

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

REPORT OF THE COMMITTEE OF THE WHOLE

ON THE

**PROPOSED FORMULA FOR THE DISTRIBUTION OF
THE DISTRICT ASSEMBLIES
COMMON FUND
FOR 2024**

MARCH, 2024

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REPORT OF THE COMMITTEE OF THE WHOLE
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OF THE DISTRICT ASSEMBLIES COMMON FUND FOR 2024

1.0 INTRODUCTION

1.1 The **Proposed Formula for the Distribution of the District Assemblies Common Fund for 2024** was laid before Parliament on Wednesday, 13th March, 2024 by the Hon Majority Chief Whip, Mr Frank Annoh-Dompreh on behalf of the Hon Majority Leader and Minister for Parliamentary Affairs, Mr Alexander Kwamena Afenyo Markin, in accordance with Article 252(2) of the 1992 Constitution, sections 125(3) and 129(a) of the Local Governance Act, 2016 (Act 936) and Standing Order 261. **The Hon 2nd Deputy Speaker, Andrew Asiamah Amoako referred the Proposed Formula to the Committee of the Whole for consideration and report.**

1.2 The Committee met with the District Assemblies Common Fund Administrator, Mrs Irene Naa Torshie Addo-Lartey and other officials of the District Assemblies Common Fund to consider the Referral.

2.0 REFERENCES

The Committee referred to the following statutes and documents:

- i. The 1992 Constitution of the Republic of Ghana;
- ii. The Standing Orders of Parliament of Ghana;
- iii. The Local Governance Act, 2016 (Act 936);
- iv. The Formula for the Sharing of the District Assemblies Common Fund for 2023;
- v. The Report of the Committee of the Whole on the Formula for the Distribution of the District Assemblies Common Fund for 2023;
- vi. Budget Statement and Economic Policy of the Government of Ghana for the 2023 Financial Year, and
- vii. Budget Statement and Economic Policy of the Government of Ghana for the 2024 Financial Year.

3.0 BACKGROUND AND PRINCIPLES UNDERLYING THE FORMULA

3.1 Since 1960, there has been a conceptual shift in the meaning of development and it is now considered as a multi-dimensional process involving not only economic growth but also improvement in other living conditions such as health and education. It also includes access to potable water, good roads, adequate food supply, employment among others. Development is defined in terms of satisfying "basic human needs".

3.2 ALLOCATION FOR 2024

Pursuant to Article 252(2) of the 1992 Constitution of Ghana and Section 126(1) of the Local Governance Act, 2016 (Act 936), Parliament is mandated to make provision for the allocation of not less than five per cent (5%) of the total revenue of the Country to the District Assemblies Common Fund (DACF) for the implementation of developmental programmes in the Metropolitan, Municipal and District Assemblies (MMDAs). The 2024 Budget Statement and Economic Policy of Government which was approved by Parliament allocated 5% of the total tax revenue of the Country to the Fund as by law required. Accordingly, **the Appropriation Act of 2024 allocated an amount of GH¢5,758,254,325.00 to the Fund for the 2024 Fiscal Year.**

3.3 PRINCIPLES UNDERLYING THE FORMULA

Section 129(a) of the Local Governance Act, 2016 (Act 936) provides that the Administrator of the Fund proposes annually, for the consideration and approval of Parliament, a formula for the distribution of DACF. The underlying principle guiding the development of the Formula takes into consideration the provision of basic needs required for development. Consequently, factors such as Health Service, Education Service and Water Coverage are considered, hence, Assemblies with less facilities are provided with more facilities/services to bridge the development gap.

3.4 In addition to the above, the Formula takes into account the responsiveness of MMDAs to their own revenue generation as well as service delivery since over the years, reliance by the MMDAs on expected grants from Central Government has been a disincentive to improve on their own local revenue collection. Hence, the use of the Responsiveness Factor as an incentive to encourage MMDAs to scale-up their efforts toward revenue mobilisation.

4.0 INSTITUTIONAL SUPPORT

An amount of GH¢450.87 million has been allocated to cater for institutional support in the 2024 Formula. The financial support to the institutions/organisations are as follows:

- (a) National Youth Programme - An amount of GH¢115.17 million is to be used to facilitate the youth infrastructure and other programmes.
- (b) National Employment Support - An amount of GH¢287.91 million is to be used to support youth employment Programmes
- (c) National Disaster Support - An amount of GH¢47.79 million is to be used to support the National Disaster Management Organisation (NADMO) Programme

5.0 NATIONAL PROJECTS

An amount of GH¢1,110.62 million of the Fund has been allocated for National projects as follows:

(a) Education Policy Programmes

Under the educational policies programmes an amount of GH¢99.63 million has been allocated;

(b) Special Projects

The Rural/Urban Development Special Projects has also allocated an amount of GH¢403.08 million. This is to support both rural/urban special projects such as markets, astroturf, toilets, boreholes, street lightings, sewerage/fumigation, etc.

(c) National Sanitation Support

An amount of GH¢120 million is earmarked to cater for the management of liquid/solid waste, treatment of sewerage plants and other sanitation issues in the country.

(d) Construction/Renovation of MMDAs and other Buildings

An amount of GH¢287.91 million has been allocated in the 2023 Formula to cater for the construction, renovation and completion of MMDA offices and MMDCE residencies, Births and Deaths Head Office, Regional Offices and other buildings.

(e) Construction of Courts/Residential Buildings

An amount of GH¢200 million has been budgeted to cater for the completion of the Courts and Bungalows for the Judiciary under construction. The remaining amount needed to complete the entire project is to be charged to the 2025 Formula.

6.0 SOURCES OF DATA FOR THE FORMULA

The data for the determination of the Formula was obtained from central sources. This is to prevent any influence by MMDAs and possible falsification.

6.1 **Population**

Population data was obtained from the Ghana Statistical Service based on the projected data for 2021.

6.2 **Education**

Data on Education was obtained from the Ministry of Education. Data required included education facilities, pupil and trained teacher population. The data on education covered all the MMDAs in the Country except the new Districts where data is shared with the old Districts.

6.3 **Health**

The Ministry of Health provided data on health. The data provided included doctors and nurses population and health facilities such as Public Hospitals, Clinics, Health Posts and Community Health Planning and Services (CHPS) Compounds. The health sector data continues to pose a great challenge to the development of the Formula due to the fluid nature of its human resource professionals. The fluidity creates disparity between the data and adversely affects the authenticity of the information provided in some of the health facilities.

6.4 **Water Coverage**

The data on water coverage was sourced from the Community Water and Sanitation Agency and Ghana Water Company. Whereas the Community Water and Sanitation Agency provided data on rural water coverage, the Ghana Water Company provided that on urban water coverage.

6.5 **Tarred Roads Coverage**

Data on Tarred Roads was obtained from Departments of Urban and Feeder Roads. Data on highways was excluded as most of the MMDAs have highways passing through them.

7.0 PROPOSED WEIGHTING SCENARIO

7.1 The Administrator presented three different scenarios of weighting similar to what was presented in 2023 except some few variations in the figures or weights allocated to some of the factors as shown in Tables 1 and 2.

Table 1: 2023 Proposed Weighting Scenario

FACTOR	SCENARIO A		SCENARIO B		SCENARIO C	
	%	%	%	%	%	%
EQUALITY		60		55		50
NEEDS		35		40		45
Health Facility/Population ratio	5		6		7	
Health Professionals/Population ratio	5		6		7	
Educational Facility/Population	11		12		12	
Teacher/Pupil ratio	6		6		8	
Roads Coverage	3		5		5	
Water Coverage	3		5		6	
SERVICE PRESSURE		5		5		5
Population Density	5		5		5	
		100		100		100

Source: 2023 District Assemblies Common Fund Formula, p. 16

Table 2: 2024 Proposed Weighting Scenario

FACTOR	SCENARIO A		SCENARIO B		SCENARIO C	
	%	%	%	%	%	%
EQUALITY		55		60		50
NEEDS		40		37		45
Health Facility/Population ratio	6		5		7	
Health Professionals/Population ratio	6		5		7	

Educational Facility/Population ratio	12		13		12	
Teacher/Pupil ratio	6		6		8	
Roads Coverage	5		4		5	
Water Coverage	5		4		6	
SERVICE PRESSURE		5		3		5
Population Density						
		100		100		100

Source: 2024 District Assemblies Common Fund Formula, p. 17

7.2 A CRITICAL EXAMINATION OF THE THREE SCENARIOS

The comparison shows that under all the scenarios most MMDAs had an increase. A critical examination of the three scenarios indicates that scenario "B" is evenly distributed followed by "A" and "C" respectively. Scenario "B" was recommended because a greater number of MMDAs would receive the highest allocations compared with the two other Scenarios, "A" and "C". The Administrator accordingly recommends scenario B for approval by the House. The details of scenario A are as follows:

The details of **Scenario "B"** are as follows:

Table 2: Scenario B

FACTOR	SCENARIO B	
	%	%
EQUALITY		60
NEEDS		37
Health Facility/Population ratio	5	
Health/Professionals/Population ratio	5	
Education/facility/Population	6	
Trained Teacher/Pupils ratio	13	

Road Coverage	4	
Water Coverage	4	
SERVICE PRESSURE		3
Population Density	-	
		<u>100</u>

Source: 2024 District Assemblies Common Fund Formula, p.18.

8.0 DACF ALLOCATIONS FOR 2023 AND 2024 FICAL YEAR

8.1 The total amount **approved by Parliament for DACF in the 2023 Budget Statement and Economic Policy of the Government of Ghana is 4,554,034,657.00** and then in the **2024 Budget is GH¢5,758,254,325.00**. The amount approved for the 2024 Fiscal Year is GH¢1,204,219,668.00 more than the amount approved for the 2023 Fiscal Year and the difference translates into 26.42%. Details are contained in the Appendix attached to the Report.

9.0 OBSERVATIONS

9.1 NON-RELEASES

The Committee was informed that no releases were made by the Ministry of Finance into the District Assemblies Common Fund for the 2023 Fiscal Year.

9.2 RECONCILIATION OF AMOUNT IN ARREARS

It could be recalled that the Committee in its Report on the Formula for the Distribution of the Fund for 2023, noted that there were inconsistencies in the fund releases to DACF and for that matter, made a recommendation to deal with it. The recommendation was that an ad-hoc committee be constituted from Leadership of the House and Members of the Committee on Local Government and Rural Development to meet with officials of the DACF, Controller and Accountant General's Department and the Ministry of Finance to reconcile the arrears owed to the Fund and report to Parliament for

further action. The Chairman of the Committee therefore gave a directive that the recommendation should be implemented as soon as practicable to deal with the issue.

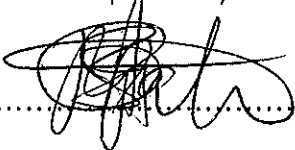
9.4 RESERVE FUND

The Committee further observed that an amount of GH¢63.34 million has been set aside to cater for national emergencies, out of which GH¢2 million has been allocated for the operations of Peace Council just like it was done for 2023. Since the districts have a lot of financial difficulties, a concern was raised that a greater amount of the Reserve Fund should be released to the various District Assemblies to complement whatever they will be receiving, to enable them deal with emergencies.

10. CONCLUSION

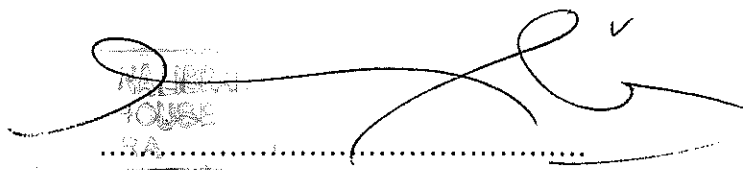
after careful examination of the Formula for the sharing of the DACF for 2024, the Committee recommends that the House **adopts its Report and approve Scenario B of the Weighting Formula as the basis for sharing the amount of GH¢5,758,254,325.00 allocated to DACF in the Budget Statement and Economic Policy of the Government of Ghana for the 2024 Financial Year.**

Respectfully submitted,



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MS. ANITA QUARTEY-PAPAFIO
CLERK TO THE COMMITTEE



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

MARCH, 2023

APPENDIX

ALLOCATION STATEMENT 2024

	PROP. %	GHC 2024	GHC 2023	PROP%	GHC 2023	GHC
INSTITUTIONAL SUPPORT	7.83		450,871,314	8.33		379,351,087
NATIONAL YOUTH PROGRAMME	2.00	115,165,087		2.50	113,850,866	
NATIONAL EMPLOYMENT SUPPORT	5.00	287,912,716		5.00	227,701,733	
NATIONAL DISASTER SUPPORT	0.83	47,793,511		0.83	37,798,488	
NATIONAL PROJECTS	19.29		1,110,616,378	14.68		668,625,860
NATIONAL EDUCATION PROGRAMME	1.73	99,625,860		1.73	78,625,860	
SPECIAL PROJECTS	7.00	403,077,802		3.29	150,000,000	
NATIONAL SANITATION SUPPORT	2.08	120,000,000		2.64	120,000,000	
CONSTRUCTION/RENOVATION OF MMDAS AND OTHERS BUILDINGS	5.00	287,912,716		3.51	160,000,000	
COMPLETION OF COURTS/RES. BUILDINGS	3.47	200,000,000		3.51	160,000,000	
RESERVE	15.42		888,074,465	11.84		539,322,773
CONSTITUENCY LABOUR PROJECTS(MPS)	5.00	287,912,716		5.00	227,701,733	
CONSTITUENCY LABOUR MONITORING AND EVALUATION (MPS)	3.00	172,747,630		3.00	136,621,040	
RESERVE FUND	1.10	63,340,797		1.10	50,000,000	
RCC	0.84	48,580,303		0.88	40,000,000	
DACF OPERATIONS	0.33	19,000,000		0.33	15,000,000	
LOCAL GOVERNMENT SERVICE//LGS INFRASTRUTURAL BUILDINGS AND EQUIPMENT	5.15	296,493,019		1.54	70,000,000	
MMDAS - INDIRECT	2.62		150,758,254	1.42		64,554,035
DISTRESSED DISTRICT SUPPORT	2.00	115,000,000		1.10	50,000,000	
TRAINING	0.52	30,000,000		0.22	10,000,000	
CURED LEPERS	0.10	5,758,254		0.10	4,554,035	
MMDAS - DIRECT	54.84		3,157,933,915	63.73		2,902,180,903
PERSONS WITH DISABILITIES (PWD)	3.0	172,747,630		3.00	136,621,040	
NET MMDAS	51.84	2,985,186,285		60.73	2,765,559,863	
TOTAL FUND	100.00	5,758,254,325		100.00		4,554,034,657