiscal decentralization as empowering local structures financially to function independently, harnessing or mobilization of resources at the district level for development, and addressing the needs of the people at the grassroots level to enhance good governance and democracy.

The study established that the Office of the Common Fund Administrator disbursed administrative transfers or salaries and the District Assemblies Common Fund (DACF), whilst the Ministry of Finance and Economic Planning disbursed the HIPC and GOG budgetary allocations indirectly through the ex-parent ministry or agency. This was stated by the Official at the Common Fund Administrator and the Ministry of Finance and Economic Planning respectively.

The District Planning Officer revealed that, the district does not disburse any funds but rather they are the beneficiaries of funds from the central government and other donor agencies and distribute to the appropriate quarters. These included the DACF and Highly Indebted Poor Countries (HIPC) funds, which are received from the central government and donor support such as Danish International Development Agency (DANIDA), and European Union (EU) Funds. The rest were Ghana Education Trust Funds (GETFUND), Multi-Sectoral HIV Programme (MSHP), Community Based Rural Development Project (CBRDP), SAUDI FUND, and Social Investment Fund. These funds from the donors mentioned above do not come from the government but the district solicits from these donors for projects in the districts and these form about 60% of the internally generated funds as the District Accountant revealed. The purpose of this is to remove bureaucracy and delays in implementing government programmes at the grassroots level, encourage local initiatives, empower the local structures to meet their needs and aspirations, and reduce over reliance on central government for development. These indicate that the fiscal decentralization policy is being practiced in the country.

On their opinion about the government's decision to decentralize fiscally, The Planning Officer at the Ministry of Local Government and the Senior Operative Officer at the District Assembly Common Fund described it as positive. Two other officers from both the Local Government Service and the Ministry of Finance indicated that the policy was meant to bridge the gap between endowed and the less endowed districts but in reality, this has lost its vision and the districts still relies heavily on the central government.

About the date of inception of the fiscal decentralization policy in Ghana, it was found out that it was part of the decentralization policy started in 1988, which was anchored in the 1992 constitution as mentioned by the Planning Officer at the Ministry of Local Government. But the Officer at the Common Fund Administration gave a contradictory response. She said, though the policy was part of the decentralization policy in Ghana, it was not practiced until the Act 462 (Local Government Act) passed in 1993 gave the district the right to decentralized fiscally and this also brought into effect the DACF Act. This shows that all the government officials interviewed were fully aware of or had very good knowledge of the fiscal decentralization policy in Ghana.

6.3.2 Social and Economic Conditions

The study found out that the funds disbursed to the districts by the central government were not adequate. The Officer at the Ministry of Finance explained that the resources of the central government especially budgetary allocations were not adequate since as a developing country, the demands are high but resources inadequate. The Officer at the DACF, however, indicated that what goes to the district is enough, though resources of the government were inadequate. He further suggested reduction in resource to the well-endowed districts to make up for the shortfall in the less endowed and a formula for sharing could be used for this. For example, the more endowed districts like the AMA, SHAMA, and KAMA could be less prioritized through the sharing formula to increase the share of the less endowed districts. On what can be done to improve the inadequacy of the funds, it was stated that there is the need to improve IGF and increase DACF as it is being agitated by pressure groups.

When the District Officers views were sought on the adequacy of the central government funds, it was revealed that, it was not adequate since local demands were many and projects cost were high. In addition, planned development projects were not met since the DACF has remained at 5% of National Income (NI) since its inception. The amount was thus inadequate considering the fact that it has to support 138 districts and 10 regional coordinating councils.

On what can be done to improve the funding for districts, the district officers suggested the need to increase the funds allocation (the %), timely release of funds of NI, and the need to increase the level of the HIPC fund as well as the need to stop deductions at source. Though the money allocated to the district will be mentioned by the government, before it gets to the district, about 40% of it has been deducted for various purposes thereby using the skeletal money for projects impossible. This also compromise the autonomy and independence of the DA as prescribed by both the Constitution and the Local Government Act.

The study carried out revealed that it's the government prerogative or a constitutional arrangement to keep the DACF at 5%. An Officer at the Ministry of Local Government argued that, the 5% is acceptable since there is a lot of abuse or misuse of fund by the districts. Another Officer at the Local Government Service mentioned lack of political will to promote the decentralization policy by the refusal to increase resources, the low revenue generation and government's obligation to meet other commitments were mentioned when, the interview sought the opinion on why the government has kept the DACF at 5% since its

inceptions. The government's over reliance on foreign support to balance national budget and the argument that if the GDP increases, the DACF also increases were also cited

However, there was an indication that there is the intention to increase the DACF rate to 7.5% but, low capacity at the district levels and monitoring reports raise concern and do not seem to indicate efficient utilization. About release of the DACF, the study revealed that this was done quarterly but the last quarter allocation is released in the first quarter of the subsequent year. It was explained that this arrangement was intended to ensure accountability and productivity and that since it depended on the flow of tax revenue, the quarterly disbursement of the DACF enables revenue agencies to utilize and declare the amount due. These funds are released on time as affirmed by some officials, however, others answered to the contrary with the explanation being that, the inflows and volume of funds were not enough.

When the District Officers were asked about the release of the funds, their answers were no different from that of the Officials at the Ministries. The funds to the district are released every quarter and this is due to the fact that, their allocations depend on the time taxes are collected and collated. It was also explained that the period of disbursement of the funds has been fixed at the beginning of the quarter since this enhances the planning and executive/implementation of programmes by way of spreading development all year round whilst enabling the central government to harness resources. The District Budget Officer revealed that, there have been delays in the release of the funds to the district due to bureaucracy and delays in the submission of revenue returns to the finance ministry

Finding out about the legal instrument backing the policy, it was revealed that, section 240(2C) of the Local Government Act 462 and the DACF Act 455 are the legal instruments backing the policy. Other legal instruments mentioned include the Procurement Law, Internal Audit, and the Financial Administration Decree as discussed in chapter four (4). This shows how abreast the respondents are with the fiscal decentralization policy in Ghana. These laws are detailed enough to ensure proper functioning of all the components of the policy but what was lacking was the legal instrument to operationalize some of the articles in the law. However, it was further revealed that, the laws are still centralized and this makes implementation ineffective.

6.3.3 Inter-Organizational Communication and Enforcement

For effective policy to be achieved there must be an effective monitoring and clearness of the policy to ensure its effective in implementation. The study found out that, there is a government bodies in charge of district level supervision and coordination of the implementation of the policy mandated by law to supervise and coordinate the activities of the districts and report to Ministry of Local Government, Rural Development and Environment (MLGRDE). The bodies are as follows; the Ministry of Local Government, Rural Development and Environment which formulates and review the laws, the Regional Coordinating Councils (RCC) responsible for coordinating, harmonization and control, the District Monitoring Team and the Decentralization Departments and the District Internal Audit. This body is responsible to track implementation, report to Presidential Oversight Committee and others and propose remedial measures. They also prepare periodic reports reviewing overall progress, identifying lessons learned and applying lessons to next steps.

As regards coordination from the central government, the district assembly officials gave their view that, there has not been any proper coordination between the central government and the district. Most of the documents come to the table without them being informed or involved in the decision process. They suggested that, when there is proper coordination, it will go along way to help the policy with policy implementation.

6.3.4 Bureaucratic Resource

The research identified capabilities as well as the technical resources of the regional and the districts in managing the fiscal decentralization policy. It was revealed that, staff of Controller and Accountant Generals Department manned all districts. This department posts qualified personnel to the districts, and in the course of their service are re-posted to man Central Government Accounts. However, the problem still stands that the number of personnel at the districts were inadequate. It was further revealed by an official at the Ministries that, the districts do not have qualified personnel to handle financial management issues, and according to him, only a few percentages in the urban areas are qualified and those in the rural areas are the worst off.

On the educational background of the personnel at the district level, the study found out that, most of the officials responsible for the implementation of the policy are highly educated while others are averagely educated. By highly educated I was looking at those with

University education while averagely educated are those with secondary education. About the experience, ability and knowledge of the district level personnel, it came out that, there is positive perception about the capabilities of the district level staff since they have vast knowledge and experience, which they have acquired over the years. This enables them deliver though retention of qualified personnel in the district remained a major problem.

The study also found out the state and level of human and technical resources at the Akuapem South District Assembly (ASDA). It was revealed that, the district has qualified personnel who handle financial management issues. It was further explained that the finance officers and accountants had tertiary educational and professional qualifications (CA, ACCA) and therefore had the necessary budgeting, accounting and pre-auditing and administrative skills to be able to handle the financial issues in the districts. For instance, the district Accountant has a Professional qualification (Chartered Accountant) and the Budget Officer is a University graduate majored in Accounting.

On the availability of personnel in charge of collecting Internally Generated Income taxes at the District, it was found out that for about sometime now, there has not been any recruitment and those in the system have no professional qualification for collecting the taxes. This is due to the fact that, the nature of the job is tedious, for instance, walking through the forest alone to the villages to collect such taxes scares people. In addition, such job is perceived to be for people with low level of education, and therefore does not become attractive. For instance, in practice, Elementary School Holders are employed to do such jobs and since that system of education has been faced out in Ghana, there are no such people in the system again to employ. At the time of the interview, the District Co-ordinator stated that, there are about thirty, (30) of such people in the system, which is inadequate for such a job. These people do not have any accounting background and it brings about misappropriation of the taxes and poor accounting for the money. Though the revenue collectors are provided with materials in discharging of their duties, it was revealed that, they were not adequate. Examples of such materials are stationery such as cashbooks, tickets and ledgers, transportation and safety equipments such as raincoats and boots. It was explained that, an increase in the supply of such supporting materials would also demand higher financial input, which is released either late or tend to be inadequate.

On the availability of technical resources for discharging duties of the fiscal decentralization policy, it was acknowledged that there are adequate technical resources to discharge their duties. It explained that there were personnel with second degrees, the appropriate logistics in terms of equipment and 0.005 of the DACF to discharge or perform their duties. Office space, computers, financial software and stationery were averagely provided as indicated by the central government officials. When asked if the ASDA outfits had adequate technical resources for discharging duties there was a negative response. It was explained that there were inadequate provision of office space, computers, financial software and stationery. talking about fifty villages and towns under their jurisdiction.

On the issue of financial resources for the implementation of the policy, it was found out that, for the phased approach, there were available budgetary resources but for full scale or one-time implementation, external assistance was necessary. This indicates that the financial resources for the implementation of the policy were inadequate. It was further explained that even with the available financial resources, extra ministerial and bureaucratic issues militate against the implementation of the policy since it takes a lot of time before these funds are brought to the district for work to begin. The views of the District Assembly officers were sought about the adequacy of the financial resources to implement the decentralization policy. The Planning Officer answered in the affirmative and explained that the assembly collects locally generated revenue for administrative purposes. On the other hand, the others indicated that the districts did not have adequate financial resources because there were delays in the release of funds and the funds were inadequate.

6.3.5 Political Resources

Respondents were asked about the political acceptance or otherwise of the fiscal decentralization policy. The study found out that almost all the institutional working structures were in place and the technocrats at the district levels were aware and have embraced the policy especially the District Assembly Common Fund, GETFUND among others. It was further explained that the staff at both the central and district levels were willing to execute their duty in relation to the implementation of the fiscal decentralization policy. This indicates that the policy had the necessary support of the government agency or staff .

The views of the district officers were sought on the political resources and support of the people in the district towards the decentralization policy implementation. It came out that, the

people at the district were in full support of the policy. It was found out that, the indigenes of the district willingly participated in the preparation of the District Assembly's Medium Term Development Plan (DMTDP). In other words, committees are formed to involve Chiefs, Elders and Assembly Members to deliberate on issues and chiefs willingly release land and other resources to the District Assemblies for developmental projects. This reveals how receptive and supportive the indigenous people of the district have been towards the policy as mentioned by the Co-ordinating Director.

6.3.6 Constraints and Solutions

The research also assessed constraints from the point of view of both national and district officers in implementing the policy, their effect of the policy implementation as well as ways of dealing with such problems. It was found out that, the district assemblies were not really playing their part in relation to their specific roles under the policy. For instance levying of taxes is not actually realized and this is due to the fact that, most of the revenue collectors misappropriate the income collected. Furthermore, the personnel are too few to execute this duty as revealed by the Officer at the Local Government Ministry.

The district assemblies face some constraints in implementing their part of the fiscal decentralization policy. The constraints identified by respondents as facing the central government institutions in implementing the policy include, lack of competent personnel, financial constraints in terms of over reliance on government budget, lack of logistics, poor intra governmental co-ordination, and lack of good and reliable database for the preparation of the formula for DACF. Legal constraints especially the Public Financial Management policy was also cited as one of the problems facing the government ministries and institutions in implementing the policy. These show that both the government institutions and the district assemblies face many problems in implementing the fiscal decentralization policy.

The District Assembly on their part faced constraints in the implementation including that the district was poorly resourced, constrained financially, inadequate logistics/materials, ban on recruitment of qualified staff and lack of vehicles for monitoring purposes. There are no vehicles for monitoring and the only one that serves the district is always broken down or other departments are using it. According to the Co-coordinating Officer, this made the work difficult and further made more difficult by shortage of materials for working and inadequacy of the financial resources needed for the implementation. On the part of the Revenue

collectors, some constraints were identified which hinder their work. These were mentioned as lack of logistics, inadequate funds, lack of vehicles, lack of personnel and equipments. The revenue officers also stated the main constraints of the districts as inadequate funds and late release of allocation resulting in delays in the execution of projects.

On the proposed way of solving these problems, both the Ministries and the District Assembly reiterated that, adequate resourcing of the districts, the need to develop the human resource capacity of the agencies and the district assembly to enhance the competency of the staff, continuous education or awareness creation about the policy, effective monitoring, capacity building and less government interference were crucial. The district, should organize in-service training on current accounting procedures to those in charge for them to be abreast with some principles which would make their work easier. There should be proper and effective monitoring of the policy by the RCC and not only that, the district audit also should do their work effectively as suggested by the Officer at the Common fund Administration. As stated by the District Accountant, 'we need our full autonomy, no government interference and the influence of the government in the implementation policy should be minimized for effective work to be done'.

The District Assembly Officials gave these suggestions when asked about how to achieve the proper implementation of the policy; provision of adequate materials, vehicles, computers, finance, early release of funds and increased capacity building. Also, the need for political heads to be development oriented, districts adhering to the laws governing projects implementation as well as periodic assessment of the districts were suggested. One of the study objectives was to find out how effective the fiscal decentralization policy could be achieved. It was revealed among other things, the need to ensure less government intervention in the form of central deductions, creation of necessary political will by way of enhancing enthusiasm and commitment of the implementers to push the policy. Also, the needs to adequately educate and sensitize the people at the district level, and the enactment of legal instrument to empower the district assemblies were other propositions of the Local Government Service Official for ensuring effective implementation of the policy.

On the positive effects of the policy, it was said to have enhanced capacity building, acquisition of experience and personal initiative. For the whole district, the policy has ensured equitable distribution of resources in that at least every district has a share of the government

money for development. It was also noted that the policy has ensured that developmental projects are being carried out where they are really needed, improved participation and awareness of local people in governance and simultaneous development of all part of the country as stated by the Officials at the Ministries. In addition, the involvement of the local people in government programmes and projects by way of participating in committees, and releasing of resources have ensured development even in deprived communities through equitable distribution of national resources and the provision of physical infrastructure such as schools, hospitals, among others. In addition, the districts have been given the chance to manage their resources.

CHAPTER SEVEN

SUMMARY AND CONCLUSION

7.0 Introduction

In conclusion, this thesis has been an attempt to discuss the implementation of the fiscal decentralization programme in Ghana, the challenges during the process and the way forward.

7.1 Summary of chapters

The first chapter reviewed the literature on the fiscal decentralization and its impact on the Ghanaian Local Government. Since the inception of this policy, there have been some problems in its implementation and an attempt is made to uncover these problems. This chapter also outlined the objectives, research questions and the hypothesis of the study.

Chapter two discussed the research methodology adopted in the gathering and analysis of the primary and secondary data used for the study. Mixed method approach was used as the research analyzed some figures of the DACF and the IGF to see how consistent these funds flow in the district. A case study design was used as this method was more appropriate because my research question centered on how, what and why. The instrument for collecting the data was discussed. In the last section of the chapter, the challenges I encountered during the research was discussed ranging from busy nature of the bureaucrats, the bureaucratic process of the assembly, poor storage of information and inadequate time for the research and how I managed to get the information I wanted despite these problems.

The next chapter focused on the theoretical framework of the study which was guide by the theory propounded by Van Horn and Van Meter model of implementation (1979) and Thomas and Grindle Interactive Model. The key concepts of these theories were discussed in detail in the larger framework and then what were relevant to my study were adopted. Based on this framework it was argued that, bureaucratic resources, political resources, inter-organizational and enforcement activities and economic and social resource may hinder the successful implementation of the policy.

The forth chapter looked at the history of local government financing in a chronological form. The chapter traced the history of the decentralization and financing since Ghana attained political independence. It also discussed how various governments both civilian and military have handled the financing of local government. Financing local government historically has

not been effective and this made the government to introduce the fiscal decentralization policy to enable the district to be autonomous.

In chapter five, an overview of the fiscal decentralization policy was made. This covered implementation structure, the various forms of financing and the challenges. Though the fact remains that all these local government reforms are geared towards autonomy, there has not been a full blown fiscal decentralization. During the field research it came up that there were still problems affecting implementation of this policy. Some of these problems include lack of qualified personnel, lack finance, interference from central government, and lack of transportation.

Chapter six discussed the major findings of this research from the field.

7.2 Degree of Implementation

The decentralization policy was introduced by the PNDC government in 1988 and was later strengthened by the introduction of the DACF under which 5% of the National Budget is allocated to the districts. From the study conducted it came out that the policy implementation has achieved partial success due to the fact that, the stakeholders in the process are not executing their part of the policy effectively.

The central government provision of the necessary resource for implementation is not forthcoming as it should. Taking for instance, financial resources and technical resources, the necessary equipment needed in the implementation process is inadequate and the qualified personnel to manage activities are less available. The relationship between the policy makers and the implementers has not been well coordinated, leaving the implementers in the dark. The disbursement of DACF is mostly late by between three to six months which makes project planning difficult and causes frequent stoppage in capital development projects.

In principle, no control is placed on the utilization of the fund by the Assemblies, however, in practice, guidelines are issued on the utilization of the fund which limit the freedom of the DAs. DAs, are responsible to generate some income to supplement the governmental transfers in the form of property taxes, user fees, licenses and permits but this has been ineffective due to the reluctance of the populace to pay the taxes levied on them, misappropriation of the meager taxes collected by the officers and collection of bribes to undercut tax obligations.

From the above discussion, it can be concluded that, the fiscal decentralization in the ASDA is partly effective and if problems identified are dealt with effectively, the fiscal decentralization policy would be more successful.

7.3 Discussion and Interpretation of Findings

In studying the implementation of the fiscal decentralization in the Akuapem South District Assemblies, it was realized that several factors facilitate or impede achievement of policy objective as has been observed and discussed below:

7.3.1 Social and Economic Resource

For effective policy to be achieved there must be exchange of resources and stable environment from both the central government and the district assemblies. The study found out that, the budgetary allocation assigned to the district for the policy is inadequate and this hinders successful implementation of policy. It was further argued by the Officer at the Local Government Council that since most of the districts are well-endowed, the formula for sharing the central government transfers should be reviewed to the advantage of the less endowed. In this way, the less-endowed districts would receive the greater percentage of the central government transfer and this will motivate the well-endowed districts to be up and doing in generating their own resources.

As the law stipulates, the DACF should be released at every quarter and this has been a problem since there is delay in its release and this causes a lot of delays in projects. There is a Legal instrument backing the policy which has spelt out the objectives of the policy and both the central government official and the district level official were abreast with these. The policy is making progress with its overall goal or objective of empowering the districts assemblies in the country to contribute to national development. The government has in the process introduced the District Assembly Common Fund to be the main backbone of the government support to the district. These monies is purported to supplement the district finances but this has tended to be the major source of revenue in the district since they have failed to fulfill their part of collecting local revenue to develop the district.

7.3.2 Bureaucratic Resource

Bureaucratic resource as identified by Thomas and Grindle involves technical resource and human resource that affect a policy. The study found out that, there were inadequacies of both technical and financial resource. Resources such as technical, bureaucratic and managerial as has been explained in chapter three of the work were inadequate in the district thereby making the implementation less effective. For instance, resource such as computers with accounting software, transportation, safety gadget for the revenue collectors were inadequate for effective discharging of duties.

7.3.3 Inter-organizational community and enforcement agency

The Inter-Organizational Community and Enforcement Agency was another challenge discovered under this study. It was discovered that, there is a body which is formed to monitor the implementation process made up of personnel from both the national, the regional and the district level and they report back to the Presidential Committee on the policy. There were no proper coordination between the implementer and the street-level bureaucrat. It was found out that even the bureaucrat at the district were not familiar with the composition of the monitoring team and they just ‘follow instructions from above without questioning’.

7.3.4 Political Resource

Political resource as discussed by Thomas and Grindle refer to the support and acceptance of dominant stake holders like public sector in general, bureaucrats at the local level who are to be the first to be considered when implementation or change is to be effected. The study found out that, both the central government officials and local level officials were in support of this policy which is geared towards development. Also, the indigenes were in support of this policy since they are involved in most of the decisions of the policy. For instance, it was found that committees are formed to deliberate on issues about the policy and local people serve under this committees and they do give out their help willingly for any development.

The final research question was on the strategies being employed to manage challenges. Under this, several issues were raised, for example, it was stated that there is the need to develop the human resource capacity of the agencies and the district assembly to enhance the competency of the staff. Continuous education or awareness creation about the policy, effective monitoring, capacity building and less government interference were also mentioned. When these are done effectively and the necessary resources for the policy implementation were provided there would be maximum success in its implementation.

7.4 Implication for Future Research

This study was limited to the Akuapem South District of Ghana due to time constraint and it was to explore the factors affecting the implementation of the fiscal decentralization policy. This implies that the findings cannot be generalized to the whole of Ghana District Assemblies. In order to find out the applicability of findings in other areas in the country, future research should be conducted in other areas in the country. Also, as the study was focused on policy implementation, another study should be made on policy formulation to find out the actors and their role in the formulation process.

7.5 General Conclusion

The research has focused on examining the challenges of implementing the fiscal decentralization policy in Ghana with special reference to the Akuapem South District Assembly. Using a mixed method approach, the study employed the case-study design and explored the factors that influence the implementation of the policy.

From the study, it was found out that various governments have tried to decentralize the district fiscally. However, in all these attempts, various challenges have militated against its proper implementation. This could be seen as bureaucratic resources, political resource, inter-organization and enforcement activities and social and economic conditions. However, there are recommendations and if taken seriously would lead to an enhanced achievement of the policy objectives. It is recommended that there should be no specific guidelines as to what to use the money for at any district. However, even if the norm is maintained there should be representatives from the various districts at the panel to draw the guidelines.

There should be adequate provision of resources for the proper implementation of the policy. Accounting software and skilled personnel who would be handling the accounting aspect should also be looked at and made more effective through training. The revenue collectors should be taken care of by providing them with adequate financial and material resources for proper discharging of their duties. These would boost their moral in discharging their duties thereby raising the level of revenue accrued in the district.

The study confirmed the assumption that, bureaucratic resource, political resource, inter-governmental communication and enforcement agencies and social and economic resources

may enhance or militate against the proper implementation of the policy and that the more adequate provision of these variables or resource were made, the higher the objectives of the policy would be achieved.

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UNIVERSITY OF BERGEN

Department of Administration and Organization Theory

Topic: Challenges of Fiscal Decentralization Policy in the Akuapem South District of Ghana

Instructions: *This questionnaire is designed to collect data for the purposes of academic research as part of the requirement for the award of an M. Phil in Public Administration. The information provided will be treated with the utmost confidentiality and used for the intended purpose only. You are kindly entreated to answer the questions as candidly as possible. Thank you.*

Research Student: Ellen Sarquah
Supervisor: Prof. Harald Satrean

1. Bio Data

Name:.....(Optional)

Age:.....

Gender:.....Male/Female.....

Level of education:.....

Occupation/Position

Organization/Department:

Marital Status: () Married () Single () Divorced () Other (specify).....

AWARENESS/KNOWLEDGE OF FISCAL DECENTRALIZATION

1. What do you consider fiscal decentralization to entail?

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.....

2. Is fiscal decentralization a component of Ghana’s decentralization policy? Y/N

.....
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.....

3. What are the main objectives of the fiscal decentralization?

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.....

4. Does your Ministry disburse funds to DAs in Ghana? () Yes () No

5. If yes in 4 above, what forms of funds does your ministry disburse to District Assemblies?

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6. What do you think about government’s decision to decentralize fiscally?

.....
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7. When was the fiscal decentralization policy introduced in Ghana?
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SOCIAL AND ECONOMIC CONDITIONS

8. Do you think the central government funds to the district are adequate? Y/N

8b Give reasons for your answer
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.....

9. If no above what do you think can be done to improve the situation?
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10. Why has the government kept the DACF rate at 5% since its inception?
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11. When are these funds supposed to be released?
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12. Why these specific times?
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13. Are these funds release on time?

13b If yes, explain your answer
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13c If no, what are the causes of the late disbursement?
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.....
14. What legal instruments back fiscal decentralization policy in Ghana?

.....
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.....

15. Do you consider these instruments adequate in ensuring effective performance?
Y/N

15b Give reasons

.....
.....
.....

INTER-GOVERNMENTAL COMMUNICATION AND ENFORCEMENT

ACTIVITIES

16. Is there a body from central government responsible for the district level
supervising and coordinating the implementation of the policy?

16b If yes explain the nature of the body

.....
.....
.....

16c If no, how is supervision and coordinating of the implementation process done?

.....
.....
.....

17. What is the composition of the enforcement agency

.....
.....
.....

BUREAUCRATIC RESOURCES

18. Do think the districts have qualified personnel who handle financial management
issues? Y/N

.....
.....
.....

19. How would you describe the personnel at the District Level who are responsible for the implementation the program

	Excellent	Very Good	Average	Fair	Very Poor
Education					
Experience					
Ability					
Knowledge					

20 Explain your answer.

.....

21 Does your outfit have adequate technical resources in the discharging of your duties? Y/N

22 Explain your answer.

.....

23 How adequate are these in the implementation process

Resources	Very Adequate	Adequate	Average	Not Adequate	Not Adequate At all
Office					
Computers					
Financial Software					
Stationery					

24 Does your outfit have adequate financial resource to implement the policy? Y/N

If yes, explain your answer

.....

.....

POLITICAL RESOURCE

25 Do the people at the district level give their full support to this policy? Y/N

25b If yes, give reasons

.....
.....
.....

25c If no, why the opposition

.....
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.....

26 Are the staff both at the central and district levels willing to execute their duty in the discharging of their duties? Y/N

26b Give reasons

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.....

OTHER ISSUES

27. What is the role of the district assembly in the implementation of the fiscal decentralization?

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28 What constraints do you think district assemblies face in implementing their part of the fiscal decentralization?

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29. Does your outfit face some constraints in the implementation of the policy? Y/N

29b If yes, what are some of these constraints?

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29c If no, give reasons for your answer

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30 What are some positive effects of the policy?

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.....

31 In your opinion, what could be done to achieve effective implementation

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.....

32 What do you propose to solve the problems?

.....
.....
.....

Data/Documents Required:

- a) DACF Act
- b) Other documents relevant to fiscal decentralization
- c) Funds disbursed since the inception of the funds by years
- d) Funds disbursed to Akuapem South District
- e) Other publications

1. Bio Data

Name:.....(Optional)

Age:.....

Gender:.....Male/Female.....

Level of education:.....

Occupation/Position

Organization/Department:

Marital Status: () Married () Single () Divorced () Other (specify).....

AWARENESS/KNOWLEDGE OF FISCAL DECENTRALIZATION

1. What do you consider fiscal decentralization to entail?

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2. Is fiscal decentralization a component of Ghana's decentralization policy? Y/N

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3. What are the main objectives of the fiscal decentralization?

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4. What form of funds does your district get from the central government?

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5. What do you think about government's decision to decentralize fiscally?

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6. When was the fiscal decentralization policy introduced in Ghana?

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SOCIAL AND ECONOMIC CONDITIONS

7. Do you think the central government funds to your district are adequate? Y/N

7b Give reasons for your answer

.....
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.....

8. If no above what do you think can be done to improve the situation?

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9. Why has the government kept the DACF rate at 5% since its inception?

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.....

10. When are these funds supposed to get to you?

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11. Why these specific times?

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12. Are these funds received on time? Y/N

12b If yes, explain your answer

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.....

12c If no, what are the causes of the late disbursement?

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.....
.....

13. What legal instruments back fiscal decentralization policy in Ghana?

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.....
.....

14. Do you consider these instruments adequate in ensuring effective performance? Y/N

14b Give reasons for your answer

.....
.....
.....

**INTER-GOVERNMENTAL COMMUNICATION AND ENFORCEMENT
ACTIVITIES**

15. Is there a body from central government responsible for the district level supervising and coordinating the implementation of the policy Y/N

15b If yes explain the nature of the body

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.....

15c If no, how is supervision and coordinating of the implementation process done?

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16. What is the composition of the enforcement agency?

.....
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BUREAUCRATIC RESOURCES

17. Do think the districts have qualified personnel who handle financial management issues? Y/N

17b Explain your answer

.....

18. How would you describe the personnel at the District Level who are responsible for the implementation the program

	Excellent	Very Good	Average	Fair	Very Poor
Education					
Experience					
Ability					
Knowledge					

Explain your answer.

.....

19. Does your outfit have adequate technical resources in the discharging of your duties?

20. Explain your answer.

.....

21. How adequate are these in the implementation process

Resources	Very Adequate	Adequate	Average	Not Adequate	Not Adequate At all
Office					
Computers					
Financial Software					
Stationery					

22. Does your outfit have adequate financial resource to implement the policy? Y/N

22b Explain your answer

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.....
.....

23. Does your district have the personnel to collect internally generated income taxes?

23b If yes, what sort of qualifications do they have

.....

23c If no, what is being done to get qualified personnel?

.....

24. What materials do you provide the revenue officers to perform their duties?

.....

.....

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25. Are these adequate? Y/N

25b Give reasons

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POLITICAL RESOURCE

26. Do the people at the district level give their full support to this policy? Y/N

26b If yes, give reasons

.....

.....

.....

26c If no, why the opposition

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27. Are the staff both at the central and district levels willing to execute their duty in the discharging of their duties

If yes, why is it so?

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If no, give reasons for your answer

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28 Do you have any interference from the central government in the discharging of you duty? Y/N

28b If yes, what sort of interference do you get?

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28c If no, give reason for your answer

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29 Is the staff at the district committed in the discharging of their duties? Y/N

29b Give reason

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30 Does this district get donor funding or support? Y/N

31b If yes, what are they?

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32 Do these funding/support come from the central government? Y/N

.....

33 If no, do you seek the approval of the central government before it is used?

.....

34 How often does this support come?

.....

35 Do you give account to the central government of the management of these support/funding? Y/N

.....

36 Is there any interference in the disbursement of these funds

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OTHER ISSUES

37. What is the role of the district assembly in the implementation of the fiscal decentralization?

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38. Does your outfit face some constraints in the implementation of the policy? Y/N
If yes, what are some of these constraints?

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If no, give reasons for your answer

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39 What are some positive effects of the policy?

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40 In your opinion, what could be done to achieve effective implementation

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41 What do you propose to solve the problems?

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42 How does your district generate its income apart from the central funds?

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43 Kindly mention these forms of funds

.....
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44 Are these funds adequate for the developmental projects of the district? Y/N

44b Give reasons for your answer

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45 What is the target for these funds?

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46 Does your district meet its expected target?

If yes, what strategies do you employ?

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If no, what are some of the constraints?

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.....

47 What strategies are being employed to rectify these constraints?

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Data/Documents Required:

- f) DACF Act
- g) Other documents relevant to fiscal decentralization
- h) Funds disbursed since the inception of the funds by years
- i) Funds disbursed to Akuapem South District
- j) Other publications

QUESTIONNAIRES FOR REVENUE OFFICERS

Level of education:.....
Gender:.....
Occupation:.....
Position:.....
Marital Status:.....

Main Question

1 Can you tell me when the fiscal decentralization was implemented in this district?

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2 In your view what are the main objectives of the fiscal decentralization

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3 What form of funds does your district get from the central government?

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4 What is the role of the district assembly in the implementation of the fiscal decentralization.

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5 What are the main constraints you face in the implementation of the Fiscal decentralization

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6 What are the main constraint facing the District.

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7 In your view, how would you describe the level of implementation of the Fiscal decentralization.

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8 Give reasons for your answer.

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9 In your opinion, what could be done to achieve effective implementation in the district

.....
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.....

10 Do you have adequate technical resources in the discharging of your duty

Sufficient Adequate Inadequate

Office

Computers

Financial software

Stationery

11 How does your district generate its income apart from the central funds?

.....
.....
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12 Kindly mention these internally and other forms of funds

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13 Are these funds adequate for the developmental projects of the district?

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14 Does your district have the personnel to collect internally generated income taxes?

.....

If yes, what sort of qualifications do they have

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If no, what is being done to get qualified personnel?

.....
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15 How long have you been a revenue officer in this District?

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16 What is your main task?

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17 Kindly mention the forms of taxes you collect.

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18 Are you happy with your work?

Please explain your answer?

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19 Are you provided with sufficient resources (logistics) in time for your work?

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20 How are the revenue levied?

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21 In your opinion does the assembly have the institutional capacity to collect revenue as expected?

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22 Please explain your answer?

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23 How do you access your field of work?

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24 Do you have a data base for collecting the revenue?

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25 Are the people aware of their tax obligations?

If yes, why do you think they are aware

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If no, why do you think they are not aware?

26 In your opinion how do you think this awareness can be created?

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27 Are people committed to honoring these obligations?

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28 Do you participate in the decision making process of your work of the assembly?

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29 Are you given revenue targets?

If yes, are you able to meet these targets?

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If no, how do you target yourself?

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30 On what basis are these targets set?

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31 Do you make inputs into the setting of the targets?

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32 Are there any difficulties you encounter in your work?

If yes, mention them.

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33 How do you think they can be solved?

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34 What is your overall assessment of the revenue collecting capacity of the assembly?

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