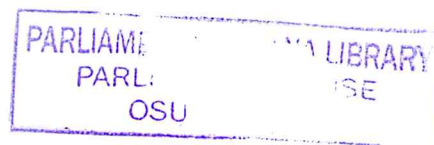


**REPORT OF THE COMMITTEE ON
LOCAL GOVERNMENT AND RURAL
DEVELOPMENT
ON
THE 2018 BUDGET ESTIMATES
OF
THE MINISTRY OF LOCAL
GOVERNMENT AND RURAL
DEVELOPMENT**

DECEMBER 2017



**REPORT OF THE COMMITTEE ON LOCAL GOVERNMENT AND RURAL
DEVELOPMENT ON THE 2018 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 Wednesday, 15th November, 2017 presented to Parliament the Budget Statement and Economic Policy of the Government of Ghana for the 2018 fiscal year. In accordance with Order 140(4) of the Standing Orders of the House, the Rt. Hon. Speaker referred the Annual Draft Estimates of the Ministry of Local Government and Rural Development to the Committee on Local Government and Rural Development for consideration and report.

The Committee met on Tuesday 5th December, 2017 and considered the Annual Estimates of the Ministry. The Committee is grateful to the Hon. Minister of Local Government and Rural Development, Hajia Alima Mahama, her two Deputies, Hon. O.B. Amoah and Hon. Adjei-Boateng, Officials from the 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 referred 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 2018 Fiscal Year;
- iv. The Medium Term Expenditure Framework (MTEF) for 2018-2021-Programme Based Budget Estimate for the Ministry of Local Government and Rural Development for 2018;
- v. The Budget Statement and Economic Policy of the Government of Ghana for the 2017 Fiscal Year;
- vi. The 2017 Annual Estimates of the Ministry of Local Government and Rural Development;
- vii. Report of the Committee on Local Government and Rural Development on the 2017 Annual Estimates of the Ministry of Local Government and Rural Development.

3.0 VISION OF THE MINISTRY

The Ministry exists to ensure good governance and balanced development of Metropolitan, Municipal and District Assemblies through the formulation of policies on governance (including decentralization policies) and rural development; development of guidelines on acquisition and use of human and financial resources by Assemblies; the development and

monitoring of sector plans; and the provision of management advisory services to the Assemblies.

4.0 POLICY OBJECTIVES

The policy objectives of the Ministry are as follows:

- Ensure full political, administrative and fiscal decentralization
- Improve local government service and institutionalise district level planning and budgeting
- Strengthen national policy formulation, development planning, and M&E processes at all levels
- Ensure a balanced re-distribution of population and spatially integrated hierarchy of human settlements
- Accelerate technology-based industrialisation with strong linkages to agriculture and other natural resource endowments.
- Accelerate job creation in all sectors
- Ensure timely and reliable demographic data

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 2017 PERFORMANCE

6.1 Financial Performance

6.1.1 Total Allocation to the Ministry

In the year under review, an amount of Three Hundred and Twenty-One Million, Eight Hundred and Thirty Thousand, Six Hundred and Ninety-Eight Ghana Cedis (GH¢321,830,698.00) was approved from a combination of Government of Ghana (GoG) and Donor sources for the operations of the Ministry of Local Government and Rural Development

and its Departments and Agencies. The breakdown of the allocation in terms of programmes and sources of funding are provided in Table 1.

Table 1: 2017 Approved Budgetary Allocation

ITEM	GOG (GH¢)	DONOR(GH¢)	TOTAL(GH¢)
COMPENSATION OF EMPLOYEES	18,000,000.00	0.00	18,000,000.00
GOODS AND SERVICES	29,707,865.00	54,504,567.00	84,212,432.00
ASSETS	1,600,000.00	218,018,266.00	219,618,266.00
TOTAL	49,307,865.00	272,522,833.00	321,830,698.00

Source: Budget Statement and PBB of MLGRD, 2017

6.1.2 Expenditure

The breakdown of the expenditure returns of the Ministry of Local Government and Rural Development for the year 2017(as at September 2017) is provided in Table 2.

Table 2: Expenditure and Releases as at September 2017

ITEM	2017 APPROVED BUDGET(GHC)	AMOUNT RELEASED (GHC)	VARIANCE (GHC)	% OF TOTAL RELEASE
GoG	49,307,865.00	22,257,247.00	(27,050,618.00)	45.
DP	272,522,833.00	307,268,204.16	34,745,371.16	112.
Total	321,830,698.00	329,525,452.16	7,694,754.16	102.

Source: Budget Statement and PBB of MLGRD, 2018

6.2 Programme Performance

Some of the achievements of the Ministry during the period under review were as follows:

6.2.1 Decentralization

Under the decentralisation programme the Ministry reviewed the Local Government Act, 2016 (Act 936) to reinstate the powers of the President to revoke appointments to District Assemblies. Further, a technical committee was established to recommend appropriate legislative reviews to guide the processes towards the election of MMDCEs.

It was also noted that a total of twenty (20) administration blocks to house the newly created Districts/Municipal Assemblies was completed and handed over to the Assemblies, while twenty-seven (27) of these blocks are at various stages of completion across the country

6.2.2 Local Level Development and Management

Regarding Local level development, the Ministry developed and launched the District Centre of Agriculture, Commerce and Technology (DCACT) to promote private investment into the agriculture sector.

The Ministry further provided technical and vocational skills for a total of 3,289 youth in 24 Community Development Vocational and Technical Institutes (CDVTIs) across the country. While 218 community Educators, graduated from Technical and Vocational Education Training (TVET) institutions, 960 Social Workers were trained on community engagement in 50 pilot MMDAs.

The Department of Parks and Gardens continued its maintenance of the Flagstaff House, Peduase Lodge, State House and the RCCs' grounds and gardens. The landscaped areas of roundabouts, road Medians and roads shoulders in the cities and towns as well as Asomdwee and Nationalism Parks were also maintained. In all, a total land area of 1,880,524m² was landscaped, beautified and maintained.

6.2.3 Rural Development and Management

Under the rural development and management programme, the Ministry developed the Rural Development Policy to guide overall development of rural communities.

The Ministry was able to complete a total of 247 rural level subprojects in Climate Change intervention, Feeder roads, small earth-dams and dugouts and other social infrastructure in various parts of the country. As a result in 2017, a total 32,091 temporal jobs under the LIPW with gross wage payment of GHS 14,897,841 were created.

The Ministry implemented the Integrated Rural Development Project that delivered 245 socio-economic infrastructure in 132 communities in 21 beneficiary MMDAs. In addition, an amount of GHS 4,632,449 was disbursed under a revolving loan fund through six (6) Partner Finance Institutions (PFIs) to a total of 6,223 beneficiaries.

6.2.4 Urban Development and Management

The Urban Development and Management programme of the Ministry saw the upgrading and development of some selected urban communities through the Ghana Urban Management Pilot Project (GUMPP). Beneficiary communities were Tamale, Kumasi, Ho and Skondi-Takoradi.

The Greater Accra Passenger Transport Executive (GAPTE) was also established to oversee the roll-out and management of Bus Rapid Transit system in Accra. The Aayalooloo (quality bus services) services was designed and rolled-out on the Accra (Tudu) – Amasaman corridor. Ridership on the Aayalooloo services improved from a lower average of 1,400 passengers per day in December, 2016 to an average of 8,700 passengers per day as at September, 2017.

6.2.5 Births and Deaths Registration Programme

A total of 359,993 births representing 42% and 33,166 deaths representing 11% out of 861,447 projected births and 293,116 projected deaths respectively were registered as at August, 2017. In addition, Community Registration Centres were established in 26 rural communities

7.0 OUTLOOK FOR 2018

In 2018, the Ministry plans to carry out a number of programmes and activities. Some selected programmes, output indicators and targets for 2018 are shown in Table 3.

Table 3: Programme outlook for 2018

PROGRAMME	OUTPUT INDICATOR
Management and Administration	16 MMDAS to which Web-based M & E systems developed and deployed
	Establish DCACTS in at least 100 Districts
Decentralization	Eight(8) District boundaries disputes resolved
	Carry out consultations and advocacy towards a referendum in 2019 for the elections of MMDCEs
	At least 30% of Sub- District Councils (UZTAC) functional
	Continue the review and devolve all Schedule II Departments under LI 1961
	Develop local government financial management Bill
	Proportion of Internally Generated Funds of total income of MMDAs increased from 21% to at least 35%
	Issue fee fixing guidelines
Local level development management	80,000 seedlings raised and supplied under urban afforestation
	At least one public park established in each region
	30,764 persons employed temporarily under LIPW
	3,000 youth trained in Technical and Vocational skills
Birth and Deaths Registration	870,734 projected births
	300,444 of projected deaths

Source: PBB of the Ministry of MLGRD, for 2017 Budget.

8.0 2018 BUDGETARY ALLOCATION

For the implementation of the above programmes and projects under the Ministry of Local Government and Rural Development, a total sum of **Three Hundred and Fifty-Nine Million, Three Hundred and Twelve Thousand, Sixty Two Ghana Cedis (GH359,312,062.00)** was allocated to the Ministry for the 2018 fiscal year. The breakdown of the allocation in terms of cost centres, programmes and sources of funding are provided in Tables 4 and 5.

Table 4: 2018 Budgetary Allocations

ITEM	GOG(GHC)	DP (GHC)	TOTAL
Compensation of Employees	19,986,112.00	0.00	19,986,112.00
Goods and Services	11,047,080.00	65,255,774.00	76,302,854.00
CAPEX	2,000,000.00	261,023,096.00	263,023,096.00
Total	33,033,192.00	326,278,870.00	359,312,062.00

Source: 2018 Budget and Economic Policy of the Government of Ghana

Table 5: Allocations to the Ministry in terms of Programmes

PROGRAMME	ALLOCATION (GHC)
Management and Administration	58,809,790.00
Decentralisation	196,995,907.00
Local Level Development and Management	98,103,200.00
Birth and Death Registration Services	5,403,165.00
Total	359,312,062.00

Source: MTEF2018-2021, p.3

9.0 OBSERVATIONS AND RECOMMENDATIONS

9.1 Over Spending of 2017 Budget

The Committee noted that unlike 2016 when the Ministry could not access all the Donor funds that was allocated during the period, it was refreshing to note that this time, the Ministry was able to expend its donor funds. Out of the total budget allocation of GHC272,522,833.00, a total of GHC307,268,204.16 was expended, representing a budget overrun of GHC34,745,371.16 or 12.7% of the budget allocation (See Table 2). From Table 2, the Committee observed that the Ministry overspent the budgeted allocation in excess of GHC7,694,754.08 as at September 2017. The Ministry explained that the over expenditure is

as a result of the over performance of donor funded projects being undertaken by the Ministry. As shown in Table 2 an additional amount of GHC34,745,371.16 was released to continue funding of donor projects which was ongoing at the time. While the Committee commends the Ministry for being proactive, it encourages the Ministry to ensure that the necessary approvals are sought from the Ministry of Finance when such a situation reoccur in the future.

The Committee noted that non-releases of funds particularly GoG portion for Goods and Services and Capex affected the implementation of planned programmes of the Ministry during the period. The Committee noted that 45% of GoG's components of the budget during the period under review was not released. The Committee further observed that in 2017, although an amount of GH1, 600,000.00 was allocated to the Ministry for Capex under GoG funds to enable the Ministry improve on its infrastructure, nothing was released. This, the Committee acknowledged affected the implementation of the programmes of the Ministry and its agencies.

9.2 Over Reliance on Donor Funds

The Committee observed a rather increased flow in donor funding for the programmes and activities of the Ministry.

Table 6: Trends in Funding Sources for Budget of the Ministry-2015-2018

	2015		2016		2017		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
GoG	47,721,743	16	23,707,875	10	49,307,865	15	33,033,192	9
DP FUND	243,262,229	84	204,947,200	90	272,522,834	85	326,278,870	91
TOTAL	290,983,972	100	228,655,075	100	321,830,699	100	359,312,062	100

Source: Budget Statement, 2014, 2015, 2016 & 2017.

Table 6 shows that since 2015, the programmes of the Ministry of Local Government and Rural Development have been overwhelmingly funded by Development Partners (2015-84%, 2016-90%, 2017-85% and 2018-91%), while Government's contribution to funding the programmes of the Ministry has been dwindling (2015-16%, 2016-10%, 2017-15% and 2018-9%).

In the view of the Committee was mindful that although the overall GoG funding of the Ministry's budget for 2018 was only 9 percent, it would be misleading to suggest that Government is not investing enough in the Sector. It was explained that the overall contribution of GoG towards the local government sector taking into consideration the District Assembly Common Fund, the District Development Fund and other support was enormous.

However, in view of Government's policy of "Ghana beyond Aid", the Committee wishes to encourage the Ministry to develop the necessary strategies to diversify the sources of funding for the Ministry's budget.

9.3 Funding for the Creation of 39 Additional MMMDAs

The Committee was informed that 28 existing Districts have been elevated to Municipal status, while 39 new MMMDAs are being created. The Legislative Instruments for both categories of Assemblies, the Committee was informed are currently before Parliament. The Committee however did not find any line budget for these yet to be created and elevated Assemblies. The Ministry explained that the initial financial commitment to establish these Assemblies would be provided for in the 2018 Formula for distributing of the 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.

The Committee bemoaned the practice of establishing new Districts and indicated that the challenges that was associated with the earlier Assemblies regarding infrastructural provision are still persisting. Many of those Assemblies that were established do not have the full complement of logistics and offices as has been captured in the 2017 performance of the Ministry.

Consequently, the Committee recommends that adequate seed capital and funding should be provided to enable these yet to be created Assemblies take off successfully.

9.4 Direct Transfers to MMMDAs

The Ministry policy commitment to ensure direct transfer of the District Assembly Common Fund to the Assemblies was applauded by the Committee. The Committee was informed that although Government priority programmes such as the Planting for Food and Jobs and School Feeding Programmes will be funded through the Fund, all the moneys will be transferred to the Assemblies before deduction could be effected to finance the programmes. In the view of the Committee, this will ensure that the Assemblies can monitor and control the utilisation of the funds.

9.5 Revenue Mobilisation

The Committee observed that the Ministry has developed strategies to strengthen the Assemblies in revenue generation. This, the Committee believes, 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. As a result, the Assemblies have not been able to carry out development projects because of inadequate financing.

One of the main factors that prevents many of the Assemblies from collecting revenue, the Committee identified was the high cost of gazetting the bye-laws on revenue collection. In view of this, the Assemblies are unable to enforce compliance by defaulters.

The Committee urge the Ministry to as a matter of urgency look into the matter with the appropriate agencies to ensure that the Assemblies are able to Gazette the bye-laws as required by law so that they can confidently mobilise the needed revenues.

Further the Committee encourages the Assemblies to provide training in revenue mobilisation for their revenue staff, establish database on revenue sources and enforce the bye-laws by the prosecution of defaulters.

9.6 Payment of Counterpart funding District Development Facility (DDF).

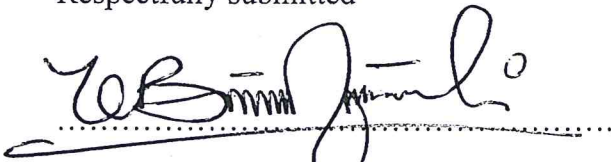
It was refreshing to note that Government has paid an amount of GH¢87,342,000.00 as counterpart funding for District Development Facility (DDF). The DDF is a pooled funding from both development partners and Government of Ghana and includes performance-based criteria to serve as an incentive to enhance financial management practices in the Districts. The MMDAs who meet the criteria receive additional resources. Assessment is conducted based on the Functional and Organisational Assessment Tool (FOAT). The DDF also provides a more systematic approach to capacity building for those who meet the FOAT assessment.

The Committee observed that since 2015 Government has defaulted in paying its part of the Fund resulting in non-disbursement to desired Districts. The Committee was informed that the Government's commitment has triggered the development partners to also provide their part of the fund to enable the Districts benefit from the facility.

10. CONCLUSION

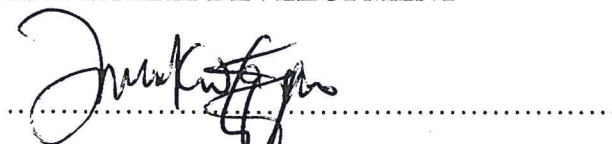
The Committee, having thoroughly considered the estimates recommends to the House to adopt its report and approve the total sum of **Three Hundred and Fifty-Nine Million, Three Hundred and Twelve Thousand, Sixty Two Ghana Cedis (Gh¢359, 312,062.00)** for the Ministry of Local Government and Rural Development and its Departments and Agencies for the implementation of their planned activities for the 2018 fiscal year.

Respectfully submitted



HON. BENJAMIN SEKYERE YEBOAH

**VICE CHAIRMAN, COMMITTEE ON LOCAL GOVERNMENT
AND RURAL DEVELOPMENT**



**DR. ERNEST DARFOUR (ASSISTANT CLERK)
FOR CLERK TO THE COMMITTEE**

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