



**IN THE SECOND SESSION OF THE SEVENTH PARLIAMRNT OF THE FOURTH
REPUBLIC**

**REPORT OF THE COMMITTEE ON LOCAL
GOVERNMENT AND RURAL DEVELOPMENT**

ON THE

2019 BUDGET ESTIMATES

OF THE

**MINISTRY OF LOCAL GOVERNMENT AND RURAL
DEVELOPMENT**

DECEMBER 2018

**REPORT OF THE COMMITTEE ON LOCAL GOVERNMENT AND RURAL
DEVELOPMENT ON THE 2019 BUDGET ESTIMATES OF THE MINISTRY OF
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1.0 INTRODUCTION

Pursuant to Article 179 of the Constitution and Order 140(1) and (2) of the Standing Orders of the House, the Hon. Minister for Finance, Mr. Ken Ofori-Atta on Thursday, 15th November, 2018 presented to Parliament the Budget Statement and Economic Policy of the Government of Ghana for the 2019 Financial Year. In accordance with Order 140(4) of the Standing Orders of the House, the Annual Draft Estimates of the Ministry of Local Government and Rural Development and the Local Government Service were committed to the Committee on Local Government and Rural Development for consideration and report.

The Committee met on Thursday 13th December, 2018 and considered the Annual Estimates of the Ministry. The Committee is grateful to the Hon. Minister for Local Government and Rural Development, Hajia Alima Mahama, her two Deputies, the Head of Local Government Service, Nana Ato Arthur, Officials from Departments and Agencies of the Ministry and the Ministry of Finance for their invaluable contributions and inputs during the consideration of the Estimates.

2.0 REFERENCED DOCUMENTS

In considering the Estimates, the Committee relied on the following documents;

- i. The 1992 Constitution;
- ii. The Standing Orders of Parliament;
- iii. The Budget Statement and Economic Policy of the Government of Ghana for the 2019 Financial Year;
- iv. The Medium-Term Expenditure Framework (MTEF) for 2019-2022-Programme Based Budget Estimate for the Ministry of Local Government and Rural Development for 2019;
- v. The Budget Statement and Economic Policy of the Government of Ghana for the 2018 Financial Year;
- vi. The 2018 Annual Estimates of the Ministry of Local Government and Rural Development;
- vii. Report of the Committee on Local Government and Rural Development on the 2018 Annual Estimates of the Ministry of Local Government and Rural Development.

3.0 VISION OF THE MINISTRY

The Ministry exists to ensure good governance, equitable and balanced development at the local level through the formulation of policies and plans, coordination, monitoring and evaluation of programmes using highly trained and motivated staff and adoption of appropriate technology for national development.

4.0 POLICY OBJECTIVES

The policy objectives of the Ministry as contained in the National Medium-Term Development Policy Framework (NMTDPF) are as follows:

- Ensure improved Public Investment
- Improve population management
- Promote resilient urban development
- Enhance quality of life in rural areas
- Deepen political and administrative decentralization
- Improve decentralized planning
- Strengthen fiscal decentralization
- Strengthen the coordinating and administrative functions of the Regions
- Improve popular participation at regional and district levels
- Enhance capacity for policy formulation and coordination
- Ensure responsive governance and citizens participation in the development dialogue.

5.0 CORE FUNCTIONS

The core functions of the Ministry of Local Government and Rural Development are to:

- design, monitor and evaluate policies, programmes and projects to reform local governments;
- formulate policies for the installation of effective decentralized public administration system at the Regional, District and Sub-District level
- promote efficiency in local administration
- promote participation of civil society in administration and development through community actions;
- facilitate accelerated rural development;
- facilitate the allocation of resources for local level development;
- promote orderly development of human settlements in urban and rural areas;
- facilitate the registration of births and deaths to provide the statistical basis for development planning; and
- advise government on matters affecting local government.

6.0 REVIEW OF 2018 PERFORMANCE

6.1 Review of 2018 Expenditure of the Ministry

For the implementation of its programmes and projects, an amount of **GH359, 312,062.00** and **GH¢631,068,641.00** were allocated to the Ministry and the Local Government Service respectively for the 2018 fiscal year. The breakdown of the expenditure as at September 2018

in terms of cost centres, programmes and sources of funding are provided in Tables 1, 2 and 3.

Table 1: Summary of Expenditure of the Ministry of Local Government and Rural Development as September 2018

| Item | 2018 Allocation | 2018 Expenditure | Variance | % of Releases |
|---------------------------|-----------------|------------------|---------------|---------------|
| GoG | | | | |
| Compensation | 19,986,112.00 | 17,308,905.30 | 2,677,206.70 | 87 |
| Goods and Services | 11,047,080.00 | 5,631,416.00 | 5,415,664.00 | 51 |
| Capex | 2,000,000.00 | 0.00 | 2,000,000.00 | 0 |
| DP | | | | |
| Goods and Services | 65,255,774.00 | 16,270,912.33 | 48,984,861.67 | 25 |
| Capex | 261,023,096.00 | 240,083,664.94 | 20,939,431.06 | 92 |
| Total | 359,312,062.00 | 279,294,898.57 | 80,017,163.43 | 78 |

Source: 2018 Budget and Economic Policy of the Government of Ghana; Ministry's Presentation

Table 2: Summary of Expenditure of the Ministry by Programme Areas as at September 2018

| Programme | 2018 Allocation | 2018 Expenditure | Variance | % of Releases |
|-----------------------------------------------|-----------------|------------------|---------------|---------------|
| Management and Administration | 6,313,310.00 | 6,222,042.85 | 91,267.15 | 99 |
| Decentralisation | 246,994,811.40 | 188,120,516.14 | 58,874,295.26 | 76 |
| Local Level Development and Management | 100,300,775.60 | 81,106,275.47 | 19,194,500.13 | 81 |
| Births and Deaths Registration | 5,703,165.00 | 3,846,064.11 | 1,857,100.89 | 67 |
| Total | 359,312,062.00 | 279,294,898.57 | 80,017,163.43 | 78 |

Source: MTEF2018-2021, p.3; Ministry's Presentation

Table 3: Summary of Expenditure of the Local Government Services as at September 2018

| Items | 2018 Allocation | Expenditure | Variance | % of Releases |
|----------------------------------|-----------------|----------------|----------------|---------------|
| Compensation of Employees | 558,434,698.00 | 373,901,652.67 | 184,533,045.33 | 67 |
| Goods and Service | 29,395,430.00 | 15,497,866.03 | 13,897,563.97 | 53 |
| Capex | 2,000,000.00 | 0.00 | 2,000,000.00 | 0 |
| Development Partners | 41,238,514.00 | 31,799,897.16 | 9,438,616.84 | 77 |
| Total | 631,068,642.00 | 421,199,415.86 | 209,869,226.14 | 67 |

The Committee noted from Tables 1 and 2 that 78% of the Ministry's budget amounting to GH¢279, 294,898.57 had been released as at September 2018 from the total budget of 359,312,062.00, leaving a balance of 80,017,163.43 or 22%. On the other hand 67% of the \ the Service budget amounting to and GH¢421,199,415.86 had been released as at September 2018 from the total budget of GH¢631,068,641.00 leaving a balance of GH¢209,869,225.14 or 33% as shown in Table 3.

Out the sum allocated to the Service, an amount of GH¢373,901,652.67 has been expended on compensation, GH¢15,497,866.03 on Goods and Services and GH¢31,799,897.16 from DP funds. The Ministry has also expended GH¢17,308,905.30 on compensation and GH¢5,631,416.00 on Goods and Services from GoG sources.

From DP funds, the Ministry during the period has utilised GH¢16,270,912.33 for Goods and Services and GH¢240,083,664.94 for Capex. Although both the Ministry and the Services were allocated an amount of GH¢2,000,000.00 each for capital expenditure in 2018 from GoG sources no releases have been made as at the time of reporting.

7.0 2018 PERFORMANCE AND OUTLOOK FOR 2019

7.1 Decentralization

Consistent with the implementation of the roadmap on the election of Metropolitan, Municipal and District Chief Executives (MMDCEs), the Ministry organised 10 Regional-based sensitisation and awareness raising workshops. The workshops targeted key actors in local governance including Traditional Authorities, Civil Society Organisations (CSOs), Faith Based Organisations (FBOs), MMDCEs, Assembly Members, MPs, Political Parties and the Media. The Ministry also met with the Parliamentary Select Committee on Local Government Rural Development and the National Commission on Civic Education (NCCE) as well as special interest groups. The Bill for the amendment of the Constitution has been gazetted to pave way for the referendum in 2019.

The Ministry completed the integration of the District Development Facility (DDF) principles with the District Assemblies Common Fund (DACF). The DACF serves as the counterpart fund and triggers the release of the Development Partners (DP) component of the DDF. The District Assemblies Performance Assessment Tool (DPAT) was introduced to replace the Functional and Organisational Assessment Tool (FOAT).

District Chief Executives (DCEs) and Coordinating Directors were appointed to all 38 newly created Districts. Core staff were and Management Units established in all the newly created Districts.

A total of 35 out of 48 administration blocks, being constructed for District Assemblies, were completed and handed over. Additional five blocks are at various stages of completion. The Ministry also awarded 20 contracts for the construction of additional District Offices for Assemblies created in 2007.

The Ministry through the Office of the Head of Local Government Service (OHLGS), engaged 1,049 staff (including Procurement and Human Resource Managers) into the Service. In addition, 226 individual Performance Management Agreements were signed with 10 Regional Co-ordinating Councils (RCCs) and 216 MMDAs. Also, three Operational

Manuals for the establishment of Social Welfare and Community Development, Physical Planning and Legal Departments were drafted to facilitate the establishment and operation of these Departments.

In 2019, the Ministry will facilitate the District Level Elections for Assembly and Unit Committee Members. It will also continue consultations and advocacy towards the referendum aimed at amending the entrenched provision of Article 55(3) and non-entrenched provision of Article 243(1) of the 1992 Constitution to allow political parties to sponsor candidates in local elections and pave the way for the election of MMDCEs. The referendum will be conducted alongside the District Level Elections.

The Ministry will complete the establishment of the District Centres of Agriculture, Commerce and Technology (DCACT) to serve as support data Centres of the District Planning and Coordinating Units (DPCUs). The DCACT will analyse data and monitor the progress of interventions, and guide investor decision-making. The Ministry will also review the Local Economic Development (LED) Policy and develop a roadmap for its implementation.

In 2019, the Ministry will continue collaborating with the Ministry of Food and Agriculture (MoFA) in implementing the Planting for Export and Rural Development (PERD) and the Modernising Agriculture in Ghana (MAG) programmes. Also, the Ministry will review the Local Economic Development (LED) Policy and Operational Manual and develop a Roadmap for its implementation.

7.2 Local Level Development and Management

The Ministry through the Department of Community Development is providing training to about 4,781 youth consisting of 2,064 males and 2,717 females in technical and vocational skills in 25 Community Development Vocational and Technical Institutes (CDVTIs). In addition, the Ministry is promoting the Alternative Livelihood Programme in 18 districts affected by illegal mining activities. On average, 33 beneficiaries from each of the Districts, totalling 500 persons, were selected and enrolled in 11 CDVTIs.

In 2019, the Department of Community Development will retool and upgrade two CDVTIs, to provide technical and vocational education for 3,000 youth and build the capacity of 1,000 social workforce in child and family welfare for child protection programme. It will continue to provide alternative livelihood skills training for 1,250 persons to address the challenges of illegal mining activities.

Phase I of the redevelopment of the Kumasi Central Market and Kejetia Infrastructure Project to enhance socio-economic and commercial activities was completed.

In 2019, the Phase II of the Project that includes the construction of over 10,000 additional stores and stalls will commence. The Ministry completed feasibility studies for four PPP markets in Tamale, Nkoranza, Asokore Mampong and Asesewa, and begun the processes of identifying investors. In 2019, feasibility studies will be conducted for the construction of a Market Complex at Sekondi and Takoradi in the Western Region.

7.3 Rural Development and Management

The Ministry initiated a process leading to the formulation of a comprehensive rural development policy that would guide the overall development of rural communities. Four (4) zonal stakeholder consultations have been undertaken nationwide, in addition to consulting relevant sector Ministries and Agencies. A final draft of the Rural Development Policy has been submitted to Cabinet for consideration and approval.

The Ministry also implemented the Labour-Intensive Public Works (LIPW) programme, under the Ghana Social Opportunities Project (GSOP), and completed all on-going sub-projects bringing the total number of sub-projects to 942 nationwide. To adopt a coordinated and systematic approach toward rural development.

7.4 Urban Development and Management

The Ministry has collaborated with the Ministry of Communications to harmonise the Digital Addressing System with the Street Naming and Property Addressing Systems. When completed, it will improve quality and reduce costs related to geographic information, reduce duplication of effort among agencies and make geographic data more accessible to the public.

The Department of Parks and Gardens cultivated medicinal and aromatic plant species for conservation while rare and endangered plant species were identified and multiplied. Various communities, districts and other organised groups were supplied with 97,103 tree and ornamental seedlings for urban afforestation. In line with the Cabinet decision to enter into partnership with private and public investors, the Ministry has appointed a Transaction Advisor to see the finalization of a Public Private Partnership arrangement for the rehabilitation of the Aburi Botanic Gardens within six (6) months.

In 2019, the Department will maintain 1,500,000m² of landscape sites in major cities and towns. Out of which, 132,480m² of road reservation, from the National Theatre to Ayi Mensah will be developed. The 'Kawukudi' open-space will be transformed into a recreational park.

In 2019, the Ministry will begin the implementation of the Ghana Secondary Cities Support Project (GSCSP) which is a successor to the Local Government Capacity Support Project (LGCSP). In addition, the Ministry will implement the Ghana Productive Safety Net Project (GPSNP) jointly with the Ministry of Gender, Children and Social Protection as a successor to the Ghana Social Opportunities Project.

7.5 Births and Deaths Registration Programme

As part of efforts to improve statistics for national planning, the Ministry, through the Births and Deaths Registry registered a total of 311,526 births out of 870,734 projected births, representing 36% coverage and 28,829 deaths out of 300,444 expected deaths, representing 10% coverage as at June 30, 2018.

The Ministry has additionally completed consultations on the Revised Births and Deaths Bill, to be presented to Parliament.

8.0 PERFORMANCE INDICATORS FOR 2019

In 2019, the Ministry plans to carry out a number of programmes and activities. Some selected programmes, output indicators and targets for 2019 are shown in Table 4.

Table 4: Programme outlook for 2019

| Programme | Output indicator |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management and Administration | 70 MMDAs' Web-based M & E systems developed and deployed Proportion of Internally Generated Funds of total income of MMDAs increased from 21% to at least 35% Four Sector Budget Performance Reports submitted 40% of e-workspace system deployed at the Headquarters 180 District Centres of Agriculture, Commerce and Technology (DCACTs) established. |
| Decentralization | Local Economic Development (LED) policy (2013) and Operational Manual reviewed Referendum for the election of MMDCEs conducted Performance assessment of 254 MMDAs conducted Performance based grant of GH¢186,497,300.00 transferred to MMDAs 60 MMDAs revenue planning and collection (National IGF Software) automated |
| Local level development management | 80,000 seedlings raised and supplied under urban afforestation One public park developed to promote ecotourism and recreation 1,500,000m ² of landscape in major cities maintained and improved 1,250 persons trained in alternative livelihood skills 3,000 youth trained in Technical and Vocational skills Two CDVTIs retooled and upgraded |
| Birth and Deaths Registration | 879,483 projected births registered 307,955 of projected deaths registered 30 registration centres established |

Source: PBB of the Ministry of MLGRD, for 2019 Budget.

9.0 2019 BUDGETARY ALLOCATION

For the implementation of the above programmes and projects under the Ministry of Local Government and Rural Development, a total sum of **One Billion, Two Hundred and One Million, One Hundred and Seventy-Four Thousand, Five Hundred and Seven Ghana Cedis (GH¢1,201,174,507.00)** was allocated to the Ministry and its agencies for the 2019 fiscal year. The breakdown of the allocation in terms of cost centres, programmes and sources of funding are provided in Tables 5 and 6.

Table 5: 2019 Budgetary Allocations

| | Compensation | Goods and Services | Capex | Total |
|------------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| GoG Allocation | 644,939,202.00 | 33,934,094.00 | 3,800,000.00 | 682,673,296.00 |
| <i>o/w MLGRD</i> | 30,000,000.00 | 6,296,836.00 | 1,800,000.00 | 38,096,836.00 |
| <i>Headquarters</i> | | | | |
| <i>o/w</i> | 614,939,202.00 | 27,637,258.00 | 2,000,000.00 | 644,576,460.00 |
| <i>LGSS/RCCs/MMDAs</i> | | | | |
| DP Funds | 0.00 | 106,830,671.00 | 411,670,540.00 | 518,501,211.00 |
| <i>o/w MLGRD</i> | 0.00 | 43,414,069.00 | 411,670,540.00 | 455,084,609.00 |
| <i>Headquarters</i> | | | | |
| <i>o/w</i> | 0.00 | 63,416,602.00 | 0.0 | 63,416,602.00 |
| <i>LGSS/RCCs/MMDAs</i> | | | | |
| Total | 644,939,202.00 | 140,764,765.00 | 415,470,540.00 | 1,201,174,507.00 |

Source: 2019 Budget and Economic Policy of the Government of Ghana

Table 6: Allocations to the Ministry in terms of Programmes

| Programme | Allocation (GHC) |
|-----------------------------------------------|-------------------------|
| Management and Administration | 318,757,097.00 |
| Decentralisation | 695,223,865.00 |
| Local Level Development and Management | 115,091,594.00 |
| Birth and Death Registration Services | 6,328,582.00 |
| Regional Services | 65,773,370.00 |
| Total | 1,201,174,507.00 |

Source: MTEF2019-2022

10.0 OBSERVATIONS AND RECOMMENDATIONS

10.1 Non-releases of DP Funds

The Committee noted that about GHC48,984,861.67 representing 75 percent of the Goods and Services vote coming from DP sources have not been released. The Ministry told the Committee that out of the outstanding amount, GHC27m is committed under the DDF and that Ministry of Finance has granted approval and the Ministry was awaiting for the Controller and Accountant General to effect payment before the end of the year. The Ministry further indicated that an amount GHC10m of the outstanding DP figure was earmarked for the payment of consultancy fees in respect of the Kumasi Kajetia Phase I project. The Ministry explained that the Ministry of Finance however directed that since the fees for the consultant was not part of the initial financial agreement for the construction of the market, the fees for consultant should be paid from the proceeds of receivables from the market when it is operationalised.

The Committee also noted that non-release of funds particularly for Goods and Services and Capex from GoG sources continue to pose a challenge to the Ministry. The Committee noted

that 49% of GoG component of the budget during the period under review was not released. The Committee further observed that in 2018, although an amount of GHC2,000,000.00 was allocated to the Ministry for Capex to enable the Ministry improve on its infrastructure, nothing was released (See Table 1). This, the Committee acknowledged affected the implementation of the programmes of the Ministry and its Agencies.

10.2 Election of MMDCEs

The Committee was happy to note that the roadmap for the implementation of the Policy on the election of Metropolitan, Municipal and District Chief Executives (MMDCEs) is on schedule as the Bill for the amendment of the Constitution to pave way for the referendum in 2019 has been gazetted. The Bill is seeking to amend Articles 55(3) and 243(1) of the 1992 Constitution to allow for MMDCEs to be elected and for political parties to sponsor candidates in the process. Article 55(3) is entrenched whereas Article 243(1) is not.

The Committee appeals to all stakeholders to get involved in the processes so as to help contribute to the success of the MMDCEs elections to deepen Ghana's democracy.

10.3 Creation of Six Additional MMDAs

The Committee was informed of the creation of six (6) new District Assemblies in the country. The Legislative Instruments for the new Assemblies are currently before Parliament yet the Committee did not find any financial provision in the budget for these Assemblies. The Ministry indicated that because the Assemblies are yet to be established, they are not permitted under the guidelines for the preparation of the budget to make provision for them. The Ministry explained that the initial financial commitment for these Assemblies would be provided for in the 2019 Formula for the distribution of the District Assemblies Common Fund. The Ministry further stated that a seed money would be provided to all the newly created Assemblies to provide basic infrastructure for their smooth take off from the contingency vote of the Ministry of Finance.

The Committee implored the Ministry to as a matter of urgency address holistically the infrastructural challenges that are still persisting as majority of the Assemblies established in previous years do not have the full complement of logistics and staff.

The Committee recommends that adequate funding should be provided to enable these yet to be created Assemblies take off successfully.

10.4 Status of Ghana Urban Management Pilot Project (GUMPP)

The Committee was informed that the GUMPP which was implemented in Tamale, Kumasi, Ho and Sekondi-Takoradi has ended. The Committee was informed that in Tamale, the construction of an Abattoir, Aboabo Heavy Goods and Lorry-Park and upgrading of Tishiegu and Moshie Zongo has been completed. In Kumasi, the construction of modern markets at Atonsu, Asawase and Old Tafo was also completed and two cells added to the Landfill site at Oti. In Ho, the Abattoir and Landfill site have been completed. In Sekondi-Takoradi, the construction of Integrated Social Centre and upgrading of Kokompe enclave (garages, skills development centres and roads) are both at advanced stages of completion.

The final drawdown on the loan has been made but the final completion of the projects and its related activities (i.e. sustainability issues and final concluding implementation agreement) is in 2019. The Committee was informed that the Ministries of Finance and Local

Government and Rural Development are discussing with the French Government for a facility for a second phase of the project to cover other cities.

The Committee however observed that although most of the projects have been completed, they have not been put to use. The Ministry explained that some of the projects such as the Ho Market is not in use because of litigation over the allocation of the market stalls.

The Committee entreated the Ministry as a matter of urgency to resolve the issues to enable the communities benefit from the projects.

10.4 IGF Performance

The Committee observed an improvement in the IGF performance of the MMDAs as shown in Appendix 8B of the Budget Statement and Economic Policy of the Government for 2019. As at September 2018, an amount of GH¢232,860,471.95 or 67% out of the projected IGF of GH¢345,242,151.90 was collected. The Ministry assured the Committee that the MMDAs will achieve a 100% collection by the end of the financial year.

As to what accounted for the improvement in IGF generation in the Assemblies, the Committee was informed that most MMDAs have improved their database of properties within their jurisdictions, which was being used to collect property rates from the owners of such properties. The Committee believes that an efficient property database will go a long way to make some of the Assemblies self-sufficient and as a result be weaned off Government subvention. Although the Assemblies have various forms of rates, penalties, fees and charges, it has been very difficult to collect these revenues to augment what Central Government provides.

The Committee urges the Ministry to liaise with the relevant Agencies to ensure that the Assemblies are able to Gazette their bye-laws as required by law. Further the Committee encourages the Assemblies to provide training in revenue mobilisation for their revenue staff, establish database on revenue sources and enforce bye-laws and prosecution of defaulters.

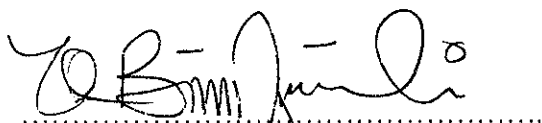
10.5 Relocation of Headquarters of Births and Death Registry

The Committee observed that the Ministry intends to relocate the Births and Deaths Registry from its current location to pave way for the Marine Drive project. The Committee was informed that the Department will have to relocate as the Marine Drive Project progresses and that the Ministry was scouting for a suitable location for the Department. While the Committee agrees with the decision, safeguarding the integrity of the installations situated at the present location is very paramount as it may cause disruption of services if not handled with care. The Ministry explained that because of the immediacy of the relocation, a temporary Office to house the Department have been provided for at Ghana House whiles efforts are being made to secure a permanent location. The Committee was informed that some renovation works need to be carried out to enable the Department relocate as the Ministry looks for a permanent office accommodation for the Department.

11. CONCLUSION

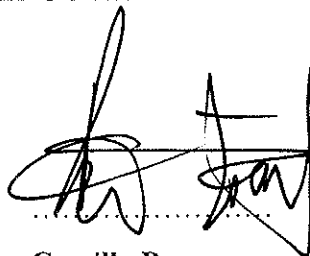
To ensure good governance, equitable and balanced development at the local level as well as to enable the Ministry implement its programmes and activities, the Committee recommends to the House to adopt its report and approve the total sum of **One Billion, Two Hundred and One Million, One Hundred and Seventy-Four Thousand, Five Hundred and Seven Ghana Cedis (GHC1,201,174,507.00)** for the Ministry of Local Government and Rural Development and the Local Government Service for the 2019 fiscal year.

Respectfully submitted



Hon. Benjamin Sekyere Yeboah

VICE CHAIRMAN, COMMITTEE ON LOCAL GOVERNMENT
AND RURAL DEVELOPMENT



Camillo Pwamang

CLERK TO THE COMMITTEE

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