

PARLIAMENT OF GHANA

**IN THE SECOND MEETING OF THE THIRD SESSION OF THE FOURTH
PARLIAMENT OF THE FOURTH REPUBLIC OF GHANA**

REPORT

OF THE

COMMITTEE OF THE WHOLE

ON THE

REQUEST FOR APPROVAL OF AN INCREASE IN THE

DISTRICT ASSEMBLIES' COMMON FUND

FROM 5% TO 7.5%

JULY, 2007

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**REPORT OF THE COMMITTEE OF THE WHOLE ON THE REQUEST FOR
APPROVAL OF AN INCREASE IN THE DISTRICT ASSEMBLIES'
COMMON FUND (DACF) FROM 5% TO 7.5%**

1.0 BACKGROUND AND INTRODUCTION

Article 252 (2) of the 1992 Constitution of Ghana and the District Assemblies' Common Fund Act, (1993), Act 455 mandates Parliament to make provision for the allocation of **not less than five per cent (5%)** of the total revenue of Ghana to the District Assemblies' Common Fund for development programmes in the Metropolitan, Municipal and District Assemblies. The first release of the Fund was disbursed in 1994.

The Fund, having been in existence for more than thirteen (13) years and with the expanding roles of the Assemblies, it is felt that there is the need for an upward review.

In pursuance of Article 252 (2) of the 1992 Constitution and in a bid by Government to allocate more resources to local authorities to ensure accelerated rural development and rural poverty reduction, the Hon. Minister for Presidential Affairs, Mr Kwadwo Mpiani, on behalf of the Majority Leader and Minister for Parliamentary Affairs, Mr. F.K. Owusu-Adjapong, laid before Parliament on Friday, 20th July, 2007, a **Request for approval of an increase in the allocation of the District Assemblies Common Fund from 5% to 7.5% of the total revenue of the Republic.**

The First Deputy Speaker referred the request to the Committee of the Whole for consideration and report.

2.0 DELIBERATIONS:

The Committee of the Whole which was presided over by the First Deputy Speaker met on Friday, 20th July, 2007, deliberated on the Request, and accordingly reports:

3.0 ACKNOWLEDGEMENT

The Committee acknowledges the contribution of Members and the under-listed state officials who participated in the deliberations:-

- i. The Hon. Minister for Local Government, Rural Development and Environment.
- ii. The Administrator of the District Assemblies' Common Fund and his officials.

4.0 REFERENCES

The Committee, in considering the Request referred to the following documents:

- i. The 1992 Constitution of the Republic of Ghana.
- ii. The Standing Orders of Parliament.
- iii. The Local Government Act, (1993) Act 462.
- iv. The District Assemblies' Common Fund Act, (1993) Act 455.

5.0 REASONS FOR THE UPWARD REVIEW

5.1 Decentralisation

The Committee in its deliberations noted that Government planned to embark on decentralisation as its core governance programme. This implies that a bigger percentage of Governance issues would be delegated to local governments. This decision thus entails the release of resources and decision making to Regional Coordinating Councils and Metropolitan, Municipal and District Assemblies (MMDAs).

Also, under the Local Government Act, (Act 462, 1993), seventeen (17) departments are to be decentralised to the MMDAs and it entails extra developmental activities.

The Committee was informed that Town and Country Planning Department, Department for Community Development, Parks

and Gardens and Births and Deaths Registry are already in the process of being decentralised.

More so, with the passage of the Local Government Service Act, (Act 656, 2003), the process of decentralization has been intensified and this requires a corresponding increase in office accommodation and logistics in the Assemblies.

5.2 Increase in the Number of Assemblies

The creation of new districts which resulted in the number of Districts increasing from 110 to 138; an increase of 25.4% requires a corresponding increase in office and residential accommodation for staff as well as other administrative expenses, especially for the new districts. There is also the hope that new districts may be created in the year and some upgraded to commensurate with their current status. The implication of these is that additional costs are to be incurred by the MMDAs.

5.3 Strengthening Sub- Structures

The District Assemblies system demands active participation and involvement of the grassroots in decision making, revenue generation and sanitation management. This can be achieved if the sub-structures (Area/Town Councils and Unit Committees) are empowered to effectively perform their roles. This would accordingly require an increase in the provision of office accommodation and logistics to the sub-structures and thus put extra financial burden on the MMDAs.

5.4 Feeder Roads

Construction of new feeder roads and rehabilitation of existing ones which hitherto were not part of the mandate of Assemblies has suddenly become a major line of expenditure by the Assemblies. This, the Committee was informed is as a result of the increasing need for Assemblies to satisfy the needs of rural communities and to open up communities to ensure increase food production and transportation to urban centres.

5.5 Demand by other Government Institutions

The increasing demand on the Assemblies by other government institutions such as the Ghana Police Service, Judicial Service,

Fire Service and other state agencies and departments for the provision of accommodation and logistics is putting so much financial burden on the Assemblies. The Committee was informed that most of these demands are legitimate, hence the need to increase the allocation to the Assemblies to enable them meet these demands.

5.6 School Feeding Programme and Capitation Grant

The Committee was also informed that as a result of the Introduction of School Feeding Programme and the Capitation grant by Government, school enrolment has increased significantly and suddenly, existing school blocks are not adequate thus putting a burden on the Assemblies to build new classroom blocks.

5.7 National Youth Employment Programme (NYEP)

It is a fact that District Assemblies are playing an active role in the implementation and the achievement of targets set under the National Youth Employment Programme. The Committee noted during its deliberations that an amount of **Seventy-four billion, seventy million Cedis (¢74,070,000,000.00)** or **Seven million, four hundred and seven thousand New Ghana Cedis (GH¢7,407,000.00)** was taken from the DACF in 2006 to support the Programme. Additionally, the Assemblies are paying for salaries and allowances of some categories of youth under the Programme. MMDAs are also awarding scholarships to teacher trainees, nursing and medical students. Such huge deductions and expenditures from MMDAs would reduce their ability to deliver on their developmental programmes if additional resources are not made available to them.

5.8 Passage of the Disability Act

The passage of the Disability Act places extra financial burden on the Assemblies as they would be expected to adjust their office and other public buildings to make them much more accessible to people with disabilities (PWDs).

6.0 RECOMMENDATIONS

The Committee, after careful considerations recommends that:

- i. The capacities of the Assemblies should be improved to ensure effective and efficient utilisation of the additional resources being allocated to them.
- ii. There should be an effective monitoring and oversight responsibility over the Assemblies to ensure the proper utilisation of monies sent to them. The monitoring role of MPs and auditing by the appropriate agencies must be strengthened.
- iii. The Ministry of Local Government, Rural Development and Environment in collaboration with the District Assemblies' Common Fund (DACF) should come out of the principle of setting cost ceilings for similar projects in similar locations. This is to ensure value for money and to serve as a check on corrupt officials who sometimes inflate contract sums for their personal gains.
- iv. The Committee also urged the Minister to ensure that statutory allocations in the DACF to various departments are rightly assigned to those departments.
- v. There should be an increase in MPs share of the Common Fund from 6% to 10% in the Formula for distributing the DACF for next year (2008). However, $\frac{1}{6}$ out of the current 6% of MPs share should be set aside for monitoring and should be made available to them at the DACF secretariat for easy access.
- vi. The Committee also recommended that the five-member Committee constituted to come out with modalities that would enable MPs access their share of the Common Fund without much difficulty should expedite action on developing the guidelines to make it operational as early as possible. (The said Committee is made up of the Hon. Minister for Local Government, Rural Development and Environment, the Administrator of the District

Assemblies' Common Fund, the Majority Whip, the Minority Whip and the Ranking Member of the Select Committee on Local Government and Rural Development).

- vii. A lot more responsibilities should be sent to the Districts to correspond with the additional resources being allocated to them.

7.0 CONCLUSION

The MMDAs have put the needed measures in place to enhance revenue generation. However, the additional responsibilities being placed on them require a capital outlay which is far beyond the districts' current situation. The Committee therefore recommends that the House approves an increase in the District Assemblies' Common Fund from the current 5% to 7.5% of total national revenue. This should as much as practicable take effect from 1st January, 2008.

Respectfully Submitted.



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HON. F. W. A. BLAY
(FIRST DEPUTY SPEAKER &
CHAIRMAN, C'TTEE OF THE WHOLE)



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PEACE A. FIAWOYIFE (MS.)
(CLERK, C'TTEE ON LOCAL
GOVT & RURAL DEV'T)

23RD JULY, 2007