

PARLIAMENT OF GHANA LIBRARY

IN THE FOURTH SESSION OF THE SEVENTH PARLIAMENT OF THE  
FOURTH REPUBLIC OF GHANA

**REPORT OF THE COMMITTEE OF THE  
WHOLE  
ON THE  
PROPOSED FORMULAR FOR THE  
DISTRIBUTION OF THE DISTRICT  
ASSEMBLIES' COMMON FUND FOR THE  
YEAR 2020**

18<sup>TH</sup> MARCH 2020

**REPORT OF THE COMMITTEE OF THE WHOLE ON THE PROPOSED  
FORMULA FOR THE DISTRIBUTION OF THE DISTRICT ASSEMBLIES'  
COMMON FUND FOR THE YEAR 2020**

**1.0 INTRODUCTION**

The Proposed Formula for the Distribution of the District Assemblies' Common Fund for the Year 2020 was presented to Parliament by the Majority Leader and Minister for Parliamentary Affairs, Hon. Osei Kyei-Mensah-Bonsu on Friday 13<sup>th</sup> March 2020 in accordance with Article 252 of the Constitution, 1992 and Sections 125 and 129(a) of the Local Governance Act, 2016 (Act 936). The Proposed Formula was referred to the Committee of the Whole for consideration and report.

The Committee met on Tuesday 17<sup>th</sup> March 2020 and considered the referral. The Committee is grateful to the Minister for Local Government and Rural Development, Hon. Hajia Alima Mahama, the Administrator of the District Assemblies' Common Fund, Ms. Irene Naa Torshie Addo as well as officials from the District Assemblies' Common Fund Secretariat for their invaluable contribution during the deliberations on the proposed Formula.

**2.0 REFERENCES**

In considering the Formula, the Committee made reference to the following documents:

- i. The 1992 Constitution of the Republic of Ghana;
- ii. The Local Governance Act, 2016 (Act 936);
- iii. Appropriations Act, 2020 (Act 951);
- iv. The Standing Orders of Parliament;
- v. The 2019 Report of the Committee of the Whole on the Proposed Formula for Sharing District Assemblies Common Fund.

**3.0 BACKGROUND**

Article 252 of the Constitution, 1992 and Section 126(1) of the Local Governance Act, 2016 (Act 936) enjoins Parliament to make provision for the allocation of not less than 5% of the total revenue of the country to the District Assemblies Common Fund for the implementation of development programmes in the Metropolitan, Municipal and District Assemblies (MMDAs).

Section 129(a) of the Local Governance Act, 2016 (Act 936), enjoins the Administrator of the Fund to propose annually for the consideration and approval of Parliament, a formula for the distribution of DACF.

#### 4.0 PRINCIPLES UNDERLYING THE FORMULA

In developing the Formula, the Administrator was guided by the “Basic Needs” approach to development with the following indicators:

- Health Services
- Education Services
- Water Coverage
- Tarred Roads Coverage
- Service Pressure
- Equality

Under this approach, MMDAs with more facilities/services receive less in order to bridge the development gap among the Assemblies.

In addition to the Basic Needs Factor, the Formula also takes into account the Responsiveness Factor of MMDAs to their own revenue generation and service delivery. It was observed that when local authorities expect sizable grants from the central government they relax in their efforts to improve on their local revenue generation. Consequently, central Government transfers such as DACF serve as a disincentive to local revenue mobilisation efforts. The Responsiveness Factor is therefore used to serve as an incentive to MMDAs to double their efforts towards revenue mobilisation.

#### 5.0 PROPOSED WEIGHTING SCENARIO

Three different scenarios of weighting were presented to the Committee as shown in Table 1.

**Table 1: 2020 Proposed Weighting**

FACTOR	SCENARIO A		SCENARIO B		SCENARIO C	
	%	%	%	%	%	%
EQUALITY		<b>60</b>		<b>55</b>		<b>50</b>
NEEDS		<b>35</b>		<b>40</b>		<b>45</b>
Health facility/PR**	5		6		7	
Health Professionals/PR**	6		7		7	
Educational Facility/PR**	11		11		12	
Teacher/Pupils Ratio	6		7		8	
Roads coverage	3		4		5	
Water coverage	4		5		6	
SERVICE PRESSURE		<b>5</b>		<b>5</b>		<b>5</b>
Population Density	5		5		5	
		<b>100</b>		<b>100</b>		<b>100</b>

*Source: 2020 District Assemblies Common Fund Formula, p. 16.*

**\*\*PR (Population ratio)**

The Committee was informed that the three scenarios were obtained by varying the weights for the Need Factor, Service Pressure and Equality.

The Committee was further informed that under all the scenarios presented, most MMDAs had an increase. A critical examination of the three scenarios indicated that Scenario A is evenly distributed followed by Scenario B. It was also stated that, greater number of MMDAs received their highest allocations under Scenario A as compared to the other two scenarios.

The Administrator, accordingly recommended Scenario A to the House for consideration.

## **6.0 ALLOCATION FOR 2020**

The Committee observed that the annual allocation to the DACF for year 2020 as contained in the Appropriation Act, 2020 (Act 951) was Gh¢2,313,000,000.00 The total allocation was based on a 5% of projected national revenue for 2020.

Details of the distribution of the Fund based on the recommended Formula for 2020 as compared to 2019 is presented in Appendix 1.

## **7.0 OBSERVATIONS**

### **7.1 Reduction of the proportion allocated to Youth Employment Agency and the National Youth Authority**

Section 23(c) of the Youth Employment Agency Act, 2015 (Act 887) and Section 17(b) of the National Youth Authority Act, 2016 (Act 939) mandates the Administrator of the DACF to allocate ten (10) percent and five (5) percent of the Fund as budgetary support to the Youth Employment Agency (YEA) and the National Youth Authority (NYA) respectively. However, it was observed that nine (9) percent and four (4) percent of the Fund have been allocated to the YEA and the NYA respectively contrary to the provisions in the respective Acts.

The Administrator explained that the proportion for these Agencies were approved by Parliament since 2016 and the Fund has since maintained the respective percentages and have not sought to reduce the proportion in any way. She indicated that if it is the will of the House that the Fund adjust the percentages for these Agencies, she will do so in subsequent Formulae.

### **7.2 National Projects**

The Committee observed that the Fund has proposed to utilise a total amount of Gh¢446.8million to fund education policies, MMDAs office buildings and local government special projects. Out of the amount of Gh¢446.8million, an amount of GH¢41million has been allocated for education policies and programmes whiles Gh¢80million has been

earmarked for the construction and renovation of 40 office accommodation for selected MMDAs under the MMDAs Office Buildings initiative.

On the Local Government Special Projects, an amount of GH¢100 million has been allocated to provide for the following:

Programme/Activity	Description	Amount
National Borehole Programme	800-1000 boreholes to be drilled in some MMDAs	GH¢20 Million
District Health and Sanitation Support	100-150 toilets to be provided	GH¢10 Million
Rural Development Support	Rural Development	GH¢10 Million
MMDAs Disaster Support	Cater for sanitation issues and public health outbreak such as corona virus, cholera through fumigation and provision of accessories such as sanitizers, masks, dustbins, detergents, cleaning kits.	GH¢60 Million

While the Administrator was commended for these laudable initiatives, the Committee requested for further details about the projects to ensure effective oversight by Parliament. Regarding the National Borehole Programme and the District Health and Sanitation Support, Members wanted to know the list of beneficiary Districts, the unit cost of projects and the criteria used for selecting the beneficiary districts.

The Administrator explained that these initiatives are targeted at Districts that are in dire need of these projects based on already existing indicators. She indicated that funds will be released to respective MMDAs and the Ministry of Local Government and Rural Development for implementation.

In respect of the unit cost of the projects, the Administrator stated that it will depend on the District and the communities that would be selected. She assured the Committee that the Fund will furnish it with the unit cost and the list of beneficiary districts when the procurement is completed.

The Committee noted that there were other MDAs and Agencies implementing programmes involving the construction of boreholes and toilet facilities. The Committee therefore appealed to Government to synchronise some of the initiatives and activities to avoid duplication of effort.

### 7.3 MMDAs Disaster Support – Covid-19

The Committee observed that an amount of Gh¢60million has been allocated under the Formula to cater for sanitation issues and public health outbreak such as Covid-19 (Corona virus). This allocation is to provide for fumigation services and logistics such as sanitizers,

masks, dustbins, detergents, cleaning kits in all the MMDAs. The Committee was further informed that the Ministry of Local Government and Rural Development has developed an Action Plan for all the MMDAs on how they should deal with the outbreak of the Corona Virus. The Ministry has been receiving daily reports on the implementation of the plan.

The Committee commended the Administrator and the Minister for Local Government and Rural Development for their proactiveness as this will go a long way to position the District Assemblies to better manage the pandemic.

#### **7.4 Persons with Disability-Provision for Children with special needs**

The Formula made provision for an amount of Gh¢69.4million for Persons with Disability (PWD) for year 2020. While 20% each of the amount has been allocated for children with special needs and the renovation and refurbishment of disability institutions all over the country, the remaining 60% will go into the PWD accounts with the MMDAs in accordance with the size of persons with disability in the respective districts.

The Administrator explained that her Office received several petitions from parents of children with special needs who are in dire need of support. Unfortunately, the focus of the previous Formulae was on economic empowerment which targeted adults. It was therefore difficult to offer support from the Fund to such special needs children. Further, it was observed that PWD institutions across the country were in deplorable states and need some facelift. Accordingly the allocation of the 40% of the PWD Fund is intended to mitigate these challenges.

Consequently, the Fund proposed to set aside portion of the PDWs allocation to fund this critical sector of the PWD's population.

#### **7.5 Construction of Courts/Residential Building**

It was gratifying to observe that the Fund intends to support the Judicial Service with an amount of Gh¢80million to build fifty (50) Court houses and fifty (50) residential accommodation for Judges at various MMDAs. The Committee was informed that the Judiciary has developed a model for the buildings which will be replicated in all the locations. The Administrator promised to liaise with the Judiciary and furnish Parliament with the list of the communities where the buildings will be constructed.

The District Assemblies were also requested to facilitate the processes to ensure that all the bottlenecks relating to the acquisition of land, permits for the projects and the procurement processes are secured. The Committee requested the Administrator to accelerate the processes to enable the projects to be completed in record time.

## 7.6 Performance of the Fund in Previous year

Members of the Committee complained about the situation where the Administrator of the Fund present the Formula each year without informing Members about the previous years' performance. While the complaint was taken on board going forward, the Committee on Local Government and Rural Development was tasked to ensure that the administration and operations of the Fund is monitored and reported to Parliament on regular basis.

## 8.0 RECOMMENDATION AND CONCLUSION

Having carefully considered the proposals for the Distribution of the DACF for 2020, the Committee recommends to the House to adopt its Report and approve Scenario A of the Weighting Formula as the basis for the distribution of an amount of **Gh¢2,312,706,550.00** allocated to the DACF in the 2020 Budget.

Respectfully submitted



A handwritten signature in black ink, consisting of a long horizontal stroke with a loop at the end and a smaller loop below it.

.....  
**HON. JOSEPH OSEI OWUSU**  
**CHAIRMAN OF THE COMMITTEE**  
**AND FIRST DEPUTY SPEAKER**

A handwritten signature in black ink, featuring a large, stylized 'C' and 'P' with a horizontal line through them.

.....  
**MR. CAMILLO PWAMANG**  
**CLERK TO THE COMMITTEE**

18 - 03 - 2020

**APPENDIX 1: ALLOCATION STATEMENT FOR 2020**

ALLOCATION	2020	Prop %	2019	Prop %
<b>INSTITUTIONAL TRANSFERS</b>	<b>333,537,849.00</b>	<b>14.42</b>	<b>279,100,590.00</b>	<b>13.42</b>
National Youth Authority(Act 939)	92,508,262.00	4.0	83,177,065.00	4.0
Youth Employment Agency(Act 887)	208,143,590.00	9	166,354,129.00	8
National Disaster Mgt. Organisation (Act 927)	32,885,997.00	1.42	29,569,397.00	1.42
<b>NATIONAL PROJECTS</b>	<b>446,789,948.00</b>	<b>19.32</b>	<b>342,888,533.00</b>	<b>16.11</b>
National Education Policies	41,000,000.00	1.77	41,588,533.00	2.00
Local Government Special Project	100,000,000.00	4.32	-	-
Waste Management(Liquid/Solid)	145,798,948.00	6.30	91,000,000.00	4.38
Construction of MMDAs building	80,000,000.00	4.81	100,000,000.00	9.62
Construction of Courts/Residential buildings	80,000,000.00	3.46	10,300,000.00	0.50
<b>RESERVE</b>	<b>320,531,305</b>	<b>13.86</b>	<b>286,234,448</b>	<b>13.77</b>
Constituency Labour Projects(MPs)	115,635,328.00	5.00	103,971,331.00	5.00
Constituency Labour Monitoring and Evaluation(MPs)	69,381,197.00	3.00	62,382,798.00	3.00
Reserve Fund	46,251,131.00	2.00	41,588,532.00	2.00
RCC	34,690,598.00	1.50	31,191,399.00	1.50
DACF Operations	14,570,051.00	0.63	13,100,388.00	0.63
DACF Office Building/Adm Residence	-	-	2,000,000.00	0.10
Institutions under MLGRD	40,000,000.00	1.73	20,000,000.00	0.96
MLGRD OFFICE BUILDING/RESI	-	-	12,000,000.00	0.58
Local Govt Service Office Building	20,000,000.00	0.96	20,000,000.00	0.96
<b>MMDAs-INDIRECT</b>	<b>46, 257,345.00</b>	<b>2.00</b>	<b>112,512,094.00</b>	<b>7.70</b>
YEA-Sanitation Module(Arrears)	34,000,000.00	1.47	112,094,266.00	5.39
Training	9,944,638.00	0.43	9,000,000.00	0.43
Cured and uncured Lepers	2,312,707.00	0.10	2,079,427.00	0.10
<b>MMDAs-DIRECT</b>	<b>1,165,581,105.00</b>	<b>50.40</b>	<b>1,048,029,349.00</b>	<b>50.40</b>
Persons with Disabilities (PWD)	69,381,197.00	3.00	62,382,798.00	3.00
Net MMDAs	1,096, 199,908.00	47.40	985, 646,551.00	47.40
<b>TOTAL FUND</b>	<b>2,312,706,550.00</b>	<b>100</b>	<b>2,079,426,613.00</b>	<b>100</b>

Source: 2020 District Assemblies Common Fund Formula, p.2