

# The Politics of Decentralization in Ghana's Fourth Republic

Emmanuel Debrah

**Abstract:** This article assesses how the District Assemblies in Ghana's Fourth Republic have exercised political, administrative, and fiscal powers transferred to them by the central government. It notes that the creation of the assemblies has promoted popular participation and boosted the autonomy of front-line officials in terms of decision-making and the allocation of financial resources at the local level. However, the central government retains the authority to appoint the District Chief Executive and 30 percent of the assembly members. Local governments experience delays in the transfer of funds, an inability to absorb civil servants of decentralized departments into the local culture, and a lack of capacity to raise revenue for development. The article argues that local election of the District Chief Executive and increased allocation of funds to the rural districts would attract entrepreneurs and skilled civil servants who would be able to implement effective decentralization.

**Résumé:** Cet article examine comment les assemblées de district dans la Quatrième République du Ghana ont exercé des pouvoirs politiques, administratifs et fiscaux qui leur ont été transférés par le gouvernement central. Il note que la création des assemblées a favorisé la participation populaire et stimulé l'autonomie des fonctionnaires de première ligne en termes de prise de décision et d'allocation des ressources financières au niveau local. Cependant, le gouvernement central conserve le pouvoir de nommer le chef de district et trente pour cent des membres de l'assemblée. Les gouvernements locaux sont victimes de retards dans le transfert des fonds, d'une incapacité à intégrer les fonctionnaires nommés dans la culture locale, et d'un manque de capacité à générer des recettes pour le développement. L'article soutient que les élections locales du chef de district et l'augmentation des fonds alloués aux districts ruraux attireraient des entrepreneurs et des fonctionnaires qualifiés qui seraient en mesure de mettre en œuvre une décentralisation efficace.

---

*African Studies Review*, Volume 57, Number 1 (April 2014), pp. 49–69

**Emmanuel Debrah** is a senior lecturer and Chair of the Department of Political Science at the University of Ghana, Legon. He has published articles in the *African Journal of Political Science and International Relations* and in *African Studies*. E-mail: ekdebrah@ug.edu.gh

© African Studies Association, 2014  
doi:10.1017/asr.2014.5

**Key Words:** Decentralization; financial resources; administrative responsibility; Ghana

---

## Introduction

African governance has undergone radical transformation since the beginning of the 1990s when international donors and Western governments forced democratic reforms on the continent. The international donors, development agencies, and nongovernmental organizations that pushed the agenda for change insisted that the democratic reforms should lead to the opening of political space to allow citizens to participate in the decision-making process at all levels of government. As a result, virtually all the developing and transitional countries that heeded the call for political alteration, including Brazil, the Philippines, Bosnia, and Benin (among others) embraced decentralization, which by the middle of the 1990s was the acceptable form of governance for most African governments (Crawford 2004). In both solvent and insolvent regimes, those of the left, center, and right, as well as countries where civil society was weak, decentralization was offered as the panacea for the state-rebuilding effort (Saito 2008; Conyers 2007; Manor 2001). In Africa, the impressive transitions in Nigeria, Senegal, and South Africa from authoritarian rule to democracy succeeded partly through the decentralization of resources and policymaking authority to subnational governments (Dickovick 2005; Heller 2001).

Ghana began the implementation of a comprehensive decentralization program in 1993 after its successful transition to democracy in 1992. The Constitution of the Fourth Republic mandated that Parliament legislate to devolve power and resources to the grassroots. In response, Local Government Act 462 was passed, which formally shifted the responsibility for the performance of some public functions to local government bodies called District Assemblies. The objectives embedded in the decentralization policy included improvement in the local production and delivery of public goods and services, responsiveness of service providers to popular demands, and the empowerment of officials familiar with local-level problems to tailor development plans to specific needs (Republic of Ghana 2003). It was intended to reduce overload and congestion at the center and speed up operational decision-making and implementation of programs by minimizing the decision-making hierarchies and other bottlenecks associated with the overcentralization of power and functions at the national capital (Aye 2008; Debrah 2009; Ahwoi 2010; Crook 1994). It was also promoted as a pro-poor policy, designed to reduce poverty through wealth creation and the efficient use of scarce resources. These objectives were consistent with decentralization programs in Senegal and South Africa, where decentralization was aimed at empowering local communities to take charge of their destiny through local institutions of self-governance and resource mobilization (Dickovick 2005).

The burgeoning literature on decentralization in Africa has drawn attention to local autonomy as a critical factor that influences the success of such efforts in emerging democracies. Local governments are effective when they act without exogenous environmental constraints (Manor 2001). Without the “immunity” of autonomy, “every local decision may be subjected to revision by a higher tier of government even if the local decision was made within the limits of its initiative powers” (Chapman 2006:2). In this context, the many studies assessing Ghana’s decentralization program have indicated abysmal performance of the District Assemblies. Despite decentralization, the masses are still disconnected from the elite, and the neglect of the grassroots in the decision-making process has meant that opportunities for communicating local preferences upward are greatly circumscribed. The resultant exploitation of the rural masses by the small group of urban elites has been exacerbated by official corruption, wastage of resources, and poor planning and coordination. The absence of vertical accountability has also encouraged incompetency in local administration (Debrah 2009; Ayee 2008; Crook 1994; Wunsch 2001).

Critics have pointed further to possible dangers associated with decentralization, such as increased inequality, political instability, and general ineffectiveness of the decentralized subnational bodies. In the context of Ghana, studies have observed deep-seated conflict between District Chief Executives and Members of Parliament, low-level community development, perennial delays in the transfer of funds to the District Assemblies, low caliber of field staffs, and low literacy levels of some Assembly members (Ayee 1999, 2008; Debrah 2009; Hoffman & Metzroth 2010; Ahwoi 2010; Owusu 2004). While these studies shed light on the activities of the District Assemblies, they focus fairly narrowly on the responsibilities assigned to the subnational governments under the decentralization policy. Apart from Debrah and Ayee’s empirically based works, they also are overly dependant on anecdotes that do not enhance our understanding of the factors that have led to the performance or underperformance of the decentralization initiatives.

This article assesses the extent to which the District Assemblies were successful or unsuccessful in exercising the political, administrative, and fiscal powers transferred to them by the central government. It not only assesses how they performed the responsibilities conferred on them, but also discusses the concrete challenges that obstructed their ability to perform their tasks. It argues that the political, administrative, and fiscal authority transferred to the assemblies has indeed stimulated popular participation, more efficient allocation of financial resources, and the capacity of front line officials to manage public functions at the grassroots level. These accomplishments have enhanced the public profile of Ghana’s decentralization policy. However, it also attempts to look closely at the empirical evidence to determine not only the successes but also the limitations of decentralization. How, and to what extent, did the decentralization policy empower the District Assemblies politically, administratively, and

financially to make community decisions? What were the challenges that faced the assemblies in the performance of their duties? What is the way forward toward effective decentralization in Ghana? In order to address these questions, a clarification of decentralization may be imperative.

### Conceptualizing Decentralization

Debates about whether decentralization promotes democracy at the local level are approaching resolution. Most scholars agree that successful decentralization programs ultimately foster citizens' participation in decision-making, and that leaders chosen locally through periodic elections become accountable to the people. Nevertheless, despite the important position occupied by decentralization within the democracy discourse, the meaning of decentralization remains ambiguous (Fritzen & Lim 2006; Turner & Hulme 1997). Historically, decentralization refers to many different institutional reforms, including "reversing the concentration of administration at a single center" (Smith 1985:1). In governance and public administration, decentralization is regarded as a process through which powers, functions, responsibilities, and resources are transferred from central to local governments. Because decentralization is related to power structure and how power is wielded by the state, political scientists define it as the transfer of authority to plan, make decisions, and manage public functions from a higher level of government to any individual, organization, or agency at a lower level (Rondinelli & Cheema 2003; Berhanu 2008; Ayea 2008; Turner & Hulme 1997). Thus decentralization is any act in which a central government formally cedes power to actors and institutions at lower levels in a political, administrative, and territorial hierarchy (Ribot 2002; Wunsch 2001).

The most common typologies of decentralization attempt to distinguish between the various functions and/or resources that are decentralized. One often cited classification presumes four broad categories of decentralization: administrative, fiscal, political, and market decentralization (Fritzen & Lim 2006). Another useful typology formulated by Turner and Hulme (1997) considers decentralization on a territorial and functional basis. Decentralization that is based on territorial considerations has the aim of bringing authority geographically closer to both front-line bureaucrats and the public they serve; transfer that is made on a functional basis is supposed to lead to a shift of authority to specialized agencies. Across these two categories, Turner and Hulme contend that the nature of authority transfer can be delegation within formal political structures such as public administrative, parastatal, and nonstate agencies. These typologies can also be expanded into a consideration of decentralization that includes four other components: deconcentration, delegation, fiscal decentralization, and devolution.

Deconcentration implies a redistribution of all forms of government (functional or territorial) from one center to several different operators or

places. It occurs mostly in unitary states, and takes the form of redistribution of decision-making authority and financial and management responsibilities among different levels of national government. Mawhood (1993) defines deconcentration as a geographical shifting outward of the power to make certain types of decisions. According to Smith (1985), it is the transfer of state responsibilities and resources from the central government ministries and agencies in the nation's capital to its peripheral institutions in the districts. Deconcentration is geared toward creating a strong field administration or local administrative capacity but under the supervision of central government ministries and agencies.

Delegation refers to the central government's transferring of some responsibility for decision-making and administration of public functions to semiautonomous organizations that are not wholly under its control but ultimately are accountable to it (Ayee 2008; Fritzen & Lim 2006). It consists of the delegation of responsibility to public enterprises/corporations or special project implementation units to allow for the performance of specialized functions or activities that are relatively important to both government and citizens. The day-to-day activities of the semiautonomous bodies are not controlled by the center, but they remain accountable to the central government in the overall performance of their activities (Mawhood 1993).

Fiscal decentralization involves the transfer of financial resource from the central government to local governments, which then carry out assigned functions. For instance, a percentage of taxes collected or budgetary allocations may be transferred from the central government treasury to agencies of government at the local level (Ayee 2008). This usually takes the form of the central government's ceding revenue to the local authorities or authorizing the raising of funds locally for local development projects (Rondinelli & Cheema 2003). The authority that is transferred to local government units is exclusively in the realm of public expenditures.

Most scholars regard devolution, the transfer of authority from central government to subnational governments electorally accountable to the subnational population, as the only authentic form of decentralization (Mawhood 1993; Turner & Hulme 1997; Smith 1985). Generally, devolution involves the transfer of specified responsibilities and resources from the central government to autonomous units of local governments with corporate status (units with a constitutional basis for power) (Ayee 2008). The most distinctive character of devolution is that the transfer of power authorizes local communities to manage their own affairs (Rondinelli & Cheema 2003).

It is assumed that decentralization empowers local governments and communities legally, technically, and financially to act in their own interests while the central government takes care of the higher missions of the state (Kulipossa 2004; Manor 2001). When appropriately crafted, decentralization promotes equilibrium in the sociopolitical and economic realms because it offers a number of benefits: opportunities for peacemaking in

communities experiencing conflict; accountability, because local representatives are more accessible to the populace than distant national leaders and can thus be held responsible for the outcomes of their policies; popular involvement in decision-making; and a culture of economic and administrative good governance (Saito 2008; Ayee 2008; Ahwoi 2010).

However, some scholars have noted that the confusion around decentralization suggests that the strict typologies and compartments do not exist. This is because some of the forms—notably, political and fiscal decentralization—have multiple components. For instance, political decentralization is not limited to the election of subnational officials but also includes the political independence of these officials from the center once they are elected. Similarly, fiscal decentralization can occur through guaranteed intergovernmental revenue transfers from central governments to subnational governments, but devolution of tax authority gives subnational governments even greater autonomy by making them less dependent on the center for resource flows (Fritzen & Lim 2006; Ayee 2008).

The literature further asserts that because decentralization is so contextual it cannot be assumed that the benefits derived from it are always and automatically available. Central fiscal restrictions on local governments can weaken their capacity to perform their assigned constitutional mandates (Rondinelli & Cheema 2003; Smoke & Lewis 1996; Manor 2001). The problem is often exacerbated by delayed fiscal transfers, and general shortfalls in revenue collection by the local government bodies (Ayee 2008; Kulipossa 2004; Mawhood 1993). Prud'homme (1995) further cautions that decentralization measures can adversely affect intraregional equity and interjurisdictional disparities and possibly dislocate the nation. Despite these problems, however, we can speculate that Ghana's decentralization policy, if not entirely successful in terms of its implementation, has been an appropriate response to its political, administrative, and fiscal objectives.

### **A Note on Methods**

To study the extent to which decentralization has achieved or not achieved the desired goal of promoting local democracy, I carried out interviews using semistructured questions between December 2012 and January 2013 with sixty respondents in four District Assemblies, namely Ga West, South Dayi, Ashanti Akim South, and Gonja West in the Greater Accra, Volta, Ashanti, and Northern regions of Ghana, respectively. Of these, thirty were officials of the District Assemblies, including appointed and elected members, past and present District Chief Executives, presiding officers, district coordinating directors, finance, budget, and planning officers, as well as heads of decentralized departments in the districts. These interviewees have had considerable experience with decentralization since its inception in 1993. In addition, I conducted interviews with twenty selected individuals, including traditional rulers/chiefs, religious leaders, legislators, and academics and ten civil society and political party activists who have worked

in the localities. Questions posed to interviewees ranged from the nature, form, and objectives of decentralization to the challenges experienced in practice. All interviewees were chosen because of their association with Ghana's decentralization programs. Hence, there was no attempt to prove statistically the "generality" of respondents' claims, even though the logic of purposive sampling suggests that the themes are common. Other secondary data were further analyzed to complement the interviews. Based on analysis of the empirical data, attempts were made to reach some general conclusions as to why decentralization has achieved or not achieved its objectives.

### **Legal Context And Structure of Decentralization**

This section reviews the legal framework for the decentralization policy and explains its ramifications for the performance of the functions of the District Assemblies. Ghana's decentralization is codified by the 1992 Constitution and other legislation. The Constitution contains the directive that "Ghana shall have a system of local government administration which shall, as far as practicable, be decentralized." The Constitution therefore directs Parliament to "enact appropriate laws to ensure that functions, powers and responsibilities, and resources are at all times transferred from central government to local government units" (Republic of Ghana 1992:150).

To implement this mandate, Local Government Act 462, passed in 1993, transferred specified responsibilities from the central government to local communities, which would be represented by their own lay or elected officials in one of three kinds of local bodies—Metropolitan, Municipal, or District Assemblies (Debrah 2009; Ayee 1996; Smith 1985)—depending on the size of the population and economic activity. However, in order to assess the quality of decentralization at the local level, the study devotes its attention to the District Assemblies in particular. The decentralization policy combines elements of political, administrative, and fiscal decentralization. Consequently, the structure of decentralization is a fused or mixed type in which institutions extending from the central government and deconcentrated departments and agencies as well as grassroots institutions are aggregated in a single unit at the local level. Act 462 also created Regional Coordinating Councils (subnational bodies to coordinate and supervise local assemblies in the regions), and further decentralized the local assemblies. The Metropolitan Assembly includes Sub Metropolitan Councils, Town Councils, and Unit Committees. The Municipal Assemblies cover Zonal Councils and Unit Committees, and the District Assemblies are subdivided into Urban/Area Councils and Unit Committees (Republic of Ghana 1993). Other decentralization legislation was also passed, including the Local Government (Urban, Zonal and Town Councils and Unit Committees) (Establishment) Instrument (LI 1589 of 1994); Model Standing Orders for Municipal and District Assemblies (1994); and Local Government (District Tender Boards) Establishment Regulations (Legislative Instrument 1606 of 1995).

The subdistrict structures—namely, the Sub Metropolitan, Urban, Town, and Zonal Councils and Unit Committees—are appendixes of the three larger assemblies. They carry out functions delegated to them and have no budgetary or taxing powers. These subdistrict structures are only consultative bodies created to meet the peculiar socioeconomic and management complexities associated with urbanization, and to promote community participation in local governance and self-help development programs (Ayeé 2008). The Metropolitan, Municipal, and District Assemblies are the fulcrum of local governance and therefore are designated as the “highest political and administrative, planning, budgeting, developmental and rating authorities within their demarcated geographical jurisdictions” (Republic of Ghana 1993:151). The subnational bodies, including the local assemblies, are placed under a central coordinating authority—a sector of government called Ministry of Local Government and Rural Development.

### Political Empowerment of Grassroots

Clearly, the overarching objective of Ghana’s decentralization policy is to devolve political and state power to subnational governments for communities to manage their own affairs. The questions asked here are: Has political power indeed been transferred to the subnational governments, and if so, how has this objective been achieved? The memorandum that accompanied Act 462 and the creation of the local assemblies indicated that the move was intended to devolve “power to the people.” The policymakers were convinced that the creation of the local assemblies would promote local initiative and participation. Most assessments of Ghana’s decentralization attest to the fact that real power has indeed been devolved to the local level (see Ayeé 2008; Debrah 2009; Ahwoi 2010). As of January 2014, 216 local government units comprising six Metropolitan, 49 Municipal, and 161 District Assemblies have been created which exist as self-governing entities at the subnational/local level.

According to interviews with community leaders and grassroots representatives, since their creation in 1993, the District Assemblies (DAs) have passed important bylaws to regulate specific community activities. For instance, according to two members of the South Dayi District Assembly, Kofi Quarshie and Latif Musa, the assembly “enacted rules which prohibited farming along the Volta Lake.” Similarly, the Gonja West District Assembly promulgated rules to stop cattle owners from grazing their cattle in the vicinity of ponds that serve as sources of drinking water for people. According to the respondents, when the assemblies recognized the need to acquire property, they acted without constraints. Evidence from the four DAs that were studied showed that they acquired and held both movable and immovable property, and where necessary, disposed of those properties. Given that the four assemblies are located in largely rural areas, the assembly members decided to establish farm plantations and purchased farm equipment (tractors), which they then rented to local farmers for the



preparation of their farmlands. The decision to undertake the entrepreneurial activities was taken by the individual assemblies. According to the four District Chief Executives (DCEs), the assemblies “entered into contracts with private entrepreneurs, and negotiated with some banks for loans to carry out those local development programs.”

A number of other development projects have been undertaken by the DAs through their own initiatives. These include the construction of small dams, the drilling of boreholes, the provision of refuse containers, the operation of educational and health facilities, the construction of feeder roads, the opening of markets, recreational centers, and lorry parks, and the rehabilitation of existing dilapidated facilities and equipment. These local developments were “initiated, planned, and implemented by the DAs without inputs from the central government.” For instance, Abdul Boakye, the former DCE of Ashanti Akim District Assembly, said that the decision to build units of classroom blocks in three rural communities—namely, Nkwanta, Obogu, and Komeso—with the aim of improving the quality of basic education was a collective decision of the assembly.

Each of the four DAs has also determined, approved, and begun to execute longer-term local development plans. Under the technical direction of the local government staff, the DAs have identified their communities’ development agenda and drafted plans tailored to specific local needs of the people. Twenty local assembly members, of which eight are members of the Development Planning subcommittee of the DAs, agreed with the statement that “the DAs prepared, adopted and executed their community development plans.”

Decentralization is impossible without the power to choose local representatives. Indeed, the basis for creating the Metropolitan, Municipal, and District Assemblies was to promote popular participation in the decision-making process. Five local government elections have been held since 1994, during which occasions were provided for the local electorate to quiz the candidates and assess their suitability for the position. Mass participation was encouraged in the elections, and persons with special abilities were drawn into the electoral orbit: traditional rulers and their elders, community-based organizations, and other civic groups with a focus on rural areas. In the elections 70 percent of the members of the DAs were directly elected by the people while 30 percent were appointed by the President. The objective of this mixed system, according to Gifty Konadu, the Member of Parliament for Ashanti Akim South, is to provide a balance between the national and local interests (interview, Juaso, capital of Ashanti Akim South Assembly, February 2013). While it may seem to contradict the principle of local autonomy, there is a convincing justification for it. Its earliest instance dates back to the era of the Native Authorities System under the British policy of Indirect Rule. In the opinion of most of the interviewees (53 as opposed to 7), the appointive principle allows the central government to reserve a place for disadvantaged groups in the communities, including women and the physically challenged, as well as persons with special abilities and

expertise such as technocrats, engineers, and educationists. According to the respondents, the elective and appointive positions are well balanced and exist in harmony (see also Mawhood 1993).

The devolution of power to the DAs has meant not only the election of local officials, but also the promotion of popular participation in community development programs. Local communities have identified, designed, and undertaken the management of micro projects such as water provision and refuse disposal. Throughout the four districts ordinary people have initiated, partially financed, and controlled the implementation of their local projects. In the preparation of the local plans the planning experts held consultations with officials and small groups including chiefs, small-scale entrepreneurs, church organizations, and associations of the disadvantaged in the districts, creating a platform for ordinary citizens to influence local decision-making. The bottom-up process has not only helped to create popular confidence and legitimacy for the districts' plans and bolstered inclusiveness, but it has also made the citizens owners of their development programs. The decentralization policy thus provides for a system of vertical accountability. The people vote every four years to choose their local representatives, and the President's nominees for the position of DCE are also scrutinized. Although there is no record in the four districts showing that the President's nominees have ever been rejected, evidence exists from other jurisdictions in which assembly members did not endorse some of the nominees. For instance, in 1998 the assembly members of the Odumase Krobo District Assembly voted against the proposed DCE.

Despite these positive results, however, the practice of devolution has faced several challenges. For instance, while it is accepted that the central government appoints 30 percent of the assembly members, the people anticipated that community interests would be considered in these appointments. Indeed, the law mandates that the President consult traditional authorities/chiefs and community-based organizations. In practice, however, the appointments have been based largely on political patronage, with appointments functioning largely as rewards to political notables who had helped in the mobilization of grassroots support for the incumbent government during the previous election. Three interviewees—Collins Brobbey, an NGO activist, Yaw Djan, a pastor, and Bukari Dauda, a teacher—agreed with the statement that “people with connections to the centers of power had the greatest assurance from their political Godfathers of a secured place in the DAs” (interviews, Salaga, March 2013 ). According to Nana Konadu Bosiako, Bukhari Nureden, and Togbe Tsra, nonpolitical actors with experience in local administration, such as chiefs (the original architects of local governance in Africa), were not considered for appointment “because the central government perceived them as politically neutral interest groups.”<sup>1</sup>

Effective local participation in the decision-making process is further constrained by the selection of the DCE, the most influential personality in the DA, by the President instead of by popular election. As a result, the

official at the local level who performs the day-to-day executive and administrative functions of the DA and chairs the powerful Executive Committee—the inner decision-making chamber of the DA—is a presidential appointee. Officially the DCEs are merely nominated by the President and then approved by the DA. But in the four districts studied, at least two-thirds of the members of the DAs approved the nominations after having received considerable pressure to do so.<sup>2</sup> In many instances, recalcitrant appointees who exercised their independence and voted against the President's nominees were disciplined. In 2001, for example, President Kufuor summarily dismissed all appointees to the Tema Metropolitan Assembly and the Asikuma-Odoben-Brakwa District Assembly for failing to endorse his nominees for the position of DCE (see Debrah 2005:290). A week later a completely new set of appointees was chosen to replace those who did not comply with the central directive. Most interviewees (52 versus 8) agreed with the statement that “such political actions and interferences undermined the appointees’ ability to make independent judgments/decisions on local choices.” Fifteen DA members, of whom four were part of the 30 percent appointed by the central government, indicated that their voting decisions in the DAs were greatly influenced by central political directives—which in many cases were supervised by the DCE.

The DCE tends to regard himself as a functionary of the central government acting to promote the President's interests at the local level, rather than as a local representative. Forty-two interviewees confirmed that “the DCE did not only radiate central political power in the district but also served as the conduit for the propagation and dissemination of central government's programs at the local level.” As head of decision-making in the district, the DCE determines local policy priorities and influences the distribution of development programs to the communities. To accomplish this, “he leaned on the support of the central government appointees in the DA.”<sup>3</sup> Some of the elected assembly members have also been drawn into the political orbit of the central government, ostensibly to support the DCE. Thus, according to most interviewees, elected assembly members who bowed to the DCE's political will attracted a large share of the distribution of the local resources to their communities. Because the DCE is expected to use his political influence to mobilize grassroots support for the central government, an earlier initiative to make the choice of a DCE elective did not receive political backing (APRM Report 2005). A government white paper issued in June 2012, after the Constitutional Review Commission had submitted its report, rejected the popular demand for the election of a DCE.

In addition, there is little that citizens can do to express their opinions and concerns in the aftermath of elections, especially after the district plans have been completed. This is because there are no formal channels by which the people can participate in the determination of the community budget or exercise control over the expenditures of the DAs. Forty-eight interviewees said that those who showed interest in knowing the state of affairs (and also were not held back by the problem of widespread illiteracy

in the rural districts, as several others mentioned) were constrained by the lack of up-to-date accounts, an accounting system that was not user friendly, and unfamiliarity with the financial administration system and auditing mechanisms.

### **Decongesting Administration at the Center**

One of the key objectives of Ghana's decentralization is to crack open the blockages of the central bureaucracy, cure managerial inertia, and give decision-making authority and power to field staff. For this to happen, steps were taken to shift power and authority from the central ministries, departments, and agencies to the subnational governments. This involved measures that led to the adjustment of the central bureaucracy such as: (1) the establishment of Ministerial Advisory Boards to broaden the base for ministerial-level decision-making; (2) a review of the functions and roles of ministries and their line departments; (3) a restructuring of the organization of ministries and staffing; and (4) decongestion of the ministries in terms of program execution and the release of staff to provide technical and managerial support to the DAs (Republic of Ghana 2011; Ayee 2008; Ahwoi 2010; Ayee 1997).

As a practical step toward implementing these changes at the center, eleven departments, including the Ghana Education Service and Ghana Health Services, were placed under the DAs. Act 462 charged the DAs with establishing these departments and regulating their activities in the districts. The integration of the departments into the DAs was intended to lead to the promotion of technical efficiency and cooperation between the central government field agencies and the local government units. To further stimulate effective decentralization, the responsibilities of the central bureaucracy were transferred to the DAs. As a result, twenty-two functional areas of government were shifted to the subnational governments, resulting in institutional strengthening at the local level. For instance, District Planning Coordinating and District Budgetary units were established in the DAs, ostensibly to promote the planning and budgetary capacities of the districts.

The responsibilities of the District Planning Coordinating unit (DPC) include the preparation and implementation of the district development plans as well as the granting of physical development permits to all developers in the district. Most of the interviewees (56 versus 4) agreed that the establishment of the DCP unit led to an improvement in development planning at the local level, because, to a large extent, it introduced some discipline into the acquisition of building plans and permits in the districts. A remarkable success recorded by the DPC units of the four DAs is their ability to synthesize strategies, which brought the districts into a comprehensive and somewhat cohesive framework in the form of five-year district development plans. (The most current 2010–15 plan replaced the earlier 2005–10 plan). According to many (39) interviewees, the plans promote the outward-oriented functions of the districts and address the demands of

the local people for basic social services. The officials in the planning departments monitor the implementation of projects financed through the District Assembly Common Fund and those financed by nongovernment organizations and international donors.

To facilitate the effective delivery of services by the decentralized units, personnel and resources have been shifted to the DAs, with the central government assigning professional staffs to manage the technical units. For instance, a professional planner trained by the National Development Planning Commission and a budget officer from the Ministry of Finance were posted, respectively, to the DPC and District Budgetary units of the DAs, while a finance officer and auditor with accounting background were assigned to the treasury units of the DAs. All of these individuals have a university degree and considerable experience in their fields. In 2003 the Local Government Service Act (Act 656) was enacted to shift the management of these field staff appointees of the central government to local government.<sup>4</sup> The Act became operational in December 2009 when the Legislative Instrument of 1961 was promulgated authorizing the staffs of the decentralized departments to carry out their functions under the guidance of the local assemblies. Since then, field staffs of the central civil service have become more integrated into the local assemblies.

Nevertheless, despite such efforts toward reversing the concentration of power at the nation's capital, a complex relationship between central and local government remains, creating administrative bottlenecks. For instance, in spite of the passage of Act 656 and Legislative Instrument 1961, a full merging of the central government field administration with the DAs has not materialized. The result, according to Vincent Kwesi Bi of the Institute of Local Government Studies (a unit of the Ministry of Local Government and Rural Development), is that "the civil servants working in the districts continue to depend on their institutional headquarters in Accra for administrative instructions" (interview, Accra, March 2013). For instance, medical officers (the District Director of Health Services) and sanitary inspectors, who are supposed to perform their activities under the DAs, tend to be accountable to the director-general of the Ghana Health Services on all health-related matters. Similarly, the District Director of Education reports to the Director-General of the Ghana Educational Service through the Regional Director of Education rather than to the DA. According to most interviewees (46 versus 4), the District Oversight Committees (DOCs)—the boards responsible for management of schools at the local level—continue to be appendages of the national education service rather than a subcommittee on education of the DAs. In addition, thirty-eight interviewees indicated that the signing of performance contracts with directors/heads of the eleven departments in the districts was administered by officials of the central bureaucracy through the centrally appointed and administered Regional Coordinating Councils rather than the DAs.

Similarly, despite the authorization of the DAs to allocate, attract, and retain skilled staff and build their own human resources and organizational

capacity, the recruitment, placement, transfer, discipline, and retirement of civil servants working with the DAs remain mostly with the central bureaucracy—the Public Services Commission and the Head of the Civil Service in Accra. Even the District Coordinating Directors and Finance Officers who offer technical and administrative support to the DAs continue to be employees of the national civil service rather than the DAs under whom they serve.<sup>5</sup>

The overbearing influence of the central bureaucracy on civil servants who work in the localities poses grave challenge to staff retention in the DAs. According to thirty-eight official interviewees, “the [Head of the Civil Service] failed to act promptly on the persistent request to post personnel who have technical and professional competencies to the DAs.” DCEs in the four districts stated candidly that there are few professional accountants, architects, engineers, policy monitors, and evaluators to assist the DAs in performing their functions (interviews with Abdul Boakye, Zakli Jonas, Kofi Fokuo, and Steve Amatey, February 2013); other unit heads complained of the absence of personnel to fill key positions such as District Engineers, Land Valuators, and Auditors (interviews with Yaney Matilda and Godfred Zakaria, Accra and Tamale, 2013). The problem has been more pronounced in the rural districts where poor social and economic conditions have discouraged experienced professionals from accepting postings to work in these areas.

This situation confirms Ayee’s (2008:21) observation that the DAs in Ghana suffer from a limited human resource capacity: “Of the projected 285,000 of overall Ghana’s civil servants working at the local level, 60% lack the requisite expertise to perform their functions. The dearth of human resource capacity of the DAs has serious implications for program implementations at the grassroots.” Similarly, experts who were appointed by the government to review the local implementation and effectiveness of the Ghana Poverty Reduction Strategy observed that “inadequate and low caliber of staffs of the decentralized bodies posed a great challenge to [its] effective implementation . . .” (Republic of Ghana 2003:8). As a result, the DAs have engaged persons who lack the requisite professional and technical expertise as accountants and engineers to assist the heads in running the units. The lack of skilled professionals has also constrained development planning, despite its documented successes. The DPC units lack economists and social sector specialists as specified in the guidelines issued by the Ministry of Local Government and the National Development Planning Commission. Except for the head of the planning unit, the members of the staff at the time of the fieldwork possessed senior high school certificates with little or no experience and skills related to the job. Forty-three interviewees’ opinions corroborated the four DCEs’ observations that “the DPC unit is technically deficient and hardly understood and followed the planning guidelines administered by the NDPC.” A number of interviewees (37), including staff members of the DPC units, also attributed the poor development plans produced by the DAs to the infrequent transfer of funds to the DPC.

## Financial Empowerment of the DAs

Ayee (2008) has noted that transfer of functions to local governments logically means shifting of resources as well. Clearly, without the transfer of financial resources to subnational governments, achieving devolution and deconcentration is impossible. This section, therefore, endeavors to determine the success of fiscal decentralization. It identifies and discusses the taxation powers conferred on the DAs, the type of revenues ceded to them, their adequacy or inadequacy, and the problems associated with achieving effective fiscal decentralization in Ghana.

Three basic methods are used to transfer resources to the local constituencies. The first involves the statutory assignment of revenue-raising powers to the DAs, which aims to enhance the expenditure responsibilities devolved to them. The decision by the central government to build the financial capacity of the DAs was a major move; large capital outlays are required in the localities for such purposes as the provision of water and electricity, the construction of feeder roads, and the servicing of markets, and all sixty interviewees agreed that "sub-national governments with many responsibilities but without the resources to fulfill them are unlikely to meet the expectations of the people." In consequence, sixty-four revenues comprising rates, licenses, levies, and fees listed under the Sixth Schedule of Act 462 were ceded to the DAs. They include, among others, entertainment duties, casino revenues, gambling taxes, trade, business and professional income taxes, and taxes chargeable on the income of self-employed persons (Republic of Ghana 1993).

The total amounts to be collected from some of these community fees and taxes are determined by the DAs. For instance, a flat rate of two Ghana cedis per annum is levied on all persons aged 18–60 years. A property tax is assessed based on the value of property owned by households and enterprises, including land and residential constructions but excluding public buildings. There are user fees (lorry park, market, and toilet tolls, among others), and a business tax. These taxes constituted a part of what is called internally generated funds, which account for 17 percent of the DAs' total revenue. The four DAs interviewed have spent their internally generated funds on recurrent expenditures rather than long-term projects.

A second source of revenue for the local constituencies is a block grant from the central government known as the District Assemblies Common Fund (DACF). Established by Act 455 in 1993 (and then amended in 2008 to account for inflation and accelerate rural development), the fund is required to set aside and transfer to the DAs not less than 7.5 percent of the total revenues of the country, including interests and dividends that accrue from investments, payable in quarterly installments (Republic of Ghana 1993). How much a district receives is based on a revenue sharing formula set up by Parliament and implemented by an independent body called the District Assembly Common Fund Administrator. The disbursement formula takes into account various factors including local needs, equity, and other

contingencies. This fund accounts for fully 40 percent of the total revenues of the DAs.

A third revenue source for the DAs is intergovernmental transfers—annual government budgetary allocations to all state institutions, including DAs. These include ministerial transfers of funds to cover the salaries of civil servants working in the districts and capital expenditure for infrastructure developments. The DAs also receive transfers from the Social Investment Fund, the Highly Indebted Poor Country initiative, and the District Development Fund, which represent 15 percent of their revenues. Another 28 percent of their total revenues comes from donor grants, including development assistance from the European Union, USAID, and the United Nations Development Program.

Given the many responsibilities (86 functions overall) conferred on the DAs, the resource base is woefully inadequate. In addition, the resource flows to the districts have not been predictable, dependable, or prompt. Fifty-eight (as against 2) interviewees confirmed the general view that “the transfer of the DACF to the DAs experienced perennial delays,” although thirteen officials indicated that the delay was due partly to the central government’s policies aimed to control money supply in the country. In the process, however, the DACF is frequently in arrears, causing enormous anxiety among the DAs. In addition, while the donor grants come without preconditions, the central government imposes conditions on the uses of the funds that it transfers to the DAs. For instance, the DACF is supposed to be channeled into specific development programs such as provision of social services and other poverty reduction initiatives. This conditionality constrains the ability of the DAs to appropriate the money to “sectors” that the grassroots consider as a priority. It should be noted that the World Bank has observed that “having local communities to decide on the uses of municipal resources can be very effective for local development” (World Bank 2001:108).

An even more problematic side of fiscal decentralization has been the inclusion of a local “tax effort” in the sharing formula of the DACF. Whereas its purpose was to instigate aggressive tax collection on the part of the DAs, forty-seven interviewees agreed that its application has hurt the poor districts badly. To be sure, the policy of “tax effort” by local government units is a vexed issue in general. Bird and Wallich (1993:8) note that “giving too much weight on fiscal effort in allocating grants may penalize the poorer areas.” At the same time, however, omitting the “tax effort” altogether would be counterproductive in view of the reluctance of local authorities to impose taxes on their own (Bird & Wallich 1993).

The DAs also lack the capacity to mobilize the local revenues that they have the authority to collect. In the case of the property tax, it is extremely difficult for the DAs to identify every piece of property in their jurisdictions, due partly to the improper documentations of lands by the District Lands Commission. In addition, the Lands Valuation Board, the professional entity that evaluates the value of properties, does not have the wherewithal in



terms of human and logistical capacity to undertake the valuation exercise. Forty-six officials agreed that “the act of sending bills to property owners periodically and collecting the tax was technically cumbersome.” In the rural areas, many properties were found to be of small value, and because the total costs of taxing were higher than the earmarked revenue, the DAs had little interest in collecting the tax.

Another challenge to achieving fiscal decentralization is the rural setting of the DAs. These parts of the country lack social services and amenities such as restaurants and shopping centers, and the absence of economic activities in the rural districts therefore affects the revenue base. Given the low incomes of people in the rural areas of Ghana, generally, and particularly the vexed issue of “ability to bear the tax burden” (Rani 1999:1632), the DAs have set low rate levels. Of the sixty interviewees, forty-seven justified the low rates imposed by the DAs in certain revenue categories such as user fee and business taxes; according to Akuamoah Boateng, the District Coordinating Director in Juaso, there is a “strong feeling that high rate levels could worsen the economic plight of the rural poor, particularly the emerging small-scale local entrepreneurs in the rural districts” (interview, Juaso, February 2013). Only in the Metropolitan and Municipal Assemblies such as Accra and Kumasi, where there are relatively established economic activities, do the property, income, and base rates feature prominently in their revenue collection schedules.<sup>6</sup>

## Conclusions: The Way Forward

This article has noted that political, administrative, and financial powers have been devolved to the DAs at the local level, and this transfer of power has engendered popular participation in community decision-making, both on the part of elected and appointed officials and at a more grassroots level. The DAs, for example, have initiated local development plans and they determine the levels of local taxes. At the same time, the article draws attention to some structural challenges that have impeded efforts toward achieving effective decentralization in Ghana. For instance, despite legal reforms, the eleven departments placed under the administration of the DAs are still tied to their respective ministries in Accra. The government's own assessment of the success of decentralization (Republic of Ghana 2003) recognized that the public administrative system continues to be heavily centralized because power and resources are still concentrated in key ministries, departments, and agencies that plan, implement, monitor, and evaluate essential services for the communities. It also recognizes that delayed transfer of funds and the lack of the capacity to raise local revenue constrains fiscal decentralization.

For Ghana's decentralization to overcome these weaknesses, popular participation must be deepened. This may involve structural reforms to integrate consultation with community-based civil society organizations into the local government system. The granting of legal recognition to non-governmental organizations and other community advocacy groups will

enhance the monitoring and auditing of the activities of the DAs. Political decentralization will further benefit from an environment that fosters political understanding at the local level where citizens are able to identify problems, share concerns, and engage in dialogues with their local authorities to address community challenges. As much of the scholarly literature has pointed out, effective popular participation in the decision-making process depends on how much power the people have over their leaders. In Ghana, popular accountability at the local level is weak because the DCE is appointed by the President. Direct election of the DCE would be a major step toward enforcing local accountability of the DAs. Election of the DCE would weaken the central government's influence over grassroots affairs, and local perspectives would be significantly enhanced in the decision-making process.

The dominant theoretical approach within economics and political science about the benefits of decentralization emphasizes competition between subnational governments to attract residents or investors to create business entities at the local level. In other words, competition among the DAs could stimulate the recruitment of firms (small-scale business activities) to the rural areas. This could also potentially create employment opportunities for the unemployed, thereby halting the movement of the youth from the rural to urban centers as well as promoting the development of the local economy by boosting local government tax revenues. And this, in turn, would trigger the expansion of local infrastructure and the modernization of the districts in terms of improved communication systems, road networks, and educational facilities and encourage a high caliber of civil servants and other professionals such as engineers and physicians to accept postings to the rural areas.

Given the low level of internally generated revenues, the central government should be encouraged to increase the DACF transfers from the current level of 7.5 percent to at least 10 percent and to reduce the conditionalities on the use of the fund. Such changes would not only increase the level of discretionary revenue for the DAs, but also build their capacity to employ more skilled civil servants. Addressing the deficit in skilled staff in the rural areas further requires radical actions to provide the local civil servants, particularly those with professional backgrounds, with incentives to work in the rural areas. These might include the offer of higher salaries to those serving in the more deprived communities.

A legislative reform may be necessary to bridge the inequality gap among the Metropolitan and Municipal Assemblies, on one hand, and the DAs on the other. The pervasiveness of inequality in development warrants a measure that reverses the current arrangement, whereby the districts that demonstrate a capacity to mobilize local revenues also receive a bigger share of the DACF and therefore have relatively developed infrastructures.<sup>7</sup> Instead, more resources devoted to the rural districts—precisely those that lack the capacity to generate substantial internal revenues—would enhance their capacity to implement modernization programs.

## References

- African Peer Review Mechanism (APRM). 2005. *Country Review Report and Program of Action for the Republic of Ghana*. Midrand, South Africa: APRM Secretariat.
- Ahwoi, Kwamena. 2010. *Local Government and Decentralization in Ghana*. Accra: Unimax Macmillan.
- Ayee, Joseph R. A. 1997. "The Adjustment of Central Bodies to Decentralization: The Case of the Ghanaian Bureaucracy." *African Studies Review* 40 (2): 37–57.
- . 1999. *Decentralization and Conflict: The Case of District Chief Executives and Members of Parliament in Ghana*. Accra: Friedrich Ebert Foundation.
- . 2008. "The Balance Sheet of Decentralization in Ghana." In *Foundation of Local Governance: Decentralization in Contemporary Perspective*, edited by Fumihiko Saito, 233–58. Heidelberg: Pysica-Verlag.
- Berhanu, Kassahun. 2008. "Decentralization and Democratization in Ethiopia." *Regional Development Dialogue* 29 (2): 18–31.
- Bird, Richard, and Christine Wallich. 1993. "Fiscal Decentralization and Intergovernmental Relations in Transition Economies: Toward a Systemic Framework of Analysis." *Policy Research Working Papers* No. 1122. Washington, D.C.: The World Bank.
- Chapman, Jeffrey. 2006. "Land Value Taxation and Economic Development." *State Tax Notes* 40 (1): 43–64.
- Conyers, Diana. 2007. "Decentralization and Service Delivery: Lessons from Sub-Saharan Africa." *IDS Bulletin* 38 (1): 18–32.
- Crook, Richard C. 1994. "Four Years of the Ghana District Assemblies in Operation: Decentralization, Democratization and Administrative Performance." *Public Administration and Development* 14 (3): 339–64.
- Crawford, Gordon. 2004. "Democratic Decentralization in Ghana: Issues and Prospects." *POLIS Working Paper* 9: 1–13.
- Debrah, Emmanuel. 2005. "Political Parties and Democratic Copnsolidation in Ghana, 1992–2004." Ph.D. diss., University of Ghana.
- . 2009. "Assessing the Quality of Accountability in Ghana's District Assemblies, 1993–2008." *African Journal of Political Science and International Relations* 3 (6): 278–87.
- Dickovick, James. Tyler. 2005. "The Measure and Mismeasure of Decentralization: Sub-national Autonomy in Senegal and South Africa." *The Journal of Modern African Studies* 43 (2): 183–210.
- Fritzen, Scott A., and Patrick W. O. Lim. 2006. "Problems and Prospects of Decentralization in Developing Countries." In *Encyclopedia of Public Administration and Public Policy*, edited by J. Rabin Marcel, 1–9. New York: Dekker.
- Heller, Patrick. 2001. "Moving the State: The Politics of Democratic Decentralization in Kerala, South Africa, and Porto Alegre." *Politics and Society* 29 (1): 131–63.
- Hoffman, Barak D., and Katherine Metzroth. 2010. *The Political Economy of Decentralization in Ghana*. Washington, D.C.: Center for Democracy and Civil Society, Georgetown University.
- Kulipossa, Fidelx Pius. 2004. "Decentralization and Democracy in Developing Countries: An Overview." *Development in Practice* 14 (6): 768–79.
- Laryea-Adjei, George. 2000. "Building Capacity for Urban Management in Ghana: Some Critical Considerations." *Habitat International* 24 (4): 391–401.

- Manor, James. 2001. *Democratic Decentralization and Sustainable Livelihoods*. Brighton, U.K.: IDS.
- Mawhood, Philip. 1993. *Local Government in the Third World: The Experience of Decentralization in Tropical Africa*. Pretoria: Africa Institute of South Africa (AISA).
- Owusu, George. 2004. "Small Towns and Decentralized Development in Ghana: Theory and Practice." *Afrika Spectrum* 39 (2): 165–95.
- Prud'homme, Remy. 1995. "The Dangers of Decentralization." *The World Bank Research Observer* 10 (2): 201–20.
- Rani, Geeta P. 1999. "State Finance Commissions and Rural Local Bodies: Devolution of Resources." *Economic and Political Weekly* 34 (25): 1632–39.
- Republic of Ghana. 1993. *Local Government Act (Act 462)*. Tema: Ghana Publishing Corporation.
- . 1992. *Constitution of the Republic of Ghana 1992*. Tema: Ghana Publishing Corporation.
- . 2003. *National Decentralization Action Plan: Towards a Sector-Wide Approach for Decentralization Implementation in Ghana, 2003–2005*. Accra: Assembly Press.
- . 2011. *Local Government Service: Providing Professional Support for Effective Local Service Delivery*. Accra: Ministry of Local Government.
- . 2012. *Memorandum to Parliament on the Proposed 2012 Formula for Sharing District Assemblies Common Fund Allocation*. Accra: Assembly Press.
- Ribot, Jesse C. 2002. "African Decentralization: Local Actors, Powers and Accountability." *Democracy, Governance and Human Rights* 8: 1–25.
- Rondinelli, Dennis A., and Shabbier G. Cheema. 2003. "Analyzing Decentralization Policies in Developing Countries: A Political-Economy Framework." *Development and Change* 20 (1): 57–87.
- Saito, Fumihiko. 2008. *Foundation of Local Governance: Decentralization in Contemporary Perspective*. Heidelberg: Pysica-Verlag.
- Smoke, Paul, and Blane D. Lewis. 1996. "Fiscal Decentralization in Indonesia: A New Approach to an Old Idea." *World Development* 24 (8): 1281–99.
- Smith, Brian C. 1985. *Decentralization: The Territorial Dimension of the State*. London: George Allen & Unwin.
- Turner, Mark, and David Hulme. 1997. *Governance, Administration and Development: Making the State Work*. London: Macmillan.
- World Bank. 2001. *World Development Report 2000/2001: Attacking Poverty*. Oxford: Oxford University Press.
- Wunsch, James S. 2001. "Decentralization, Local Governance and 'Recentralization' in Africa." *Public Administration and Development* 21 (4): 277–88.

## Notes

1. Three chiefs/traditional authorities explained that the Provisional National Defense Council, which supervised the enactment of the Act 462, regarded chiefs as part of the governing elite. Thus, throughout its rule, chiefs were alienated from local governance. The continuity agenda pursued by the National Democratic Congress after the transition to democratic governance in 1992 meant that chiefs were still placed at the periphery of local governance.
2. The influence of the incumbent's political machine at the national and local levels on the choice of members of the DAs was explained by four former

appointees to the DAs: Yaw Broni, from Ashanti Akim South (interview, Juaso, February 2013); Mohammed Iddi, from Gonja East (interview, Salaga, February 2013); Sampson Frempong, from Ga West (interview, Amasaman, March 2013); and Atiamo Benjamin, from South Dayi (interview, Peki Dzake, March 2013).

3. These statements, which were posed to respondents, were confirmed by fifteen assembly members and twenty-three other interviewees as a reality in the DAs.
4. Specifically, the Act shifted the authority of the Public Services Commission and the Office of Head of Civil Service to a body called the Local Government Service Council.
5. According to Gifty Konadu (interview, Juaso, February 2013) and Boniface Sidique (interview, Salaga, February 2013e), MPs for Ashanti Akim South and Salaga, respectively, a weakness in the decentralization policy is exemplified by the continuing appointment of DCDs by the office of the Head of the Civil Service.
6. The MP for Dome-Kwabenya, Mike Aaron Oquaye, indicated that property tax and base rates are among the most dependable taxes in the Metropolitan Assembly districts because the levels of households income are higher than elsewhere (interview, Accra, March 2013).
7. The "responsive factor," i.e., the improvement in revenue generation and collection, is one of the indicators used by the DA Common Fund Administrator to share the DACF with the local districts. See Republic of Ghana (2012:4).