

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

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

**ON THE 2017 ANNUAL BUDGET
ESTIMATES OF THE LOCAL
GOVERNMENT SERVICE**

PARLIAMENT OF GHANA LIBRARY
PARLIAMENT HOUSE
OSU - ACCRA

MARCH 2017

**REPORT OF THE COMMITTEE ON LOCAL GOVERNMENT AND RURAL
DEVELOPMENT ON THE 2017 ANNUAL BUDGET ESTIMATES OF THE LOCAL
GOVERNMENT SERVICE**

1.0 INTRODUCTION

The Budget Statement and Economic Policy of the Government of Ghana for the 2017 Financial Year was presented to Parliament Thursday, 2nd March 2017 by the Minister for Finance, Hon. Ken Ofori-Atta, in accordance with Article 179 of the 1992 Constitution.

The Rt. Hon. Speaker referred the Draft Budget Estimates of the Office of the Head of Local Government Service to the Committee on Local Government and Rural Development for consideration and report to the House pursuant to Orders 140(4) and 181 of the Standing Orders of Parliament.

1.1 Deliberations

The Committee met on Friday 17th March, 2017 and considered the Draft Estimates of the Service. Present at the meeting were the Minister for Local Government and Rural Development, Hon. Hajia Alima Mahama, the Head of the Local Government Service, Dr. Callistus Mahama and officials of the Service including the respective Regional Coordinating Directors. The Committee is grateful to the Minister, the Head of Service and the team of officials for their inputs and clarifications.

1.2 Reference Materials

The Committee was guided by the following documents during its deliberations:

- I. The 1992 Constitution of the Republic of Ghana;
- II. The Standing Orders of Parliament;
- III. The Budget Statement and Economic Policy of the Government of the Republic of Ghana for the 2016 Financial Year;
- IV. The Budget Statement and Economic Policy of the Government of the Republic of Ghana for the 2017 Financial Year;

1.3 Mission of the Service

The Mission of the Service is to support Local Governments to deliver value for money services through the mobilization, harmonisation and utilisation of qualified, human capacity and material resources to promote local and national development.

1.4 Policy Objectives

The policy objectives of the Service are as follows:

- ❖ Ensure effective implementation of the decentralization policy and programmes,
- ❖ Strengthen policy formulation, development planning and M&E processes for equitable and balanced spatial and socio-economic development,
- ❖ Improve availability of quality data for policy formulation, analysis and decision-making,
- ❖ Improve the institutional capacity for effective human capital development and
- ❖ Enhance labour productivity across all sectors.

1.5 Core Functions of the Service

The core functions of the Local Government Service are to:

- ❖ Provide technical assistance to RCCs and MMDAs to enable them to effectively perform their functions;
- ❖ Conduct organisational and job analysis for RCCs and MMDAs;
- ❖ Conduct management audits for RCCs and MMDAs in order to improve the overall management of the service;
- ❖ Design and co-ordinate management systems and processes for RCCs and MMDAs;
- ❖ Assist the RCCs and MMDAs in the performance of their functions under Local Governance Act, 2016 (Act 936) and any other enactment.

2.0 REVIEW OF PERFORMANCE FOR 2016

2.1 Financial Performance for 2016

A total amount of GH¢441,835,122.00 was approved for the Service for the 2016 Financial Year out of which GH¢337,759,146.00 was released leaving a balance of GH¢104,075,976.00. The amount released represents about 76% of the approved amount. The breakdown of the expenditure is presented in the table below:

Table 1: Financial Performance by Economic Classification

ITEM	Appropriated amount A GH¢	Released B GH¢	Variance C (A-B) GH¢	% Released D (B/A*100)
Compensation	425,478,534.00	332,112,763.90	93,365,768.10	78
Goods & Services	16,356,588.00	5,646,383.22	10,610,204.78	35
Assets	-	-	-	-
Total	441,835,122.00	337,759,146.00	104,075,976.00	76

2.2 Other Activities

The Committee was informed that the Service implemented the following activities in 2016:

- Trained 226 agriculture officers in modern techniques in agriculture extension services, climate change and financial management;
- Signed a total of 235 performance management agreements with seven (7) Directorates and two (2) Units of OHLGS, 10 Regional Coordinating Councils (RCC) and 216 Metropolitan, Municipal and District Assemblies (MMDAs);
- Trained 48 officers in performance management and appraisal system to provide a backstopping for Assemblies in the new appraisal system;
- A total of 1,287 Environmental Health and other officers recruited;
- Re-aligned data on staff of decentralized Departments of RCCs and MMDAs for the Controller Accountant-General's Department (CAGD) to create new management Units on the Integrated Personal Payroll Data (IPPD) system as part of the Public Services Commission (PSC) Human Resources Management Information System (HRMIS).

3.0 OUTLOOK FOR 2017

3.1 Office of the Head of Local Government Service (OHLGS)

The Service intends to implement the following activities in 2017

- ❖ Implement the Performance Management System at all levels.
- ❖ Organise the Inter-Service and Sectoral Collaboration and Cooperation System meetings and public education on revised Act 936, L.I. 1961, LGS Protocols
- ❖ Continue with the setting up of departments (preparation of operational manuals, equipment and logistics for the MMDAs)
- ❖ Implement the performance management system at all levels.
- ❖ Implement the OHLGS communication Strategy
- ❖ Construct OHLGS office complex (land, preliminary study, design & drawing and construction)
- ❖ Develop new schemes of Service; review conditions of service for LGS staff
- ❖ Undertake HR planning in the Service to inform recruitment, appointment and promotion.
- ❖ Assess the capacity needs of the staff of LGS (OHLGS, RCCs & MMDAs) and develop capacity building plan for short, medium and long term.
- ❖ Provide appropriate training as per capacity needs assessment for all (OHLGS, RCCs & MMDA staff)
- ❖ Provide appropriate training as per capacity needs assessment for all (OHLGS, RCCs & MMDA staff)

3.2 Decentralisation (Regional Services)

The Regional Services entails the provision of services in the ten administrative regions of Ghana. Each of these regions has a Regional Coordinating Council (RCC) and together have oversight responsibility over 216 MMDAs. The regional programme seeks to ensure a balanced, integrated and sustainable regional economic growth and development of the people, through effective planning, budgeting, providing technical backstopping, monitoring, coordinating and

evaluating sector's performance at the sub-national level and maintenance of peace. In this regard, the RCCs will undertake the following activities:

- ❖ Organise hearings on Composite Budget for all MMDAs in the 10 regions and monitor their implementation.
- ❖ Promote and maintain peace, law & order throughout the Regions.
- ❖ Improve the Human Resource Capacity of the regions for quality service delivery
- ❖ Organise national commemorative events in the regions
- ❖ Undertake and inspect DACF, GoG/Donor Projects and produce quarterly monitoring Reports.
- ❖ Support, harmonise and Co-ordinate district development plans

4.0 BUDGETARY ALLOCATION FOR THE 2017 FISCAL YEAR

A total amount of GH¢506,611,252.00 has been allocated to the Service for its programmes and activities for the 2017 Financial Year compared with the previous year's allocation of GH¢441,835,122.00. The allocation represents an increase of GH¢64,776,131.00 or 14.6% over the 2016 allocation. The breakdown of the allocation for this year is presented in the table below:

Table 2: Breakdown of the 2017 Budgetary Allocation by Expenditure Item

ITEM	GOG (GH¢) A	Donor (GH¢) B	Total (GH¢) C
Compensation	461,659,640.00	-	461,659,640.00
Goods & Services	23,728,255.00	19,223,358.00	42,951,613.00
Assets	2,000,000.00		2,000,000.00
Grand Total	487,387,895.00	19,223,358.00	506,611,253.00

Source: *The Budget Statement and Economic Policy of the Government of Ghana for the 2017 Financial Year*

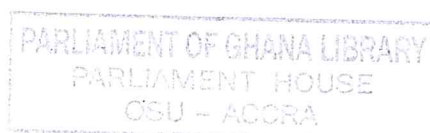


Table 3: Breakdown of Allocation by Programme

PROGRAMME	Compensation (GH¢)	Goods & Services (GH¢)	Assets (GH¢)	Total (GH¢)
Mgt. & Admin.	1,851,825.00	1,030,000.00	2,000,000.00	4,881,825.00
Decentralisation (Reg. Services)	58,547,710.00	9,930,181.00	-	68,477,891.00
MMDAs	401,260,105.00	12,768,074.00	-	414,028,179.00
Donor	-	19,223,358.00	-	19,223,358.00
Total	461,659,640.00	23,728,255.00	2,000,000.00	506,611,253.00

Source: The Budget Statement and Economic Policy of the Government of Ghana for the 2017 Financial Year

5.0 OBSERVATIONS AND RECOMMENDATIONS

5.1 Inadequate Personnel at MMDAs

The Committee noted that the Sub-Structures of the Local Governance system comprising the Unit Committees, Zonal, Area and Town Councils lacked the requisite personnel for effective service delivery at the local level and this has hampered effective decentralisation. The staff strength of the newly created Assemblies is particularly precarious.

The Committee noted that Ministry of Finance (MoF) had placed an embargo on new recruitments into the Public Service except in respect of replacement. It however came to the attention of the Committee that the Ministry was not complying with its replacement policy. The Committee for instance was informed that the Service had submitted to MoF in 2015, a list of officers and officials who had retired or separated from the Service and required replacement but the Ministry was yet to grant clearance for their replacement.

As part of efforts to address the staff challenges, the Service commenced a staff rationalisation exercise which would ensure the redeployment of staff from one Assembly to another or from a particular Directorate to another, where the services of such staff would be most needed. The Service has also incorporated

into the performance contracts of Coordinating Directors of all the MMDAs, a requirement for them to ensure that there are personnel at all the levels of the Units and Directorates.

The Committee urges MoF to comply with its own replacement policy and grant the Service the requisite clearance to enable them replace staff who have retired or separated from the Service.

5.2 Performance Agreements/Contracts

The Committee was informed that Coordinating Directors of the RCCs, MMDAs, and Directors at the Head of Local Government Service sign performance contracts with the Regional Ministers, Chief Executives and the Head of Service respectively. While the Committee was happy that in 2016 all the Directors signed the performance contract, its impact on performance was not reported. The Service indicated that an assessment conducted last year showed significant improvements in the performance of officials over the previous years. They however acknowledged that the improvement was more at the higher levels of authority than at the lower levels. The Service attributed the poor performance at the lower level to lack of proper supervision of lower level staff by their immediate superiors. The Committee urges the Service to ensure that the agreements are implemented to the letter and apply sanctions where officers fall below the performance benchmarks.

5.3 Revenue Generation

The Committee noted that the MMDAs, depend mostly on Government subvention for their activities rather than mobilising revenues internally. To support MMDAs generate revenue, the Committee was informed that, the Service has made it a condition as part of the performance contract of Directors to assist the Assemblies to generate about 30% of revenue internally. The Service has also formulated a framework for revenue generation. The Committee was informed that what is required is for the Ministry of Local Government and Rural Development to issue guidelines and directives on revenue generation to the MMDAs.

The Committee recommends that the Ministry of Local Government and Rural Development take steps to develop and issue the guidelines on revenue mobilisation to the Assemblies to enhance revenue mobilisation.

5.4 Dwindling Donor Support

The Committee noted that donor support for the Local Government Service is projected to decline in 2017. The Service indicated that most of the donors have either wound up or are about winding up on their support for most of the programmes currently being implemented by the Service. They noted that the support from the European Union has come to an end while that of DANIDA is ending in 2018. The Committee recommends to the Service and the Finance Ministry to look for alternative sources of funding to support the programmes when donor funding of the projects come to an end.

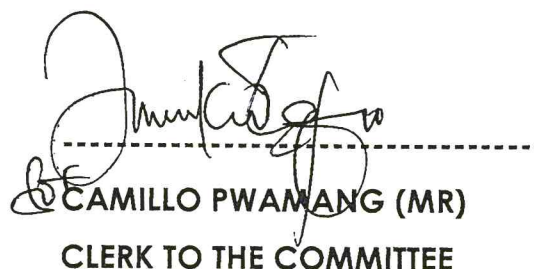
6.0 CONCLUSION

The Committee, having thoroughly examined the Draft Budget Estimates of the Local Government Service for the 2017 financial year and upon satisfying itself with the explanations and clarifications from the Service, recommends to the House to adopt its Report and approve the sum of **Five Hundred and Six Million, Six Hundred and Eleven Thousand, Two Hundred and Fifty Two Ghana Cedis (GH¢506,611,252.00)** to enable the Service implement its planned programmes and projects for the ensuing year, 2017.

Respectfully submitted,



HON. KWASI BOATENG ADJEI
VICE CHAIRMAN OF THE COMMITTEE



CAMILLO PWAMANG (MR)
CLERK TO THE COMMITTEE

17th MARCH, 2017