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Policy, Practice and Performance of Decentralization in Ghana

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Abstract

Ghana undertook a major decentralization reform in 1988 under a military government, with the enactment of Local Government Law 1988, PNDC Law 207. The package of reforms were also incorporated in the 1992, 4th Republican Constitution of Ghana when Ghana was ushered into democratic rule in 1992 led by NDC. In 1993, an Act of Parliament, Act 462, Local Government Act, 1993 was promulgated to operationalize the 'new' decentralization policy.

This reform was intended to be a complete departure from the older decentralization policies that were known to have such problems as competition between the central government departments and the local governments, failure to perform functions assigned the local government units, chieftaincy disputes which adversely affected decision-making capacity of the local government units, inability of the local government units to generate adequate funds to support their activities, inadequate transfer of financial resources from the central government to the local government units, weak manpower of the local government units vitiated by nepotism in appointments; and lack of participation of the citizenry in their own development process due to stifling of local initiatives by the centralized system (Ayee , 1998)

The objectives of these legal documents containing the decentralization policy of Ghana include participatory local democracy through local level institutions, representation, and responsiveness, efficiency in resource allocation and service delivery, greater accountability, bottom up planning, effective fiscal decentralization and integrated development at the local level such that some of the benefits which could not be attained under previous attempt at decentralization such as improvement in economic performance, and poverty reduction could be realized .

The research sought to answer some key questions regarding the possibility of these objectives and the general theoretical benefits of decentralization being attained. It is premised on the theses that the likelihood of reaping the benefits of decentralization depends on how the policy is designed to take care of the relevant political, administrative and fiscal prerequisites of successful decentralization, as derived from

theory and best practices. Other criteria include how diligent the policy contents are implemented and the reflection of the policy and practice on the local contextual factors.

After analyzing the decentralization policy of Ghana against the benchmarks of guiding indicators of effective decentralization, it came out that the political decentralization of Ghana, though has improved decision making at the grassroots is still suffering from excessive central government control and weak sub district institutions . This has rendered popular participation and accountability weak and therefore the aim of promoting participatory local democracy is in danger.

The local government still depends heavily on the central government transfer making it vulnerable to the dictates of the ruling government. This does not give the local government the needed autonomy and flexibility to plan, budget and implement their own projects. In the case of administrative decentralization, even though the local government institutions such as the District Assemblies, Unit Committees and Area Councils are created by policy, implementation suffers from inadequate logistics, local ownership and legitimacy and capacity in terms of personnel and finance. Responsibility for the performance of some local functions is not clear for some of the functions and services leading to duplication by central government agencies and District Assemblies and the neglect of some of the services. The central government still controls recruitment of senior staff at the DAs leading to double allegiance by the bureaucrats to DAs and central government and limited concern and commitment by the technical staff towards the needs of the local citizens.

The conclusion is that given the nature of the current decentralization policy and the way it is being implemented, the stipulated ideals of the policy are far fetched and difficult to attain. The policy therefore needs further reforms, which have been suggested under policy recommendation section of this research, while serious commitment to implementing the policy content is also advocated.

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LIST OF ABBREVIATIONS

AMA-	Accra Metropolitan Assembly
CG-	Central Government
CMA-	Central Management Authorities
DACF –	District Assemblies Common Fund
DA-	District Assemblies
DCE-	District Chief Executive
DD-	Decentralized Departments
EC-	Executive Committee
LG-	Local Government
LI-	Legislative Instruments
MDA-	Ministries Departments and Agencies
MDGs-	Millennium Development Goals
MLGRD-	Ministry of Local Government and Rural Development
MoF –	Ministry of Finance
NDC-	National Democratic Congress
NDPC-	National Development Planning Commission
NEC-	National Electoral Commission
NPP-	New Patriotic Party
OHCS-	Office of the Head of Civil Service
PM-	Presiding Member
GPRSP-	Ghana Poverty Reduction Strategy Paper
PNDC –	Provisional National Defense Council
PSC-	Public Services Commission
RCC-	Regional Coordinating Council
SIDA-	Swedish Development Cooperation
SNG –	Sub National Government
TA-	Traditional Authorities
UC-	Unit Committee
USAID-	United States Agency for International Development

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TO GOD BE THE GLORY.

DEDICATED TO THE TWINS, FILIPPI AND FILIPPA, AND THEIR MOTHER, CHARITY BOTCHWAY.

CHAPTER ONE

GENERAL INTRODUCTION

1.1 Background and Problem statement

Since independence, several countries in Africa have experimented with decentralization with varying degrees of success (Ndegwa, 2002). There is a growing recognition that central governments cannot do it all, and that the active involvement of both communities and representative local governments is required for successful local development (Parker and Serrano, 2000)

The most extensive form of decentralization is devolution whereby the central government transfers authority for decision-making, finance, and management to local governments that have clear and legally recognized jurisdiction over which they exercise authority, within which they perform certain public functions and to whose constituents they are accountable[1] .Most African countries purport to be practicing devolution but there are some fundamental flaws that do not make the achievement of the objectives of devolution possible. It is therefore a little surprise that after several years of decentralization practice only modest achievements have been made.

Decentralization has been adopted by successive governments in Ghana since independence from British rule in 1957. The concern for decentralization may be explained by the fact that decentralization was not only regarded by successive governments as a necessary condition of economic, social and political development, but also was one way of achieving their political objectives (Ayee, 1994, 2004 p. 127)

The post-independence local government in Ghana has been characterized by what is called dual hierarchy model of administration where there is two different machinery for administration: one based in the capital with branches at the district level (the decentralized departments), and the other separate and distinct, based in well defined localities and referred to as Local Government(LG) (Ghana,1996 p.1)

1 World Bank decentralization toolkit.(undated)

There were a number of problems with the pre -1988 local government system which the reform in 1988 sought to correct. These included (a) encroachment on the rights and responsibilities of the weaker LG by the (CG) agencies because of their undefined boarders of responsibilities (b) lack of coordination between the various bodies at the local level culminating in dissipation of their limited resources without the required impact (c) Poor and distorted image of local government as corrupt, inefficient and worthless institutions with citizens perceiving them as foreign imposition to be cheated and despoiled without any but the slightest twinges of compunction (Ghana, 1996 p 2-3).

The 1988 decentralization reform sought a complete departure from the previous policies and practices by codifying the "new" ideas in the Local Government Law, PNDC Law 207. The reforms were again captured by the 1992 national constitution of Ghana and further consolidated by an Act of Parliament, local Government Law 1993, and Act 462.
In spite of the strong legislative support for decentralization, there is a strong empirical evidence to show that it is more of rhetoric (Guri, 2000). While the decentralization policy emphasizes devolution of political, administrative and financial authority to the district level, in reality, there is still a heavy presence and influence by the ruling government through its local political representatives at the district level (Ayee 1994, Nkrumah 2000). These representatives are inclined to implement the decentralization programme to reflect the interest of the government rather than the development priorities of the local people. Some researchers have placed the problem of Ghana's decentralization on inadequate finances, unresponsive staff, the subordination of the position of chiefs, and absence of a strong National Association of Local Authority as the missing link for effective implementation (Nkrumah, 2000)
Yet others place the problem on lack of accountability of administrative and political bureaucrats (Mensah Abrampah, Kokor, 1999:12) and the recentralization tendencies of public officials (Kokor, 1999: 30)

This research argues that if the design of a decentralization policy fails to meet some prerequisite benchmarks for successful decentralization and if practice deviate from

policy content, it is unlikely to achieve both its own policy objectives and some expected dividends of decentralization.

Researches that have been conducted on Ghana's decentralization in the areas of service delivery (Awortwi, 2003), Human Rights (Crawford, 2005), Poverty Reduction (Asante and Ayee 2004, Kyei, K 2000), Good Governance (Gyan Baffour,2003), and opportunities for participation (Ayee, 2000: 34 , Crawford, 2004: 27) show moderate outcomes and disappointing results.

A public opinion survey (Afro barometer) discovered that citizens were more likely to consult traditional chiefs, faith-based leaders and other notables than go to local government representatives or public officials, only 56% of respondents were satisfied with the performance of local government representatives compared with 65% with traditional chiefs (Bratton et al. 2001: 243, Crawford, 2004 : 25) .

1.2 **Relevance and justification of the research.**

The decentralization reform undertaken in Ghana in the late 1980s and the early 1990s have a number of objectives ranging from local participatory democracy responsiveness and efficiency in service delivery, local planning and development, and fiscal autonomy of the local government.

The decentralization policy of Ghana is one of the main instruments for realizing the objectives of the Ghana Poverty Reduction Strategy (GPRS) and the Millennium Development Goals (MDGs). Therefore, given the adverse findings on its implementation by researchers, there is the need for further research into the policy and practice to device alternative approaches to its design and implementation to improve the outcomes. The paper therefore adds to the ongoing discussions on the appropriate mechanism for improving the policy and practice of decentralization in Ghana

This study is deemed to investigate the extent to which the nature of the various policies on decentralization in Ghana lends themselves to the achievement of their objectives after 18 years of implementation. Ayee (1994) has traced the decentralization policy of Ghana from the colonial era to the decentralization reform of 1988, by showing how the policies

did not allow for proper devolution but rather deconcentration. He also showed how implementation outcomes did not reflect policy intents and objectives. However, the new decentralization policies which started in the late 1980s have not been subjected to scrutiny as to whether they lend themselves to the achievement of Political, Administrative and fiscal objectives of decentralization. Assessing the design and implementation of decentralization is important for learning if the current arrangements are likely to lead to (a) efficient and equitable service delivery (b) Political representation, responsiveness, transparency and accountability and (c) poverty reduction and community empowerment for decision making.

1. 3 Research Objectives

The main objectives of the research are to

1. Find out how the content of the decentralization policy in Ghana meets prerequisites of successful decentralization policy as outlined in some of the best practices of decentralization and theoretical prescriptions
2. Assess how implementation meets policy contents and intents.
3. Recommend measures to improve decentralization policy design and implementation

1.4 Research Questions

The main questions of this research paper are

1. How do policy and practice of decentralization in Ghana measure up to theory, best practices and socio cultural context?
2. How does policy implementation differ from policy content and intent and what are the likely outcomes.

1.5 Methodology

This study employs both secondary and primary data. The secondary data sources include books, journals, articles and reports dealing with decentralization. The sources of these data include library, internet and newspapers. The legislations that spell out the decentralization policy in Ghana such as the PNDC Law 207, Act 462 and the 1992 constitution of Ghana were analyzed and compared with the theoretical requirements of a

good decentralization policy. The deviations of these documents from the benchmark are revealed to draw implications for their likelihood of delivering their intended outcomes.

The primary data sources were obtained from The Accra Metropolitan Assembly and The Tema Municipal Assembly by using an adapted version of a questionnaire designed by the World Bank in its decentralization toolkit to assess the degree of decentralization in a country. This questionnaire uses some benchmarks under political, administrative and fiscal to assess how the design and implementation of a country's decentralization policy have the chance of meeting desired decentralization objectives. The results from the analysis of the questionnaire show whether the stipulations in the policy document regarding intergovernmental relations, fiscal transfer and administrative responsibilities are being implemented.

1.6 Organization of the Paper

The rest of the paper is presented as follows: Chapter 2 discusses theoretical and conceptual framework of decentralization, best practices, contextual considerations in the design of decentralization and prerequisites of successful decentralization.

Chapter 3 explains political decentralization policy in Ghana, the content and how it reflects the benchmarks, best practices and implementation difficulties.

Chapter 4 deals with the administrative decentralization in Ghana, how it reflects theory and best practices. Chapter 5 stresses on fiscal decentralization in Ghana, comparison with theory and practice, strength and weaknesses of the fiscal decentralization policy in Ghana.

Chapter 6 concludes the paper with summary of findings, conclusions and policy recommendations.

1.7 Limitations of the research

The decentralization policy is applied to all districts in the same manner without recourse to size, culture, resource endowment and rural urban split. It therefore makes conclusions and generalizations a bit misleading.

The use of theoretical prerequisites and best practices indicators from elsewhere to measure the likelihood of success and the degree of decentralization is also limited, in

that, there are country differences with unique local contextual factors that can influence the success of policy and practice.

The research relies heavily on secondary data which could be affected by the biases of the researchers. This, however, is not a special critique of this paper but a general weakness of most qualitative research.

CHAPTER TWO

2.0 CONCEPTUAL/ANALYTICAL FRAMEWORK

2.1 Introduction

This chapter discusses the main theoretical concepts used in analyzing decentralization. The themes covered in this chapter include forms of decentralization such as deconcentration, delegation and devolution, types of decentralization: political, administrative and fiscal decentralization, theoretical benchmarks, applications and weaknesses of the benchmarks.

2.2 Explanation of Decentralization

Decentralization is any act in which a central government formally cedes powers to actors and institutions at lower levels in a political-administrative and territorial hierarchy (Mawhood, 1983; Ribot, 2002).

Rondinelli (1981) defines decentralization 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" (cf Asante and Ayee, 2005, p.2)

According to Asante and Ayee, decentralization refers to the territorial distribution of power. It is concerned with the extent to which power and authority are dispersed through the geographical hierarchy of the state, and the institutions and processes through which such dispersal occurs.

It can take the form of *deconcentration,* whereby central government undertakes some of its responsibilities through regional or local offices, with no transfer of power or responsibilities to any other organization. The second form of decentralization is *delegation,* where responsibility for decision-making and service delivery is passed by central government to semi-autonomous organizations not wholly controlled by it, but which remain directly answerable to it for functions delegated to them. It can include delegation to local government and parastatals, the private sector or NGOs. This relieves central government of some of the burden of service delivery, hopefully making it more efficient through local delivery or by a specialist organization, but with central

government retaining overall control of policy and resources (Scott-Herridge, R, 2002, p.5-6)

Devolution is the transfer of authority for decision-making, finance, and management to quasi-autonomous units of local government with corporate status. Devolution usually transfers responsibilities for services to municipalities that elect their own mayors and councils, raise their own revenues, and have independent authority to make investment decisions. In a devolved system, local governments have clear and legally recognized geographical boundaries over which they exercise authority and within which they perform public functions (Litvack et al, 1998, p.3)

Types of Decentralization

Decentralization is categorized into three main dimensions of political, financial, and administrative.

Political decentralization

Political decentralization aims to give citizens and their elected representatives more power in public decision making. It is often associated with pluralistic politics and representative government. It also supports democratization by giving citizens or their representatives more influence in formulating and implementing policies. Advocates of political decentralization assume that decisions made with greater participation will be better informed and more relevant to diverse interests in society than those made only by national political authorities.

The concept implies that the selection of representatives from local electoral jurisdictions allows citizens to better know their political representatives and allows elected officials to better know the needs and desires of their constituents. Political decentralization often requires constitutional or statutory reforms, development of pluralistic political parties, creation of local political units, and encouragement of effective public interest groups.(Litvack & Seddon, 2004 p.2)

Administrative decentralization

This involves the full or partial transfer of an array of functional responsibilities to the local level, such as health care service, the operation of schools, the management of service personnel, the building and maintenance of roads, and garbage collection (USAID, 2000). It refers to devolution of government power, roles, functions and responsibility from the central government to local and sub local government institutions and includes restructuring the ministerial institutions, and ensuring an effective and meaningful integration of sectoral programmes, resources and assets into LG system to promote coordinated development and efficient resource utilisation (Gyan-Baffour, 2003 p.3)

Fiscal decentralization

This refers to devolution of revenue mobilization and spending powers to lower levels of government. It has to do with shifting financial power to the local level and involves increasing or reducing conditions on the inter-governmental transfer of resources and giving jurisdictions greater authority to generate their own revenue.

The two main categories of revenue for local authorities in Africa are : (i) 'own revenue', which includes taxes, user fees, and various licenses; and (ii) transfers from the central government , usually in the form of grants and revenue sharing (Bahl et al, 2003:71). In some countries, local governments are allowed to borrow money for capital investments in infrastructure (Odd-Helge Fjeldstad, 2005, p.4)

2.3 Theoretical Benchmarks

The World Bank and the USAID have developed these benchmarks as a basis for assessing the degree of decentralization in a country. These guiding indicators are used to measure the extent to which the policy content is suitable for attaining the desirable objectives of decentralization.

Table 1. Indicators for Assessment

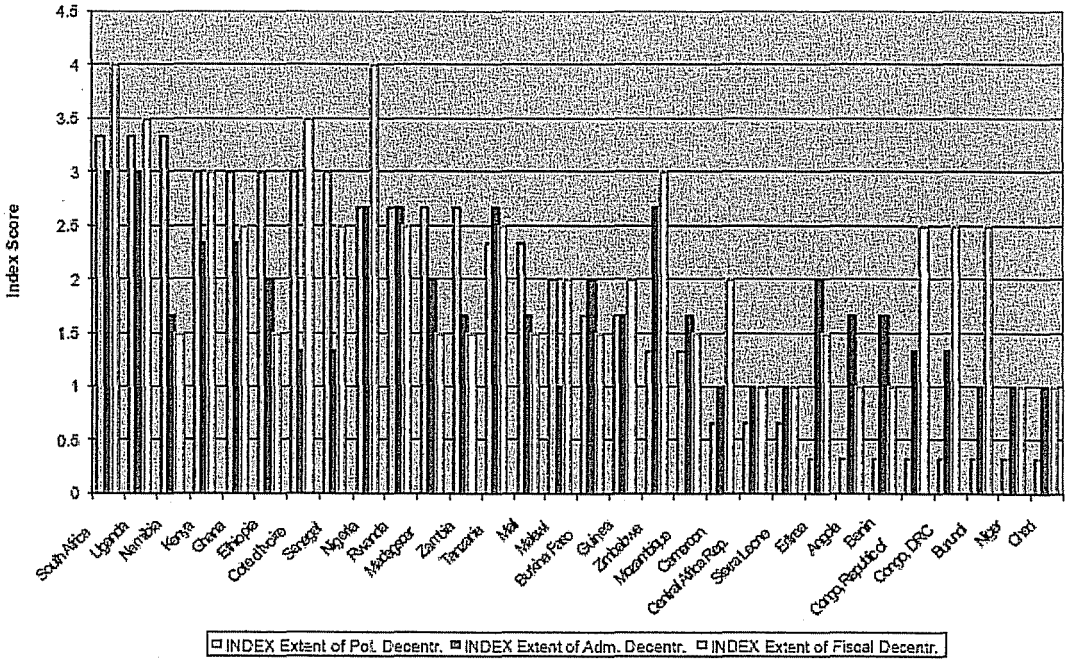
Types of Decentralization	Guiding Indicators(Benchmarks)
Political Decentralization	**1.** Constitutional and legal reforms to transfer power to local governments. **2.** Regular, free and fair elections of local councilors and Mayors and voter turn out **3.** Use of multi party at local government elections, **4.** Control of the central government over the decisions of local government. **5.** Effectiveness of civil society at keeping a check on local corruption.
	1. Clear assignment and definition of roles and responsibilities at the Local Government levels, **2.** Recruitment, motivation, firing and retention of qualified staff, **4.** Approval and control of line item budget at local level
Fiscal Decentralization	**1.** Clear assignment of revenue to each level of government , **2.** effective control of local government over their expenditure with flexibility local to shift expenditure within their budget **3.** Percentage of subnational expenditures financed by intergovernmental grants, against locally generated funds.

Source: Compiled from the World Bank Decentralization toolkit (undated) and USAID Decentralization and Democratic Local Governance Programming Handbook (2000)

2.4 Application of the Benchmarks

Ndegwa (2002) has used the benchmarks to measure the degree of decentralization in 30 African countries under political, administrative and fiscal. The result of the combined components of decentralization in terms of level and degree of decentralization in the various countries is displayed below.

Figure 1. Components of decentralization in 30 African countries.



Source: Ndegwa (2002) Decentralization in Africa: A Stocktaking Survey, Africa Region Working Paper Series No. 40 November 2002, World Bank Group, P.6

Political

The index for political decentralization was computed from the mean of the following: a) the number of elected sub- national tiers, b) the existence of direct elections for local governments, and the turnout and fairness of such elections. Thus a country was likely to score high (i.e. 4) if it had more levels of sub- national government that were elected rather than appointed, where LGs were elected, and elections adjudged free and fair. The highest score attainable was 4, while the lowest was 0.

Of the 30 countries analyzed, eight scored high (at least a 3 on the index) indicating a high degree of political decentralization. These were South Africa, Uganda, and Namibia (all above 3.0) and Kenya, Ghana, Senegal, Ethiopia and Cote d'Ivoire. A second set of countries indicated a moderate level of political decentralization, with scores ranging from 2.0 to 2.9; these included 7 countries (i.e. Nigeria, Rwanda, Madagascar, Zambia,

Tanzania, Mali and Malawi). The rest of the countries (15) indicated very low levels of political decentralization, although four of these at least held elections in part of the territory.

Administrative

The administrative index consisted of the clarity of roles for national and L.G provided by the law, where the actual responsibility for service delivery resided, and where the responsibility for (hiring and firing) civil servants resided. Thus a country with a very clear legal framework demarcating local and central government roles and institutionalizing the principle of subsidiarity, with actual service delivery delegated to and performed by localities, and by civil servants responsible to local authorities, scored highest on this index (i.e. 4). Those with no legal framework, and with persistent centralization in service delivery and in civil service oversight (hiring and firing) scored low on this index (i.e. lowest score 0)[2] . In this measurement of the degree of administrative decentralization in a country, Ghana with a score of about 2.4, scored moderately, together with nine other countries.

Financial

The financial index consisted of the arrangements for fiscal transfers from the central government to localities and the proportion of public expenditure controlled by the local governments. Thus, a country with an established and often-used formula for fiscal transfers and in which locally-controlled expenditures account for a high proportion of overall public expenditures would have scored high on this index (i.e. highest score 4). A country whose fiscal transfers to localities were ad hoc and whose localities accounted for a miniscule proportion of national public expenditures would score low on the fiscal decentralization measure (i.e. lowest score 0).

According to him, the degree of fiscal decentralization across African continent is best revealed by the fact that in 19 of the 30 countries analyzed, LGs control less than 5% of the national public expenditure and that the highest achievable category indicated in the

[2] **Ndegwa ,S .N** Decentralization in Africa: A Stocktaking Survey Africa Region Working Paper Series No. 40 November 2002, World Bank Group , P.4

research ("above 10%") is lower than the average for decentralized systems elsewhere in the developing world – where an average 14% of the public expenditure is controlled at the local level with over 40% for most Nordic countries, and around 20-30% for several European countries where the average is 32% for OECD countries. Only one country was assessed to have a very high degree of fiscal decentralization (South Africa). The countries that scored high (i.e. where local governments control 5-10% of public expenditures) are Nigeria, Uganda, and Zimbabwe. Countries with moderate levels of fiscal responsibilities anchored at the local level (i.e. where 3-5% of public expenditures are controlled by local authorities) included Kenya, Rwanda, Ghana, Senegal, Burundi, and the Congo Republic, and Congo DRC (Ndegwa 2002, p. 5)

2.5 Analyzing the benchmarks

Theory predicts the success of decentralization on some strict political, administrative and financial pre requisites. These theoretical determinants of successful decentralization have potential merits including the ability of a LG to make and implement its own decisions and bye laws and to involve local citizens in decision making if political authority has been devolved, the capacity of the local authority to perform its functions with clear responsibilities and the power to recruit and motivate its own staff if administrative authority has been granted , and the ability of the local government to raise and spend its own revenue on the felt needs of the local people with financial decentralization.

There is, however, very little consideration for socio cultural factors that can impinge on the success of decentralization. The potential for decentralization to either improve or harm public sector performance depend on formal institutional arrangements, as well as their interaction with social practices, influencing the implementation of decentralized governance. Many of the constraints faced by decentralized systems of government are social rather than political or administrative in nature. Decentralization must therefore incorporate local indigenous patterns of decision-making and authority (Blaser et al 2003)

Decentralization is not only a matter of designing the right institutions, but also depends on the civil and social context in which these institutions operate. Decentralizing government powers to traditional or existing local government institutions may give the process a more legitimate basis, where the population views these existing institutions positively. If the new local government institutions can incorporate existing or traditional methods of local government, it will be easier for the local population to subscribe to their value. (Blaser et al, 2003)

The success of decentralized local governance in British Africa, for example, is greatly influenced by local political history manifested in indirect rule when the colonial governments ruled through the traditional leaders. The chiefs have gained mastery over local administration and respect from the local population and therefore any design of local governance in Africa that ignores them stands a high risk of failure. The chiefs have traditionally been administering homogeneous groups in terms of tribe, ethnicity and language which have promoted harmonious coexistence, peace and easy mobilization of labour for development. Being mindful of these socio cultural antecedents, demarcation of territorial boundaries for local governance in Africa follows traditional authority boundaries as much as possible.

The immediate post independence governments in Africa were preoccupied with centralizing power by appointing their representative as heads of local administration with lots of powers to override the decisions and opinions of other local actors. This together with the wish of military leaders to legitimize their regimes by decentralizing while recentralizing through central control of local decisions have greatly affected implementation of decentralization in Africa.

Thus, although Political, administrative and fiscal considerations are very vital for the success of decentralization, other factors that are indigenous and socio cultural can adversely or favourably affect the success of decentralization.

2.6 Best Practices

Analysis of why local governance often does not succeed in Africa must start with a model of how successful local governance might look and work under conditions typical of a developing country (Wunsch, 1999 p.1). Though it is acknowledged that the success factors of one country may not work exactly elsewhere, it could be used as a guide to measure the likelihood of success for countries of similar environment and to inform incipient policies.

In a comparative analysis of local governance in Southern Africa: one province of post-apartheid Republic of South Africa; Swaziland; and Botswana, Wunsch (1999), found that (1) adequacy of local authority to initiate and implement policies and programs; (2) adequacy of human and fiscal resources to sustain such policies and programs; and (3) existence of a broadly based, informed, attentive, and effective local public political life, were required for local governance to operate effectively. When any of these three were weak or absent, the quality of local governance eroded. Variations in the deficiencies among the three preconditions were followed by logically comprehensible variations in the nature of governmental performance (Wunsch, 1998).

2.7 Implementation of Decentralization Policy

In this paper **policies** refer to legislations enacted and documents produced by government of Ghana with decentralization goals, objectives, programmes and procedures that has guided the implementation of decentralization in Ghana between 1988 and 2006.

The process of policy **implementation** is defined as the action taken by government and institutions directed towards the achievement of prior policy objectives. Policy content results primarily from the formulation process; but it is also frequently altered during implementation as objectives are changed in light of new political and economic realities or as feedback about programme successes and failures become available and is used to modify the original scheme (Ayee 1994 p.220)

In developing countries, policies often do not get implemented at all, and those which do manage to get through the tortuous process of implementation often look very different from what the framers originally intended (Ayee 1994, p.1. While in the developed countries much political activity is focused on the input stage of the policy process in the developing countries a large portion of the individual and collective demand making, the representation of interest and emergence and resolution of conflict occur at the output stage (Grindle & Thomas, 1991, cf. Ayee, 1994)

This chapter has discussed the conceptual and theoretical frame underpinning the analyses of decentralization policy and implementation. The forms of decentralization which are deconcentration, delegation and devolution have been deliberated upon indicating devolution as the most extensive form of decentralization as it allows for transfer of power to LG with authority to initiate and implement local decisions and make decisions regarding planning, budgeting and spending within a clearly defined territory. This form is of great importance to this research as Ghana aspires to achieve devolution status.

The types of decentralization have also been discussed with a conviction that a workable decentralization should integrate the three dimensions of political, administrative and fiscal, as they complement each other for effective decentralization. Best practices regarding factors that have either helped or derailed the practice of decentralization in other countries have also been analyzed.

CHAPTER THREE

3.0 POLITICAL DECENTRALIZATION POLICY AND PRACTICE IN GHANA

3.1 Introduction

This chapter is based on the analysis and interpretation of political decentralization policy in Ghana. How the policy content meet theoretical requirements and best practices, and how practice correspond with policy content. The chapter begins with a discussion of the political decentralization policy in Ghana followed by analysis of the policy against the benchmarks for determining the degree of a political decentralization in a country and the likelihood of a political decentralization policy being effective.

3.2 Political Decentralization Policy

The political decentralization policy in Ghana aims at devolving political and state power to DAs in order to promote citizens participation in decision making, promote accountability, responsiveness and representation through local level institutions. It includes the establishment and empowerment of local government structures, demarcation of administrative boundaries, and the promotion of popular participation of the people at the various levels of decision-making.

The Local Government Law, 1988, PNDC Law 207 and the local government Act 1993, Act 462 created 110 districts out of the previous 65 local councils. The number of the DAs was increased to 138 in 2004.

The instrument establishing the district assemblies made them corporate bodies with perpetual succession and common seal and be able to sue and be sued in its own name . The territorial boundaries of the assemblies are curved based on population (Metropolitan Assemblies –over 250,000, Municipal Assemblies –over 95,000 and District Assembly – over 75,000.) As much as possible, the boundaries of the Assemblies correspond with homogeneous group of people with common language and culture. This was used as a

means of creating harmony, concord and peace to ensure development. The assemblies conduct their business in English and in any Ghanaian language common to the communities in the district.

The DAs have legislative powers to make and implement their own bye laws with the authority to see to the overall development of the district. They have two thirds (70%) of their members elected through universal adult suffrage within every 4 years. The aspiring DA candidates campaign on a non partisan basis. No political party is allowed to sponsor candidates to the district assembly.

Article 7 (1) of the local government Act 1993 , Act 426 states that " A candidate seeking election to DA or to any lower LG unit shall present himself/herself to the electorates as an individual , and shall not use any symbol associated with a political party " . The remaining 30% of the members of the assembly are appointed by the president in consultation with traditional authorities and any interest groups in the district. The District Chief Executive (DCE) is the political head of the Assemblies and is the chief representative of the President. The DCE is appointed by the President with the prior approval of not less than two thirds majority of the members of the district assembly present and voting at the meeting.

The policy also allows for the creation of sub-district structures including 1,800 urban/Zonal/ Town councils and 16,000 unit committee. The Urban, Zonal and Town/Area Councils are not elective bodies. The Urban Councils are created for settlements with populations above 15,000 and which are cosmopolitan in character, with urbanization and management problems. The Zonal and Town Councils are established for settlements with population between 5,000 and 15,000. Membership consist of representatives of the relevant Metropolitan, Municipal and District Assemblies, Unit Committees (UCs) and government appointees, selected by the DCE on behalf of the President, after consultation with the Presiding Member(PM) and Traditional Authorities(TAs) and organized productive economic groupings in the urban, area, municipality or the town.

The UCs are partly elective , consisting of not more than 15 persons, made up of 10 persons elected by universal adult suffrage and 5 government appointees, selected by the DCE on behalf of the President, after consultation with the Presiding Member(PM), TAs and organized productive economic groupings in the Unit . A Unit is formed in a settlement or a group of settlements with a population of between 500-1,000 in the rural areas, and a population of (1,500) for the urban areas. The UCs performs roles like registration of births and deaths, organization of communal labour, revenue raising and public educational campaigns (Republic of Ghana, 1994). The sub-district structures have been established after the DAs and UC elections held in the first week of August 1998 (Appiah et al 2001)

3.3 Assessment of Ghana's political decentralization against the benchmarks

The research delved into a number of crucial parameters, based on theory and best practice, for determining the degree of political decentralization in Ghana and its likelihood of complementing the total achievement of decentralization objectives in Ghana. Indicators of political decentralization were chosen to find out how Ghana's decentralization policy and practice meet theoretical and practical prerequisites for the fulfillment of the aims of political decentralization.

3.3.1 *Free, fair and regular election of local councilors*

Elections which are held regularly and ballots cast secretly are important for devolution to enable local leaders to be accountable to their constituents and be responsive to the needs and preferences of the electorates. Regular elections have an inbuilt disciplinary mechanism to put councilors on their toes as they risk ejection by the constituents in the next election. This can go a long way to ensure participatory local democracy and accountability of the elected to the electorate since the latter has the power to make the former achieve his/her political ambitions

In this regard, Ghana's policy makes provision for regular local election every four years and is conducted through a secrete ballot. The first of this local level election was held in 1998, followed by another in 2002 and the most recent on 26th September 2006. The election is conducted through a universal adult suffrage for 70% of the council members

with 30% appointed by the president. The implication of this is that, since the regularly elected two-thirds members depend on the electorate for their re-election they will do their best by performing creditably to convince the electorate for their continued existence in the Assembly. It should also be pointed out that though regular election has its own merit of selecting competent councilors on competitive basis, other factors like lack of logistics, low motivation and political discrimination and lack of cooperation from the citizens can adversely affect the work of the councilors.

The rest of the membership who constitute one-third and who are appointed by the president owe their allegiance to the president and therefore are not so much sensitive to the citizens. The military government, which started the decentralization reform of 1988, in order to legitimize its rule in the local areas instituted the 30% membership appointment and codified it to ensure its strong presence at the local government level. One would have expected that with the coming into force of the 1992 constitution and the local government Act of 1993, the appointment to the Assemblies would have been repealed since it has the inherent potential of limiting representation and increasing unresponsiveness. The presidential appointments to the assemblies are still in force even after democratic transition of government in 2000 with the new government also enjoying the appointment of party cronies to the assembly even though the DA is non partisan. Even though this may have reflected Ghana's political culture of strong central government presence at the local level, since independence, it is being abused by the current politicians, thus, creating a huge democratic deficit.

The hybridization of local democracy in Ghana into two-thirds elected and one-third appointed DA members is based on historical legacy, but one which undermines contemporary local democracy. The local government councils introduced pre-independence in 1952 were composed of two-thirds elected members and one-third traditional leaders (chiefs), and was reaffirmed in the decentralization reforms of 1974 (Crawford,2004 p.19). Although the 1988 reforms, banished the chiefs from the formal local government system, the same proportion of elected and appointed members was retained. The main argument in favour of one-third appointees is a meritocratic one, i.e. it is necessary to ensure the inclusion of members with requisite skills and expertise, such as key professionals (ibid)

The appointees are often more literate and more articulate than the elected and often hijack council proceedings and with their political clout are able to dictate resource distribution. The theoretical argument of responsiveness and accountability of local councilors to the needs of the electorate is not likely to be attained under Ghana's case since the elected are incapacitated while the appointees are downwardly unaccountable.

3.3.2 *Pluralistic Democracy (partisan versus non partisan local council)*

Multi party local elections often improve accountability since parties restrain individual leaders from acting too opportunistically and also that opposition parties can more effectively keep a check on the current government than could an independent candidate[3]. Opposition parties are also able to offer alternative solutions to local problems.

Ghana's district level election is conducted on a non partisan basis, with individuals campaigning independently to go to the District Assembly. Though in some cases, some candidates are sponsored by some political parties clandestinely, it is not legally permissible and therefore individuals who do not have resources to campaign are unable to sell their ideas to the electorates neither can the electorates hold a particular party accountable for non-performance

The National Electoral Commission (NEC) which has the constitutional mandate to organize district level election is incapacitated by lack of logistics and therefore holds what they call campaign platform in few urban centres. The result is that there is often low voter turn- out since electorates are not properly informed. The low voter turn out means that the majority who do not vote at the district level elections are either uninterested or are uninformed about the importance of participatory local governance. Low participation means low demand making of citizens from the councilors, thus reducing efficiency in terms of service delivery.

Two reasons were given by the PNDC government and the Committee of Experts that drafted the 1992 Constitution for excluding partisan politics from the D.A. First, it was argued that in the past, elected governments in Ghana cynically exerted influence on LG

[3] World Bank Decentralization toolkit , p.6

bodies to win political advantage. Second, the non-partisan nature of the DAs facilitates the mobilization of the people, and is more conducive to consensus formation, factors that are crucial to development at the grassroots (Republic of Ghana, 1991).

These reasons, no matter how genuine they might be, are negated by the presidential appoint of DCEs and 30% of local councilors who represent the government in power. The DCEs continues to exert undue influence over the DAs. He/she is the representative of the CG, and his office is a conduit for transmitting CG concerns to the district at large. In addition, the DCE is the most influential member of the DA, as reflected by his chairmanship of the Executive Committee (EC), the nerve centre of the DA, which exercises executive and coordinating responsibilities (Ayee, 1998). This means that the very law that outlaws local level partisan politics introduces partisan influence in the local politics.

3.3.3 *Local Government autonomy versus central government control*

It is also argued in this research that, for devolution to work effectively the decentralization policy reform should grant the local authorities the autonomy to carry out its decisions. Even though it is acknowledged that the center can have oversight responsibilities over the local authorities, any attempt at overriding the results of local decisions is an affront to attempt at devolution since the local government will be rendered impotent and powerless. The DAs in Ghana have been designated the (i) highest political and administrative authorities; (ii) planning authorities; (iii) development authorities; (iv) budgeting authorities; and (v) rating authorities. Consequently, the DAs have been given 86 functions that empower them to provide deconcentrated, delegated and devolved local public services (Ayee, 1998).

The DAs in Ghana are expected to make their own by-laws as stipulated in section 79 of the Local Government Law, Act 462. These bye laws may have the force of a penalty for contravention through fine or imprisonment. Section 80, however, states that "any bye law made by a district assembly shall be submitted to the Minister for approval or rejection" before they become operative. This leaves the District Assemblies at the mercy of the minister for local government. Since there are some local interests that conflict

with national objectives, the minister may decide to reject the decisions by the local government which will also mean stifling local initiatives and compromising local autonomy.

The DAs are the sole district planning authority, charged with the overall development of the districts (Ayee, 1997a; 1997b), with section 49 of the Act stating that "no physical development shall be carried out in the district without prior approval in the form of written permit granted by the district planning authority". The National Development Planning Commission prescribes the format for the district development plans. Though this ensures harmonization of planning among all districts to satisfy national goals, it is a one size fit all, straight jacketed prescription, which does not give so much room for flexibility to reflect local peculiarities.

Another provision that borders on the autonomy of the local government is the legal mandate of the Ministry of Local Government to monitor the decentralization process and the effectiveness of the DAs and also advise the government on all local government issues. The performances of the DAs are again monitored by the Regional Coordinating Council (RCC) – chaired by the Regional Minister, appointed by CG. The RCCs have become very powerful in the affairs of local governance, by controlling the activities of the DAs on several occasions. The Minister of Local Government and Rural Development can delegate the power to approve or reject the by-laws of the DAs to the RCC.

The President has the power to "cause to be investigated the performance of any function of a district assembly and where necessary in the public interest declare a district assembly to be in default and transfer to a person or body as he may think fit such functions of the district assembly". Though this central government oversight responsibility ensures compliance with national goals and is recommended as one of the best practices to promote harmony and discipline among LGs, the practical implication has been that the dependence of the DAs on the central government has become so extensive that it would not be out of place to talk of decentralization in Ghana as local administration of the intentions of the central government (Ayee, 1997b, Ayee 1998).

3.3.4 *Election versus appointment of Mayors*

Election of the head of the LG, often called the Mayor, by the local people promote downward accountability of the mayor to the electorates. Since the mayor will derive his powers from the people, he will be responsive and sensitive to the needs of the citizens. In situations where the head of the LG is appointed by the CG, the local people have no control over him as his powers are derived from the center. In this scenario, the mayor looks up to the head of state for instructions and oftentimes disregards the local needs and preferences with impunity.

In Ghana, the President appoints DCE, for every district with the prior approval of not less than two-thirds majority of members of the Assembly present and voting (Article 243[1]; Section 20(1) of Act 462).
The DCE serves as the chief representative the President in the district. The mayor is also the chairperson of the EC of the DA and is responsible for the supervision of the departments of the DA. The President can therefore greatly influence the conduct of the DA through his appointees who wield administrative, executive and legislative powers. (Kokor and Kroes, 2000, p.20)

The reason for the presidential appointment of the mayor is similar to the motivation for the presidential appointment of the 30% of the councilors which is that the military government at the time wanted to keep a strong presence at the local area to be able implement its policies without much opposition. The political history and ethnic composition of Ghana seems to make it very difficult to allow open and direct election of the mayor. In Ghana, certain regions and districts are known to be dominated by some political parties and therefore there is a high possibility that when direct election is held for mayors, opposition candidates will win in some districts. Ruling governments are therefore unwilling to conduct direct election based on universal adult suffrage. In the event of an opposition candidate winning the mayoral position it will be difficult for him to be the representative of the president as local government Act, 1993, enjoins him to be.

The president's policies and programmes may not tally with that of the mayor who belongs to a different political tradition and therefore there will be a conflict of ideas at the local level. In that case the ruling government may be unwilling to transfer the needed resources to the opposition dominated area with the fear that the opposition mayors will use the resources to advance their political agenda and also prepare themselves to be popular in the general elections. This tendency has a great chance of widening the regional imbalances as more resources will find their way into the areas that are dominated by government followers and led by a mayor who belongs to the party of the president. It is therefore not a great surprise that the ruling NPP has not amended the portions of the law that calls for a presidential appointment of the mayor , even though election of the DCE was part of their manifesto in the 2000 election which brought them into power.

3.3.5 *Civil Society Participation in local governance*

Civil society engagement in local politics is also being used as one of the yardsticks for measuring political decentralization, in that; they can act as watchdog of public purse and therefore reduce corruption and ensure effective delivery of public services by contributing ideas and resources . The guarantee that public officials will use their power and authority properly and responsibly lies with systems, procedures, and mechanisms that impose restraints on power and authority and that create incentives for appropriate behaviors. This makes local government accountability a very important factor for the realization of participatory local democracy which is one of the key objectives of Ghana's decentralization policy.

Downward accountability is dependent not only on elected representation, but also on the channels of participation available to civil society actors, as regards both policy inputs and scrutinizing DA performance (Crawford, 2004 p.32)

Except the ban on partisan local politics, there are no legal or political barriers to participation in democratic local governance in Ghana, even though one could cite economic, social and cultural barriers and informal exclusion through poverty, illiteracy and rural isolation. There is evidence of some consultation procedures in the formulation and implementation of local policies and programmes, for example through village

meetings. Yet Ayee (2000: 36) notes that such procedures were not standard practice, and that, more commonly, DA representatives "suggested programmes or projects at DA meetings without any prior consultation with the electorate" (Crawford 2004, Ayee 2000: 37).

Ayee notes a certain lack of desire by the local citizens to participate in local governance. In his words, "decentralization has not been able to wholly whip up the enthusiasm of the ordinary people in Ghana" (Ayee 2000: 37). One reason for lack of enthusiasm in the participation of local politics in Ghana is disillusionment with decentralization as DAs remain relatively weak and unable to respond to local development needs(Crawford 2004, p26-28)

The policy makes provision for a decentralized structure that permeates the district capital to the smallest communities in the district which can have UC on their own or team up to have one. These local structures are supposed to act as focal points of local enthusiasm to harness the potential of local population for local development. Yet local communities continue to be apathetic and disinterested in local politics, seen through low voter turn out in local level elections and unwillingness to stand for local elections. For example, by the close of nomination for the 2006 district level election, 3,771 out of 16,000 unit committees had zero nomination[4]

Popular participation in local governance, though small, is aggravated by elite dominance who by pass the local democratic structures and engage in patronage relationship with the local leaders. This is vividly expressed by USAID that, "Powerful local notables, businesspeople, or other entrenched and dominant interests exert disproportionate influence on the DCEs" (USAID 2003: 9).

3.4 Other factors

These are the success factors that are overlooked by theory but which have, through studies on best practices and lessons learned, proved very crucial for the success of

[4] Kwamena Ahwoi , former minister of local government, speaking at the Institute of Economic Affairs (IEA) policy forum on: "The District Assembly Elections, Preparations so Far", reported by Ghana News Agency at the Wednesday, 30 August , 2006 edition of Ghanaweb

decentralization. Two of these factors deemed very relevant for Ghana's case are discussed below

3.4.1 *Political Commitment*

Strong political will is one of the factors that guarantee that decentralization process will comprise those reforms and changes that are necessary to establish effective and competent LGs.

In Ghana, the PNDC, a military regime, though hostile to party political competition, saw decentralization as a method of democratic legitimization and an institutional structure through which its supporters can build a political base. The military regime sought the support of local elites in order to legitimize the implementation of policies at the local level (Crook,1991). The current government, the NPP, seems to be showing some political commitment to decentralization by passing certain bills such as local government service, public procurement and financial administration. Implementation of these bills has however encountered some problems such as delay (local government service bill not yet implemented though passed in 2003) and recentralization tendencies. The government has also not gathered the political courage to reform some constitutional difficulties such as appointment of mayors by the president and increase in the DACF though political statements have been made to that effect.

3.4.2 *Traditional Authority and Local Governance in Ghana*

The decentralization policies may be designed to meet the theoretical requirements but may fail to achieve its objectives if local nuances and culture are not considered. Ghana has a long tradition of local governance by the chiefs from the period of indirect rule. Traditional authorities have formed one third of the local government council since 1952. The 1988 reforms banished the chiefs from the formal local government system and retained the same proportion as presidential appointees.

The chiefs have won the respect of the public through among other things adjudication of disputes, holding land in trust for the people and mobilization of community for development.

The current decentralization structure of Ghana has not specified a clear role for the traditional rulers with the DAs constitutionally charged with the responsibility of seeing to the overall development of the district. It is only with the presidential appointment of the council members that the chiefs are expected to be consulted but evidence on the ground shows that these appointments are done politically without prior consultation with the chiefs and the interest groups as stipulated in law.

With the chiefs still playing the role of custodian of culture and land, their exclusion from the political and administrative decision regarding resource allocation can adversely affect success of the decentralization policy. The national constitution debars chiefs from active partisan politics since their involvement in partisan politics may compromise their neutrality and create division along party lines in a community. Since the chiefs are so influential at the local level, it is feared that they can rally a community behind one political party if they are given a political role to play. The exclusion of the chiefs from decision making at the local government level has affected the ownership and legitimacy of the local government since some sections of the populace regard the traditional leaders as the owners of the land on which the districts are carved.

It could be deduced from the analysis of the political decentralization policy in Ghana that it lends itself to the establishment of local political structures and institutions that allows local decisions to be taken to reflect the real needs of the citizens. The elections of local councilors and UC members have prepared the grounds for training of local leaders some of whom aspire to join national politics. The DAs have enabled the local people to show some interest in their affairs, a spirit of voluntarism and awareness to develop ones community has been created. The weak sub-district structures, however, does not promote bottom up decision making.

In terms of local participatory democracy, the two thirds elected members of the assembly are expected to be accountable to the electorates, conferring with the constituents before assemble meeting and reporting back to the people concerning what transpired at the DA. However, due to lack of logistics for the council members and lost of trust in some of them due to their inability to deliver on their promises, the community

input in decision making does not materialize. The political appointment of the mayor and 30% of the councilors has led to elite capture, political patronage and clientelism. Transparency, accountability and responsiveness on the part of these appointees, who control power and resources at the DA is also in doubt. The non partisan local election is defended on the grounds that it ensures nation building and promote consensus in development , as against political party competition which breed divisiveness, with advocates arguing that it "prevents development from being hijacked by political parties and deters CG from punishing opposition districts" (USAID, 2003: 8). It, however, denies party candidates the opportunity to present a set of coherent policies to the local electorate along party or ideological lines, whereas the ruling party's local influence is strengthened by the appointment system (Crawford, 2004). Though district boundaries are carved to correspond to homogenous ethnic and cultural groupings, the absence of clear role for the chiefs has affected the legitimacy of the DA concept. The authority and autonomy of the DA is minimized by the strong CG presence at the local level and excessive control by MLGRD and RCCs.

With regards to the actual practice of the policy, it has been observed that, implementation greatly matches policy content so if there are difficulties and problems with the political decentralization, the policy design should be critically reexamined.

CHAPTER FOUR

4.0 PRACTICING ADMINISTRATIVE DECENTRALIZATION IN GHANA

4.1 Introduction

This chapter concerns the analysis of Ghana's administrative decentralization policy as to how it matches with theoretical prescriptions and best practices. It also examines how policy content differs from actual practice. The strength and weaknesses of the policy is also discussed so that the potential of the policy to meet it own objectives and that of theoretical ends of decentralization is ascertained.

4.2 Administrative Decentralization Policy of Ghana

In terms of administrative reform in Ghana, the 1992 constitution has made it clear that "as far as practicable, the persons in the service of the local government shall be subject to effective control of local authorities" (Article 240[2][d]) . Even though the act establishing the Local Government Service to fulfill the provision of the 1992 constitution has been passed in 2003, it is yet to be operationalised.

The local government Act, 1993, Act 462 stipulates the placement of 22 Decentralized Departments (DDs) under the DA to provide technical and managerial support to the DAs. The Act has empowered the Minister for Local Government to enact a Legislative Instrument (LI) that will abolish the 22 departments and replace them with 16, 13 and 11 Departments for Metropolitan, Municipal and District Assemblies, respectively (Republic of Ghana, 1993). The reform also proposes the establishment of Composite Budgets to be introduced by the DAs to integrate all the budget of the DDs and the DAs. This is yet to be implemented. There is also attempt at restructuring ministries and transferring functions, powers and resources from central and regional government agencies to DAs. The DAs have thus been given 86 functions that empower them to provide deconcentrated, delegated and devolved local public services (Ayee, 1998).

4.3 Administrative decentralization policies against benchmarks

4.3.1 *Hiring and Firing of local government staff*

Decentralization is greater when the LGs have the authority to hire, motivate, retain and fire their own civil servants. This provides the LG with greater flexibility as well as oversight of staff and will promote competition to improve the condition of service of staff to attract and retain qualified personnel.

In an effective LG, staff members are no longer predominantly unqualified appointees named to appease party loyalists but, rather, increasingly well-educated public servants committed to the progress of their community (USAID, 2000, p.12)

Following the restructuring and realignment of Central Management Authorities (CMAs), particularly Public Services Commission (PSC), and Office of the Head of Civil Service (OHCS), in Ghana, the executive authority for appointment and promotions has been vested in MDAs, and DAs as provided in the OHCS Circular No. OHCS/SCR/CS/33/465/01 dated 30th August 2001.[5] To this end, DAs, and other agencies in civil service can exercise responsibility in respect of categories of personnel assigned to them. DAs using their personnel administrative machinery will appoint /promote officers in categories C and D in the general class viz: Administrative Class, Personnel Class, Executive Class, Secretarial Class, and Works Foremen. A few categories of staff are excluded from the authority given to DAs, and these include staff of Category C, D in the following Technical Class: Supply and material management class, Accounting Class, Information Technology (Computer) Management Class, Budget, and Development Planning. (ibid)

These categories of staff who are excluded from the control of the DA together with District Coordinating Director (DCD), the highest civil servant at the district who is also appointed from the centre and DCE, a government appointee, constitute the core staff who take major decisions such as award of contract .This renders the DA very weak in terms of controlling its own human resource.

[5] Paper delivered by Mr. K. Obeng Adofo , Chief Director for the office of the Head of Civil Service to District Chief Executives of December 11, 2001. Selected speeches and papers , Eighth Annual Conference of District Chief Executives , Sunyani Brong Ahafo , p. 34- 35

4.3.2 *Authority to determine district priorities*

Decentralization requires that LGs have flexibility to determine at least some of their own priorities without being overridden by the CG. Their autonomy is compromised when major decisions they take regarding bye laws, planning and budgeting has to receive approval from the center.

The local government act of 1993 and the National Development Planning Systems Act (Act 480), 1993 envisage the establishment of bottom-up planning and composite budgeting systems by the DAs. Even though the DAs are presumed to be budgeting authorities, they are required to submit to the RCC before the end of each financial year, a detailed budget for the ensuing year. The RCC collates all the district budgets in the region and submits the total budget to the MoF for approval, making the MoF the final determinant of the budget estimates of the DAs. The DAs are supposed to prepare composite budget but that idea still remains a fiction. The composite budgeting system stipulates that the budgetary allocations of the DDs such as Social Welfare, Community Development and Town and Country Planning, health and education are to be sent directly to the DAs. The rationale behind it is that since the district officers of the departments will no longer go to Accra, the national capital, they will develop loyalty to the DAs through which they will receive their funds (Ayee, 1998). In practice, however, the composite budgeting idea is yet to materialize as the Central Ministries continue to direct the expenditure of local departments while, the MoF has refused to relinquish control over approval of budgetary estimates of the DAs.

The National Development Planning System Act (Act 480) of 1994 prescribes a "bottom up" approach to planning making the DAs the planning authorities with power to ensure participation, coordination and integration in the preparation of district plans. Before adopting any development plan, the DAs are to conduct public hearing and consider the views expressed in the hearing and include evidence of the public hearing in the plan. These plans are then sent up to the RCC for harmonization into a regional plan and then submitted to the NDPC to integrate all the regional plans into a national plan. In practice, however, the national plan and the annual budgetary allocations hardly bear any

resemblance to the proposals made at the district level. What assume importance in the planning process are the sectoral plans, which are submitted by the central ministries. Development planning in Ghana therefore remains central despite the rhetoric of participatory bottom up planning (Ayee, 1998)

4.3.3 *Clear definition of functions and responsibilities of local government*

Administrative local autonomy also includes clearly defined responsibility and roles for LGs, which significantly concern communities and, being accorded functions of fundamentally local scope. This demands doing more than merely cleaning streets; taking on a variety of non-traditional service responsibilities, such as providing primary health care, basic education, public security, public utilities, environmental protection, and building regulation (USAID 2000, p.11). This is required for effective decentralization to avoid duplication between center and local and also avoid unfunded mandates which leaves some services unattended to.

In Ghana, the decentralized functions and responsibilities can be categorized under deconcentration, delegation and devolution based on the extent of local government control over a particular service.

Deconcentrated services

The deconcentrated services [6]have offices or branches in most of the 138 districts and help in the general governance of the districts but do not come directly under the control of the DAs. The DAs also provide certain services as agents of some state institutions such as Ghana highways where they maintain the roads lying within their areas. Since the DAs do not receive any additional funding to act as agents of the state institutions, they do not perform the deconcentrated functions efficiently.

[6] include the Immigration Service, Police Service, Customs, Excise and Preventive Service, Internal Revenue Service, Prison Service, National Fire Service and Education Service

Delegated public services

Some of the functions that are given to the DAs by the L.I that established them may be classified as delegated public services[7] where they participate in the provision of certain services that are normally carried out by other levels of government (Appiah et al 2000) Most of the DAs lack the human and financial capacity to undertake the delegated public services. It is also not clear as to whether it is the DA or the state institutions that is to pay for the services and how personnel for these services are to be employed. These delegated functions have therefore been neglected in most districts (ibid)

Devolved Functions

The L.I establishing the DA gives them the power to raise revenue, plan, and budget and take decisions regarding the total development of the district. These are supposed to be the functions that give the decentralized administrative units the wide range of discretion, flexibility and autonomy to take decisions and execute.

Specifically, the devolved services of the DAs are :district planning, with public hearing , sub-district and local action development plans; mobilization and management of revenue; removal of obstructions and nuisance; rendering of relief services during natural disasters, for example, fire, flood, accidents, and earthquakes, in the form of supply of material; making of bye-laws, which are submitted to the RCC for approval or rejection; acquisition of land or buildings within or outside their jurisdictions; spatial planning and the regulation of physical development; and purchase of land, service it, and reallocate it to prospective public or private developers for development, construction and maintenance of feeder roads, markets, streets, parks, cemeteries and other public utilities;

[7] provide water in consultation with the Ghana Water Company, provide electricity supply in consultation with the Electricity Corporation; Education, after consultation with the Minister, public libraries in consultation with the Ghana Library Board; control African antique work of art with the prior approval of the Ghana Museums and Monuments Board; promote tourism with the Tourist Development Board; register all births and deaths ; establish postal agencies, where necessary, ; provide information centres, provide agriculture and veterinary extension work ; promote environmental protection, Community Tribunals under the Courts Act (Act 459), section 46(5). ; prevention and control of fire outbreaks and promoting and safeguarding public health through the assignment of medical officers, health inspectors and other staff of the Ministry of Health.

waste management , power of entry of premises; control of the construction of buildings through approval of building plans (Appiah et al ,2000)

Matching the administrative decentralization policy in Ghana against the theoretical prerequisites and best practices reveals some gaps in policy design. The DAs have no authority to recruit, promote and fire its senior staff. Though the central appointment of the senior staff of the DAs afford them the opportunity to engage skilled staff that they might not have afforded with their own resources, the deplorable conditions in the rural districts do not attract highly qualified and experienced staff. Centrally appointed personnel are preoccupied with satisfying the requirements of regional and national supervisors by being engrossed in report writing rather than commitment to satisfy the needs of the local people. Central appointment of local staff has the merit of avoiding nepotism, favouritism and cronyism in the recruitment of staff as has been observed in the appointment of the 30% of the local councilors.

The inability of the 22 DDs to be integrated into the DA system has deprived them of the needed technical personnel. This has also led to double allegiance of the staff of the DDs to the DA and their regional and national offices. This together with the failure to implement the composite budgeting and the local government service bill has led to duplication of budgeting at the district level and inadequate competent and skilled staff.

It could be deduced from the foregoing that the administrative decentralization policy of Ghana greatly falls short of the guiding indicators of success while implementation also deviates grossly from the policy contents and stipulations. It therefore stands to reason that if proper policy design and rigorous implementation are requirements for programme success then the administrative decentralization in Ghana has a very limited chance of achieving its objectives.

CHAPTER FIVE

5.0 ANALYSIS OF FISCAL DECENTRALIZATION POLICY AND PRACTICE IN GHANA

5.1 Introduction

Chapters three and four have dealt with how political and administrative decentralization policies of Ghana measure up to theoretical requirement and best practices and how the policies are designed to meet their own objectives. This chapter looks at how the fiscal decentralization policies in Ghana meet theoretical prerequisites for successful decentralization, how implementation matches with policy content and the likelihood of the policy achieving their objectives.

5.2 Fiscal Decentralization Policies in Ghana

The 1992 Constitution of Ghana stipulates that the DAs "should have sound financial bases with adequate and reliable sources of revenue" [Article 240(2)]. The fiscal decentralization policy in Ghana seeks to ensure financial autonomy of the district assemblies through a) Central government transfers in the form of District Assemblies Common Fund and Ceded revenue b.) Own taxes and c.) User fees and charges

5.2.1 Sources of Revenue for District Assemblies

District Assemblies Common Fund

The District Assemblies' Common Fund (DACF) is enshrined in the 1992 Constitution, under article 252 which states that a DACF shall be allocated annually by parliament not less than five percent of the total revenue of Ghana and payable in quarterly installment for development, distributed among DAs on the basis of a formula to be approved by parliament and administered by a DACF Administrator.

The Act 455 of 1993 which establishes the DACF defines the 'total revenue of Ghana' for this purpose to mean " all revenue collected by or accruing to the CG other than foreign loans , grants , non tax revenue and revenues already collected by or for DAs under any enactment in force"(Ghana , 1996 p. 54) .

Every year an attempt is made to refine the sharing formula. The formula for 1998 and 2004 were based on the following factors:

Table 2: Formula for sharing DACF

Factor	purpose	1998 (%)	2004(%)
Need	Redress the imbalance in development among districts in terms of health, education , water, roads , etc	35	60
Equalizing	Give each district equal specific minimum for development	35	35
Responsive	Motivate/ reward districts to mobilize more resources internally.	20	2
Service Pressure	Determined by population density	10	3

Source: Memorandum to Parliament on the Proposed formula for sharing the year 2005 DACF (1st June 2005) by Joshua Magnus Nicol, Administrator of the Fund

Ten (10%) of the fund has always been set aside as reserve fund, with additional 10% set aside in 2004 and 2005 to manage sanitation in the country. This is deducted before the formula is applied. Thus the formula is applied to the remaining 80%. The DACF allocation in year 2005 budget was 1,048. 4 trillion cedis. The formula was applied to the allocation of 838.72 billion cedis, after allowing for 20% reserve to produce shares of each district for 2005.[8]

The reserve fund is for the purpose of (a) funding Members of Parliament Constituency Projects, popularly known as MPs Common Fund, b) funding RCCs in their monitoring roles c) counterpart fund for projects co-financed with international donors d) meeting any emergency expenditure e) monitoring and evaluation by the office of the administrator and f) National Sanitation Programme.

The Act establishing the DACF Act, 1993, Act 455 makes it clear that the Fund shall be used only to finance development expenditure of the DAs. In addition it is specified that

[8] Memorandum to Parliament on the Proposed formula for sharing the year 2005 District Assemblies Common Fund Allocation (1st June 2005) by Joshua Magnus Nicol , Administrator of the Fund

the Minister responsible for Finance shall in consultation with the Minister for Local Government and Rural Development determine the category of expenditure of the approved development budget of DAs that must in each year be met out of amounts received by the DAs from the Fund (Section 9 of Act 455). As a result of this requirement, guidelines for utilization of the Fund especially concerning areas of expenditure are issued each year to the DAs. These guidelines are more or less administrative regulations which have the effect of directives (Kokor and Kroes 2000, p.62)

Evidence of the workings of the DACF is somewhat mixed. On the one hand, annual monies distributed by the DACF have increased quite significantly from 38.5 billion cedis in 1994 to 165 billion cedis in 1999 and to 1, 048.4 trillion cedis in 2005 in actual amounts. On the other hand, it is disputed whether district authorities have received the full five per cent. A report for USAID states that DACF disbursements have averaged about 4.3 per cent of actual annual revenue (USAID 2003: 15).

Even if the whole five per cent minimum of national revenue is transferred to the local governments; it is still insufficient, given the broad range of responsibilities devolved to district authorities. The disbursement is always behind schedule while 10-20% is set aside for purposes such as Common fund for members of parliament and environmental sanitation management. The delays in the disbursement force some DAs to use the fund as a guarantee to borrow with some interest, thus reducing the actual value of the fund when it is finally released to the local authorities.

Table 3 below shows that, for Accra Metropolitan Assembly(AMA), grants and subventions comprising mainly of DACF which forms the greatest percentage, HIPC funds and transfers for recurrent expenditure including salaries, accounted for 63 % of the total revenue in 2002 and 55% in 2004.

Table 3: Sources of Revenue for AMA (2002-2005)

Revenue Sources	2002 actual collected	% of 2002 actual	2003 actual	% of 2003 actual	2004 actual	% of 2004 actual	2005 approved	% of 2005 approved
1. Rates	6,801, 572,431	12.31	12,55196,684	12.35	11,946,039,027	10.83	15,526,000,000	8..52
2. Lands	354, 712, 686	0.64	532,565,611	0..52	380,097,400	0..34	852,500,000	0.47
3. Fees& fines	7,111,474,686	12.87	14,961521,474	14.72	18,339,120,415	16.64	22,205,400,000	12.19
4. Business Permits	5,147,957,698	9..32	7,705,090,288	7..58	9,390,819,050,	8..52	17,768,000,000	9.75
5. Rent on Property	486,954,470	0.88	2,527,647,418	2.49	3,149,701,400	2.86	520,000,000	0.29
6. Grants & Subventions	34,801,253,554	63.03	58,200,782,051	57.28	60,343,913,671,	54.74	120,122,950,000	66.00
7. Revenue from investments & Savings	55,157,534	0.09	204,394,491	0..20	32,282,234	0.03	32,282,234	0.02
8. Mics	455,583,222	0.82	4,918,583,570	4.84	6,660,984,652	6.04	6,660,984,652	3.66
Total	**55,214,666,452**	100.00	**101,602,531,587**	100.00	**110,242,957,849**	100.00	**182,214,850,000**	100.00

Source: Accra Metropolitan Assembly (AMA)

Ceded Revenue

This is derived from revenue sources which hitherto were tapped by the C G through the Internal Revenue Services (IRS), but which CG has ceded to the DAs in pursuit of decentralization (Ghana, 1996 p. 52). These sources of revenue[9] are listed in the six schedule of Act 462.

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[9] These include Entertainments duty under the entertainment duty Act 1962 , Act 150 , Casino Revenue under the Casino Revenue Tax Decree , 1973 (NRCD 200), Betting Tax Act , 1965 (Act 268), Gambling Tax under the Gambling Machines Decree , 1973 (NRCD 1974), Income Tax (Registration of Trade, Business, Profession or Vocation) Law , 1986 (PNDC L 156), Income Tax payable by specific categories of self employed persons in the informal sector , Daily Transport Tax under the Income Tax Amendment Law , 1987 (PNDCL 177) ; Advertisement Tax under the Advertisement Tax Decree , 1976,(SMCD 50)

The ceded revenues are collected by the IRS and transferred to the MLGRD and shared among the DAs using a formula approved annually by the cabinet (Ghana, 1996, p. 53). The revenue sharing formula is based on equality, population and assessed development status or level of deprivation of each district. Ceded revenue added US$403,000 to the total revenue of the DAs in 1989, US$442,000 in 1990, US$782,000 in 1991, US$4,150,000 in 1992 and US$1,800 for the first half of 1993 (Ayee, 1995). In all cases, the yield from the ceded revenue exceeded the total revenue mobilized internally by the DAs (Ayee, 1998). The ceded revenues are expected to be used to meet the recurrent costs of the DAs.

Internally Generated Revenues (IGF)

These sources of revenue are derived from property rates, fees, and licenses, trading services and specialized funds such as stool land royalties, timber royalties and mineral development fund.

Local taxes in Ghana can be categorized into three groups namely: taxes on income, taxes on property and taxes on expenditure. Efforts to increase IGF in recent years have centered on the revaluation of property rates and collection of property taxes. The local government law grants the local authorities the power to generate revenue from levies, fees, and licenses for specified activities. The law provides that such revenue shall be taxed or collected exclusively by DAs, although they may authorize other government bodies to collect revenue on their behalf. Some revenues (land and tribunal fees and fines) are collected by central government on their behalf.

Property rates are potentially the most lucrative source of local revenue for LGs, especially the metropolitan and municipal assemblies. Fees and charges are collected for recurrent expenditure. These include local sales fees, fees on vehicles, entertainment, hotels etc. Most LGs concentrate on slaughterhouse fees, market dues, lorry park dues and trading services, limiting their revenue base. Table 3 indicates that fees and fines constituted 12.31 % and 12.35% in 2002 and 2004 respectively of the total revenue of AMA.

Revenue from District private lotteries that are to be collected by the LGs, are currently being under-utilized due mainly to lack of proper institutional mechanisms for monitoring this revenue source. Tax administration and collection at the district level is done through fee fixing resolutions approved by the assembly through the finance and administrative sub-committee and collected by revenue collectors. There is a general lack of data base on rateable property and people.

The DAs are faced with reluctance on the part of many citizens to pay rates and fees, particularly in the rural communities, and are struggling to reconcile shrinking revenue bases with increasing expenditure levels. (Appiah et al, 2000)

Power to borrow

The Act 462, Section 88, stipulates that DAs can raise loans or obtain overdrafts within Ghana with the approval of MLGRD in consultation with the Minister of Finance. This approval does not apply where the loan or overdraft to be raised does not exceed 20 million cedis (about $10,000) and does not require a guarantee by the central government.

5.3 Analysis of the fiscal decentralization policy of Ghana

5.3.1. *Clear assignment of revenue to each level of government*

If the LG is aware of its revenue sources, it ensures proper financial forecasting, planning and budgeting. The financial decentralization policy of Ghana specifies as the revenue sources for DAs: rates on landed property within the area of authority of the district , fees to be levied on such items as slaughter houses , market stalls and trading kiosks , Licenses issued for a host of activities such as hotels restaurants lorry parks , self employed artisans, trading services undertaken by the assembly, special rates through fee fixing to raise funds for specific projects and specialized funds such as stool land royalties, timber royalties and mineral development fund, DACF, ceded revenue to be shared among the districts, transfer of recurrent expenditure to the districts and revenue from lotto operators.

Though these revenue items are clearly assigned to the DAs and could therefore enhance forward planning and budgeting, problems such as delays and unpredictability and inadequacy of transfers, inefficiency in the collection of fees and levies due to corruption and incompetent revenue collectors, and low yielding IGF sources have stifled revenue generation by DAs.

5.3.2 *Effective control of local government over their expenditure*

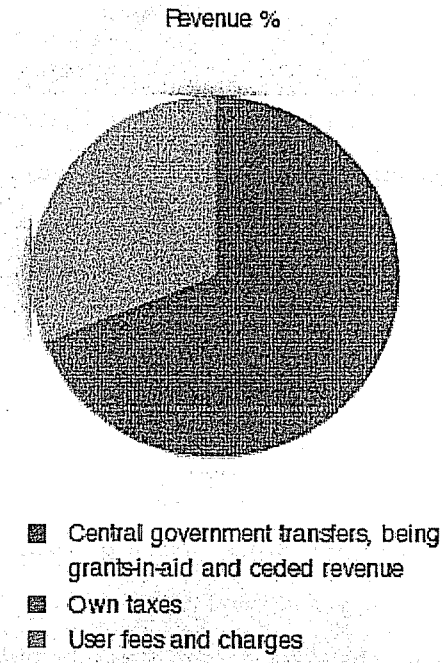
In Ghana, the DAs have control over their own internally generated funds with flexibility to use the money according to the pressing needs of the district. The ceded revenue that is collected by a CG agency and shared among the DAs is expected to be used for recurrent expenditure. The district assemblies' common fund which is a grant from the central government is tied to certain items of expenditure specified by the central government. Guidelines are issued which limits the freedom of the DAs. In 1999, directives were issued that 20% of the DACF had to be used for poverty alleviation, 10% for self help projects and 5% for rural housing (Appiah et al 2000). According to Crawford, only 25% of the DACF were fully discretionary to DAs, with MLGRD and MoF guidelines determining the use of 75% (Crawford, 2000 p.14)

With the CG transfers constituting over 60% of the total revenue of the assemblies, it means that the assemblies are unable to orient their expenditure to their felt needs but have to respond to the dictates of the CG.

5.3.3 *Percentage of LG expenditures financed by grants*

The grants constitute over 60 percent of the expenditure of the LGs. This indicates a situation of over reliance on CGs by the LGs. These transfers are associated with long delays before they are released to the DAs. The delays and the unpredictability of these funds affect the planning and budgeting of the districts adversely. The figure below shows the shares of revenue to the DAs in 1997.

Figure 2: Percentage shares of revenue sources of DAs in Ghana



Source: Commonwealth Local Government Forum, Local Government System in Ghana, 2005, p. 93

It could be deduced from figure 2 above that, there is a heavy dependence on CG transfers , most important ones being recurrent expenditure transfers, ceded revenue, and DACF, which is above the average of 35% for the six countries covered by the World Bank study as shown in table 5 below .

Table 5: Composition of SNG revenue in 6 sub-Saharan African countries

	Own taxes (%)	Shared taxes (%)	User fees/ Charges (%)	Single source revenues (%)	Transfers from central gov. (%)	Donor contribu-tion (%)	Other non-tax revenues (%)	Borrow-in (%)	Total Revenue (%)
Zambia	**21**	0	23	18	3	0	34	0	99
Senegal	**43**	1	23	0	22	0	11	0	100
Swaziland	**67**	0	5	1	17	0	5	5	100
Uganda	**15**	0	5	0	66	11	4	0	101
Ghana	**22**	0	9	0	69	0	0	0	100
Zimbabwe	**21**	0	35	0	33	-	6	4	99
Total	**32**	0	16	3	35	2	10	2	100

Source: Steffenson and Trollegaard (2000) Fiscal Decentralization and Sub-National Government Finance in Relation to Infrastructure and Service Provision a *synthesis report on 6 Sub-Saharan African Country Studies, World Bank, p.44*

The 22% of revenue from own tax sources are below the average of 32% of the six country study by the World Bank. This could be attributed to over reliance on the central government transfers, especially the DACF. The sources of taxation for the IGF are generally unrewarding given low value property in the rural districts and a dearth of business enterprises to be taxed.

There is also a very limited share of revenue from user fees due to a limited assignment of tasks with revenue generating potentials to the districts; other factors contributing to the limited significance of fees and charges are political resistance to increase fees and charges, the fact that the system of calculation of the cost and collection is often not fully operational or that payment system sometimes takes place outside the budget or account of the LG.

The analysis has shown that LGs in Ghana have little fiscal independence, remaining overwhelmingly dependent on central government for its financial resources, with limited revenue raising ability. It appears that central government has been more willing to share its responsibilities with local government than to share its revenue. The consequence would be inability of local governments to deliver public services in line with new

responsibilities, in turn undermining the DA's legitimacy in the eyes of the local electorate.

The ceded revenue for the local government is based on a number of lesser tax fields that CG has ceded to the DAs. It is still collected by state machinery, the Internal Revenue Service (IRS), before it is transferred to DAs through the Ministry of Local Government and Rural Development. Though this has the merit of collecting all the revenue from both rich and poor districts and redistributing the money evenly to help bridge the regional developmental differences, in practice this has not happened. There is lack of transparency regarding how the money is collected and shared.

The revenue-raising powers granted to the District Assemblies is constrained by a number of factors such as limited local taxation, with Nkrumah (2000: 61) commenting that the "lucrative tax fields" (for example, income tax, sales tax, import and export duties) all belong to the centre, while local government has access only to "low yielding taxes such as basic rates and market tolls". Most rural districts in Ghana have low value properties , low economic activities and a general low income per capita and therefore the sources for own resource generation is very weak. Revenue mobilization has been a major problem facing the DAs. Revenue targets in most DAs are hardly met even though there is evidence that revenue sources in the districts are not being fully tapped. (Botchie 2000)

The Assembly members are also often reluctant to exploit to the full their local revenue generating powers because of the political inconvenience that tax collection engenders. Since the assembly members have not been able to fulfill their promise of delivering direct services to the people out of the taxes, they are unable to convince the tax payers to honour their obligations.

The percentage of the total revenue derived from the IGF, which the local authorities have flexibility in terms of spending, is very low, and therefore a greater part of expenditure at the local level is dependent on central government transfer.

Apart from the five percent of the national revenue transfer to the Assemblies being inadequate for any meaningful development, the allocations do not even come on time, thus affecting the forward planning of the districts. The central government dictation of the expenditure pattern of the fund also reduces the autonomy of the DAs, given that these transfers constitute over 60% of the district budget.

The fiscal decentralization policy and practice in Ghana are partly at variance a with the benchmark for assessment of effective decentralization. The policy creates room for CG control of LG revenue, transfers insignificant proportion of national revenue to LG though the formula for sharing is constantly undergoing changes to correct the earlier imbalances; the CG again has a heavy hand in the determination of expenditure items through its guidelines on the use of DACF.

Gaps have also be found between policy and implementation as the CG has consistently transferred less than the stipulated 5% of the national revenue to the LG and either transfer less than the total ceded revenue or withheld it totally from the LGs (Ayee 2000: 32)

It should, however, be stated that the fiscal transfer to the DAs has improved their revenue position considerably and has afforded them the opportunity to embark on massive infrastructural development. The ceded revenue also has the potential of bridging regional imbalances together with the needs factor in the DACF formula. The intention for the introduction of the responsive factor in sharing the DACF was to motivate DAs to raise revenue internally but only few DAs took advantage, thus, necessitating it revision from 20% in 1997 to 2% in 2005.

CHAPTER SIX

6.0 SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMENDATIONS

6.1 Findings

This paper has sought to answer questions regarding how Ghana's decentralization policy satisfy some guiding indicators for assessing the degree of decentralization and the effectiveness of a decentralization policy in a country which were compiled from the works of the World Bank, USAID, SIDA and researchers such as Wunsch. The research is premised on the fact that it takes both proper designs of a policy and rigorous implementation to realize the benefits of decentralization. It is structured on the main types of decentralization with findings from the analysis discussed below.

6.1.1 Political Decentralization

The PNDC Law 207, Local Government Law 1988, which started the current decentralization policy, stipulated some difficult provisions that are still being practiced. For instance, the appointment of the Mayor by the president with all its difficulties such as too much power for DCEs and insensitivity to the opinions of the populace is still in place. Another is the appointment of 30% of assembly members by the president which was also started in 1988. This provision in the law is known to have caused some problems such as political patronage and clientelism, elite capture, unresponsiveness to local problems and dominance of assembly deliberations but the government has still not had the will to cause any change in the laws.

The non partisan local government election which is still being practiced is enshrined both in the local government Act, 1993 and the National constitution of 1992 and was initiated by the local government reform in 1988. Implementation has shown that this has bred apathy in local governance with the followers of the incumbent benefiting unduly while the known opposition members are sidelined in the distribution of wealth.

The approval of the district assembly bye laws by the Ministry of local government has put the district assemblies at the mercy of the Ministry and the regional Coordinating Councils, thus limiting the political autonomy of the local assemblies. Local planning is

strictly guided and approved by the NDPC. Though this is good for the harmonization of the National Plans, it compromises bottom up planning as the final plan hardly reflect local realities.

6.1.2 Administrative Decentralization

Personnel

The DAs are required by law to have a number of officers, namely the district coordinating director, a finance officer, a development planning officer, budget officer and a local government inspector for effective implementation of programmes in a manner that can improve service delivery. Botchie 2000: 37) confirms the dearth of district planning officers who are supposed to have the technical know how to coordinate development at the district. According to information from the MLGRD in 1997, as much as 15.5% of the districts did not have planning officers with 43.6% having only one.

The low capacity of the district level staff affect implementation of such new modalities as public private partnership at the district level, as the private contractors are able to gain unfairly from contract arrangements with lowly motivated and unskilled district staff. The Local Government Service Act (Act 656), which was established in accordance with Section 37 of the Local Government Act, 1993 (Act 462), is supposed to transfer appointment, promotion and discipline of local government staff to local government service council which will allow local recruitment of staff and transfer of personnel across all the 138 districts . The act was passed in 2003 but implementation has still not started. The Office of the Head of the Civil Service, a central body still, recruits local government staff. The Ministry of Local Government and Rural Development (MLGRD) and the Office of the Head of the Civil Service have the power to employ, discipline and dismiss various categories of staff. The commitment of the centrally appointed staff to the district assembly is doubtful as they seek to account to their masters in the center by occupying themselves with reports and workshops with very little to show as far as local development is concerned.

Other factors accounting for the poor quality of staff at the district level include the refusal of some staff to accept postings to some districts, particularly the deprived ones, which some Ghanaian bureaucrats referred to as "bush"(Ayee, 1998).

Low technical capacity within the district-level civil service is compounded by low capacity within the elected assemblies. The elected assembly members often have relatively little formal education, and are easily intimidated by the government appointees and professional staff. Citizen's participation in local governance is therefore low, and planning has only limited relevance to local needs (Amanor and Annan, 1999, 13, cf Botchie, 2000). The town/ area/ zonal councils have only a secretary, an accounts officer and a typist. However, many of these councils do not have a full complement of staff.

The failure to establish a local government civil service means that the position of the District Co-ordinating Director (DCD) is particularly anomalous from a democratic perspective. As the highest-ranking civil servant, s/he should be appointed by and accountable to the DA as the head of the local government service, as would appear to be the constitutional intent (Article 240[2][d]), with government officials in the district accountable to him/her. Instead, as a central government appointee, the DCD owes her/his position and allegiance to central government, directly accountable to another upwardly oriented appointee, the DCE (Crawford 2004 p.25)

While the Civil Service Law and the Local Government Act provided for decentralized civil service, legislation such as the Education Service Law and the Health Service Law have been passed that continue to place the staff working with the DAs under the control of their headquarters in Accra (Nkrumah, 1998, Ayee, 1998).

Composite Budgeting

In a partial attempt to rectify this problem of divided loyalties, budgets are to be devolved to district level, and placed under the control of the Assembly, a concept known as the composite budget. Theoretically the composite budgeting was looked at as an integration of the budgets of decentralized departments and the District Assemblies. It was intended to make departments of the District Assemblies look laterally to the assemblies for

budgetary support thereby strengthening their position as Departments of the Assemblies. This composite budget which was meant to increase the allegiance of staff of the CG line departments to the District Assemblies still remains unfulfilled.

Logistical Problems

In addition to the human resource capacity problems, there is inadequate office and residential accommodation in the districts, especially in the newly created ones. There is also the problem of inadequate working tools and equipment in the form of computers, filing cabinet, furniture, photocopiers, and vehicles. Logistics is a very crucial complementary factor for the success of decentralization, in that, even well capable personnel may not be able to work conscientiously if they lack the necessary tools to work with and also vehicles to reach their constituents. Lack of it also acts as disincentive to attracting qualified personnel.

Matching responsibility with resource transfer

The responsibility of the DAs to provide services that come under delegation and deconcentration are not matched with financial transfers. Since the user charges collected on these services which include water, electricity and transport do not go to the coffers of the local government, it has become very difficult for them to play their role in the sustainable provision of these services. Some of the 86 functions that have been transferred to the local government are not clearly defined as to whether the DAs are the sole providers or they are to do that in conjunction with some state and non state agencies. The result is that, at the district level, services such as health and education are rendered by central government, district assemblies and Non Governmental Organizations (NGOs) without clearly defined boundaries of responsibility.

6.2 Fiscal decentralization

Fiscal decentralization in Ghana seeks to transfer discretion over both capital and recurrent expenditures to DAs in area provided by law. In this direction limited progress has been made in the area of capital projects through disbursement of DACF. Significant weakness, however, remains with discretion of LGs over the use of the fund and CG determines the expenditure of over half (World Bank, 2003, p.5)

Current legislation and practices continue to centralize public finance with fund still being held in ministries and departments while functions have been transferred to LGs. Recurrent expenditure is largely held by CG ministries who disburse to their respective department at the local level to deliver such services as health, education, agriculture and forestry. It is also difficult to recruit and retain qualified staff to assist in institutionalizing effective mechanism for internal revenue generation.

6.3 **Conclusion.**

The research has revealed a number issues that border on the success of decentralized governance in Ghana. The objectives of Ghana's decentralization policy which include devolving political power to promote participatory democracy, fiscal autonomy of local government and devolution of administrative and development planning to local government to ensure equity, efficiency and responsiveness also correspond to the theoretical argument for decentralization. Therefore, there is a solid basis to measure Ghana's decentralization policy against the theoretical benchmark for policy success.

The lessons learned from the study of some of the best practices in the implementation of decentralization across the world also shows that satisfaction of theoretical prescription alone may not lead to the successful implementation of decentralization as theory overlooks certain fundamental local contextual factors.

The analysis of political decentralization in Ghana revealed some difficulties such as central government control over local government decisions, lack of downward accountability on the part of appointed councilors and the DCEs, non partisan local government which has bred apathy among citizens, brought about patronage politics and weak sub-district structures which are unable to ensure genuine bottom up decision making. The absence of a clear role for the chiefs in local political decision making has also led to lack of indigenous ownership of the D.A, with some citizens regarding the D.A concept as foreign imposition.

In terms of administrative decentralization, there is no clarity regarding intergovernmental functional relations. Some functions are poorly performed because there is no clear legal mandate for a specific level of government. The central government still controls the appointment and dismissal of senior local government staff. Almost all the administrative reforms such as composite budgeting, establishment of local government service and the integration of the decentralized departments into the DAs are yet to materialize and therefore the envisaged benefits of these reforms have not yet been reaped.

With regards to financial decentralization, the research has revealed that the local authorities are financially dependent on central government transfers. The sources for generating local revenue through taxes and rates are low yielding due mainly to low economic base of most of the districts and incapacity and unwillingness on the part of the local government to exploit their full revenue potential. The central government still controls budget and planning through approval or rejection and guidelines specifying what to do at the local government level, rendering the constitutional provision of local financial autonomy, a farce.

It has come out from the research that, both the policies content, in terms of how it is designed, and the implementation lapses, do not lend themselves to immediate realization of the policy objectives and theoretical decentralization benefits. It is therefore not surprising that previous research on Ghana's decentralization by the World Bank and local researchers have rated Ghana moderate to low on the degree of decentralization and the achievement of decentralization objectives such as poverty reduction, efficient service delivery and participatory democracy.

6.4 Recommendations

The analysis of Ghana's policy against some theoretical benchmark and best practices has revealed some policy inadequacies and implementation difficulties in Ghana. In order that the decentralization policy and practice in Ghana will yield the desired benefits, the following recommendations are proposed.

Improving the practice of political decentralization

There should be strong political authority for the DAs which require effective local law making capacity. The LG ought to have a great deal of discretionary authority in terms of the passage and enforcement of by-laws, statutes and regulations. Though the DAs require oversight from a higher level of government, they should have the power to enforce their own laws without subjecting it to the whim of the MLGRD to either accept or reject.

Another suggestion for improvement at the political level is the direct election of all the councilors. This will prevent the conflict that arises between the 70% elected members and the 30% presidential appointees. This will also reduce the strong central government presence at the district level which breeds patronage and upward accountability. It is acknowledged that some of the appointees provide valuable technical services for the DA, therefore, they could also be retained on meritorious ground but have limited voting powers.

It is also highly recommended that multi-party democracy be introduced at the local government elections .The current non partisanship allows undue exploitation of incumbency to stock the DAs with its cronies. Since the non partisan DA system was introduced under a military rule in 1988 by which time there was not multi party democracy in Ghana and which suited the politics of that time, under a national multiparty democratic dispensation, non-partisan local governance is inappropriate. Partisan local politics will invigorate local political campaigning to whip up local interest in the affairs of the DAs.

There should also be a mechanism to increase active popular participation in local governance. The UC system has not been able enlist popular engagement in decision and local development. It is therefore recommended that the erstwhile Town/Village Development Committees whose membership included the chiefs and the elders who wielded a lot reverence and legitimacy from the people be revisited.

In terms of the position of the Mayor, it is suggested that a mixture of both strong and weak major system is adopted. The merit of the strong mayor system recommended is the popular election of the mayor but not the total administrative authority and powers granted him under this system to appoint and dismiss department heads without council

approval as this will increase abuse of power. The checks and balances associated with the weak mayor system should be adopted to ensure control of the council over budgeting and appointments.

In view of the authority and power that the chiefs still possess at the local level, they should be given a clear role to play in DA concept. The chiefs are the embodiment of culture and custodians of natural resources with a lot of experience in local governance in Ghana. The current decentralized system of governance should therefore enlist their expertise to enhance the legitimacy and ownership of the system by the population who regard the chiefs as the rulers of the land. Caution should, however, be exercised in political decision making in order not to drag them into politics and compromise their neutrality.

A better administrative policy and practice

There should be clarity of functions and responsibilities between the various levels of government. Since most of the services and functions are not clearly allocated to specific agencies, they are either partially provided or left unattended to.

In order to avoid the double allegiance on the part of the decentralized departments to both the DA and their parent ministry, measures should be found to integrate them into the district assemblies. This will provide the technical capacity needed at the DA and cause them to be committed to the development of the district and also be accountable to the citizens and the elected councilors.

The local Government Service Act which was passed in 2003 should be made to work as it gives the recruitment and promotion of staff to the local government. It is also advocated that the composite budgeting should be operational as it has the merit of redirecting the allegiance of the central government departments towards the DA and also avoiding duplication of budgeting at the local level.

Though there have been attempts at capacity building for DAs in the past, through, for example, the establishment of the institute of local government, too much emphasis has been on the training of staff and not systemic institutional building. It is being

recommended that, all facets of capacity considered: capacity to plan, budget, and finance and deliver services efficiently.

Scaling up fiscal decentralization in Ghana

Given the number of functions that are expected to be performed by the DAs, it is very imperative that their financial position is strengthened. It is recommended in this research that the District Assemblies common Fund should be increased from the current 5% of the national revenue to 8% as is advocated by the ruling government and which has not been able to materialize. It should also be released on time as delay in disbursement affect forward planning and budgeting. The formula for sharing the fund could also be revised to reduce regional imbalances by increasing the share for the need factor.

The DAs should be given the flexibility to plan and budget for the revenue derived from the governmental grants. The DAs should be given the power to formulate and implement their own budget without central control. The MoF should be willing to loosen its control over the budgeting of the DAs in terms of approving or rejecting the final budget.

The revenue generation capacity of the DAs should be raised to reduce their dependence on central government. More sources of revenue such as income tax of workers within the and part of Value Added Tax (VAT) should be allocated to the DAs, as the current revenue generating sources are low yielding and insufficient to raise the needed IGF. The DAs should be made to collect the current ceded revenue by themselves or be encouraged to engage the private sector in the revenue collection where they lack logistic and personnel capacity, rather than IRS, the collection and disbursement of which is uncertain and without transparency.

Since the DAs are seen as corporate entities, they should be given the free hand to engage with the financial market through borrowing and fundraising. The CG should not take so much responsibility for financial indiscipline on the part of LGs to reduce the effect of moral hazard and to increase competitiveness among the DAs.

Implication for capacity building is immense in areas such as joint planning and budgeting by departments, financial management and own revenue raising capacity , planning of non salary recurrent expenditure for basic services, planning for operation

and maintenance of public and merit goods and for large capital expenditure in the context of fiscal discipline (World Bank 2003,p.5)

In conclusion, it been unearthed in the discussion of decentralization in Ghana that, a lot need to be done both in terms of policy and implementation to be able to fully realize the laudable objectives and benefits envisaged in the reform started in the late 1980s. The political front has seen some remarkable improvement like creation of semi autonomous DAs who are expected to take independent decisions with their constituents. Implementation has, however, not been smooth as the councilors lack moral and capacity to deliver and to involve the citizens in the political process. The initial enthusiasm with self help has waned and therefore clear procedures should be devised to harness the potential of the civil society. The issue of presidential appointment and non partisan LG has had more problems than benefits and therefore require immediate review.

The administrative decentralization has been very difficult to implement in Ghana with a number of the reforms such as local government service, composite budgeting and integration of the 22 decentralized departments encountering difficulties in their implementation. Too many functions have been transferred on paper to the DAs without corresponding financial transfer with undefined boundaries of responsibility between the DAs and the CG agencies.

It has not been easy to implement fiscal decentralization in Ghana, even though some progress has been made with regards to definition of sources of revenue for the DAs. Inability of the DAs to mobilize their own revenue together with CG control of DA expenditure has combined to reduce the potential of the LG to implement their own programmes.

Word Count: 16,745

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APPENDIX 1: COMPOSITION OF THE NEW ELEVEN DISTRICT DEPARTMENTS

DEPARTMENTS	CONSTITUENTS
1.Education, Youth & Sports	1.Education 2.Youth 3.Sports 4.Ghana Library Board
2.Social Welfare & Community Development	1.Social Welfare 2.Community Development
3.Works	1.Public Works Department 2.Department of Feeder Roads 3.Rural Housing
4.Physical Planning	1.Town and Country Planning 2. Parks and Gardens
5.Finance	1. Controller and Accountant General
6.Natural Resource Conservation	1.Forestry 2.Games & Wildlife
7.Central Administration	1.General Administration 2.District Planning &Coordination Unit 3.Birth& Death Registry 4.Information Services Department 5.Statistical Service
8.Trade& Industry	1.Trade 2.Cottage Industry 3.Co-operatives
9. Disaster Prevention	1.Fire Service
10. Health	1. Office of District Medical Service of Health 2.Environment Division of MLG
11.Department of Agriculture	1.Department of Animal Health and Production 2.Department of Fisheries 3.Department of Agric. Extension Services 4.Department of Crop Services 5.Department of Agricultural Engineering

Source: Ghana (1996) 'The new local government system,' MLGRD, p.77

APPENDIX 2: TWENTY TWO (22) DEPARTMENTS/ORGANIZATIONS CEASING TO EXIST

Ghana Education Service

Ghana Library Board

Information Services Department

Department of Social Welfare

Department of Community Development

Department of Town and Country Planning

Ghana Highway Authority

Public Works Department

Department of Parks and Gardens

Department of Rural Housing & Cottage Industry

Statistical Services

Birth and Death Registry

Department of Forestry

Controller and Accountant Generals Department

Office of District Medical Service of Health

Department of Feeder Roads

Fire Service Department

Department of Animal Health and Production

Department of Fisheries

Department of Agric. Extension Services

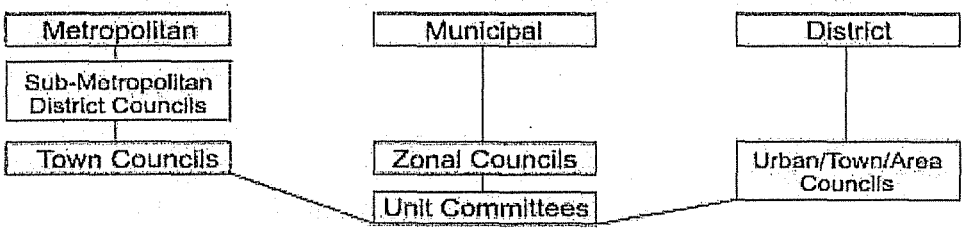
Department of Crop Services

Department of Agricultural Engineering

Source: Ghana (1996), 'The new local government system,' MLGRD, p.76

APPENDIX 3: STRUCTURE OF THE LOCAL GOVERNEMNT SYSTEM

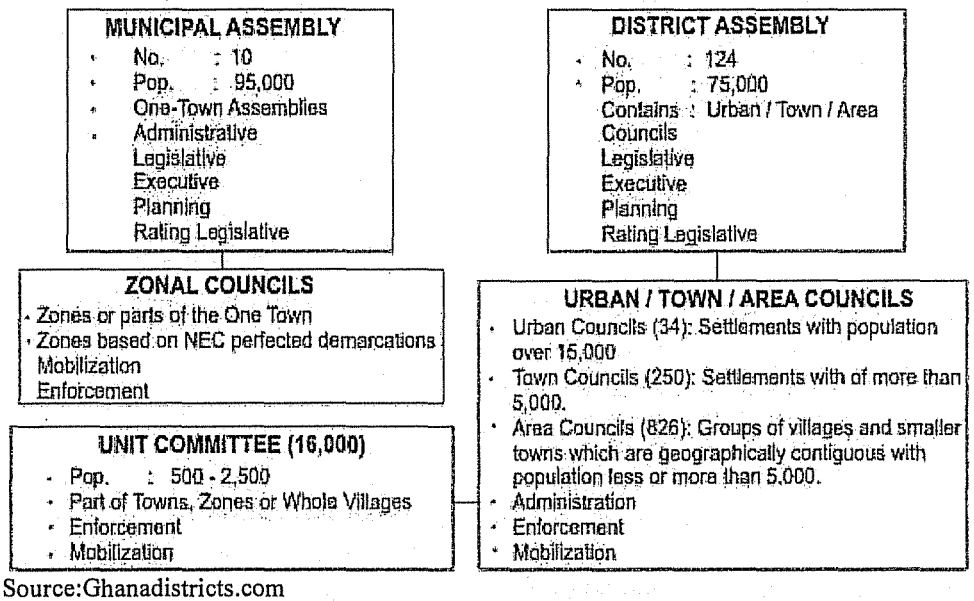
Structure Of New Local Government System



Sub-Metropolitan District Councils Under Respective Metropolitan Assemblies

Accra Metropolitan Assembly	Kumasi Metropolitan Assembly	Shama Ahanta East Metropolitan Assembly
01. La	01. Subin	01. Takoradi
02. Nungua		
03. Teshie	02. Bantama	02. Effia
04. Osu-Klottey	03. Nhyiaeso	03. Sekondi
05. Abosey Okai	04. Kwadaso	04. Essikadu-Ketan
06. South Ablekuma	05. Manhyia	05. Shama
07. North Ablekuma	06. Suame	
08. East Ayawaso	07. Old Tafo	
09. Central Ayawaso		
10. West Ayawaso	08. Asawase	
11. North Wugon		
12. North Okai Kwei	09. Oforikrom	
13. South Okai Kwei		
14. Ashiedu Keteke	10. Asokwa	

Basic Characteristics of the Local Government Structure



Source:Ghanadistricts.com
http://www.ghanadistricts.com/home/local.php?PHPSESSID=a3804f1e7e4579a074e734fff1e14cec

APPENDIX 4: 33,000 CIVIL SERVANTS TO BE REDEPLOYED TO LOCAL GOVERNMENT SERVICE

Sogakope (V/R), Nov. 19, GNA - Over 33,000 civil servants out of the about 42,000 currently working under the Civil Service are to be redeployed to the Local Government Service (LGS) beginning January 1, 2007 to accelerate and consolidate the process of decentralization.

"We have the political will and commitment from the highest authority, whilst national bureaucrats have been sensitized to cede power and control to the assemblies and the assemblies psyche up to build the capacity to absorb the decentralized management," Mr Joe D. Issachar, Head of Civil Service stated at Sogakope on Saturday.

Mr. Issachar was addressing Chief Directors of Ministries, Regional Coordinating Councils Directors, Members of Parliament and Senior Civil Servants at a three-day capacity workshop on; "Integration of Line Departments Into the Fold of Metropolitan, Municipal and District Assemblies (MMDAs)."
The LGS Act 2003, (Act 656) establishes a single unified Local Government Service for all the local authorities in Ghana. He explained that Section 34, stipulates, "on the coming into force of the Act the members of staff of the 14 civil service departments listed in the schedule shall be deemed to have been transferred to a Department of a District ... to form part of the service from the date of transfer."
The workshop was organized by the Local Government Service Council in collaboration with the Ministry of Local Government, Rural Development and Environment and UNDP.
It was to discuss the integral part of the communication strategy of the service to build bridges to stakeholders at all levels, foster consultation, collaboration and coordination with other stakeholders to push the implementation of the programme of decentralization forward.
The personnel have been classified under 11 decentralized departments, Central administration, Finance, Education Youth and Sports, Health, Agriculture, Physical Planning, Social Welfare and Community Development, Natural Resources Conservation, Works, Trade and Industry, and Disaster Prevention.
Mr Issachar explained that functions previously performed by branches, divisions or units of the departments to be transferred have been identified and merged with those of the assemblies.
On staff ranking at the decentralized departments at the assemblies, the Head of the Civil Service said they would be identified by age, rank, qualification and skills before transferred to form part of the Local Government Service.
Mr. Issachar noted that all Chief Directors, including the regional coordinating Directors are to communicate the envisaged changes to their respective regional and district officers, especially the new performance appraisal system, control and reporting mechanism to guide staff assessment and development for efficient performance.
In an interview with the Ghana News Agency, Nana Rex Owusu-Ansah Acting Head of the Local Government Service explained that the process was to integrate the decentralization process, which involves the devolution of central administrative

authority to sub-national governments.
He noted that the integration process had gone through major re-organization of departments at the district level - identifying the presence of line departments, defining and clarifying their functions, structure, and job description of head of departments, and scheme and condition of service for personnel of the departments. The decentralization of 22 functional areas of government to the sub-national governments, fussion of government agencies at the sub-national level and local governments units into one administrative unit "Single Hierarchy Model," through the process of institutional integration, manpower absorption, composite budgeting and provision of funds for the decentralized services. Nana Owusu-Ansah said the promotion of popular grass-root participation in the administration of the various areas concerned from the stand points of planning, implementation, monitoring and achievement of those services, which go to improve the living conditions of the people and the orderly, fair and balanced development of the whole country.

The Acting Head of the Local Government Service, who is also the Board Chairman of the Ghana News Agency said under the comprehensive local government and administrative reforms, "the Central Government Ministries, Departments and Agencies are to undertake policy planning, monitoring and evaluation of development policies and programmes. "Regions, through the Regional Coordinating Councils and respective Regional Planning and Coordinating Units, now play an important role of coordination, not in regular manner, but ensure consistency, compatibility and coherence of district level development, facilitate joint ventures among districts and monitor the activities of District Assemblies within the regions.
The District Assembly is primarily responsible for the implementation of development policies and programmes coordinated by the National Development Planning Commission.

In a speech read on his behalf, Dr. Paa Kwesi Nduom, Minister of Public Sector Reform said as a first step for implementation of the reforms, government had introduced and passed new legislation, which gave legal backing to the movement of some parts of government machinery from the centre to the districts and municipalities. "The first Ghana Poverty Reduction Strategy (GPRS I) defined a programme of decentralization that even promised to remove the barriers that prevented the election of District Chief Executives," he told the participants'. Nduom said the Government is committed to ensure the movement of civil servants from the office of Civil Service to the Local Government Service by first January, 2007.
"We will work with the Ministry of Local Government, Rural Development and Environment, the Ministry of Finance and Economic Planning and Development Partners to ensure that there is a common resources pool, with a single reform agenda aimed at accelerating the pace of decentralization. "Support Local Government to use legislation to make clearer Government's commitment to decentralization and use the Public Sector Reform Work Programme to promote decentralization in visible and concrete terms," he said.

Chief Directors pledge to support redeployment

Sogakope (V/R), Nov. 19, GNA - Chief Directors and Regional Coordinating Directors on Saturday pledged their commitment to support the integration of about 33,000 civil servants into the Local Government Service (LGS) by January 2007. A communiqué signed by 15 Chief Directors and Directors across the country reads: "recognizing the important roles we play in the machinery of Government, particularly in bringing change and development in the body politic, especially for the integration process for the decentralized departments, we accept to sensitise our staffs to accept and embrace the reform. "We do hereby affirm our support for the on-going implementation of Government's decentralization policy," the directors stated at the end of a three-day capacity workshop on; "Integration of Line Departments into the Fold of Metropolitan, Municipal and District Assemblies (MMDAs)."The workshop was organized by the Local Government Service Council in collaboration with Ministry of Local Government, Rural Development and Environment, National Governance Programme and UNDP to discuss the integral part of the communication strategy of the service to build bridges to stakeholders at all levels, foster consultation, collaboration and coordination with other stakeholders to push the implementation of the programme of decentralization forward. The Chief Directors also endorsed the initiatives of the Ministry of Local Government, Rural Development and Environment, the Local Government Service, Office of the Head of Civil Service and the Ministry of Public Sector Reform towards implementing the integration by January 2007.

They further endorsed the treasury re-alignment of the Controller and Accountant-General's Department as the first step towards the subsequent integration of the budgets and funds of decentralized departments into the district assembly financial management system. The Communiqué also recognized that once staff and functions have been transferred to the district authorities, funds should be released regularly based on composite planning and budgeting to the assemblies to enable it perform their functions effectively. The Chief Directors proposed that short, medium and long-term recruitment and training programmes be organized to fill the staff gaps of the Local Government Service. They pledged not to impede the process, individually or collectively and assured the nation that they would work religiously to meet the January 2007 deadline for the implementation of the integration process. The Communiqué was jointly signed by Mr S. A. Manu, Eastern Regional Coordinating Council (RCC); Mr F. O. Boateng, Brong Ahafo RCC; Mr J. Owusu Senyah of the Ministry of Transportation; Mr David Yaro, from Western RCC; DR. E. N. Barnor, Ministry of Foreign Affairs; Mr E. A. Akuffo of the Ministry of Manpower Youth and Employment; Ms A. Ruby Beachem of the Ministry of Mines, Lands and Forestry.

The rest were; Nii Lantey Blankson of the Ministry of Energy; Mr Ababio Okyere-Darko of the MLGRD&E; Mr E. Y. Kwarteng from Ashanti RCC; Mr A. A. Ampong of the Ministry of Information and National Orientation; Mr Ernest Nyagbe from Greater Accra RCC; Mr S. G. A. Nlary from Upper East RCC; and Mr Kwesi Armo-Himbson of Ministry of Trade. Meanwhile Nana Yaw Boachie-Danquah, Chairman of the Local Government Service Council (LGSC) said the new departments were being established to eliminate duplication of functions between agencies at the sub-national level, relieve

managers at the centre of routine tasks and simplify complex bureaucratic procedures; transfer competence and ensure rational use of existing limited human resources.

It would also enhance close relationship and inter-relationship between the agencies being merged and create synergy, provide environment for the exchange of ideas and skills by personnel who hitherto have been operating within the confines of their separate entities.

Nana Boachie-Danquah stressed "the presence of key decentralized departments at the local level would ensure the availability of competent technical, administrative and managerial personnel at the Districts including District Coordinating Directors, Planning Officers, Budget Analysts, Finance Officers and Heads of Decentralized Departments." He assured the Chief Directors that the Council have noticed the non-availability of some departments and personnel at the district level, existence of some laws that centralize some departments in Accra, the enactment of new laws, which had conflicted with decentralization and the lack of orientation and training to make district staff development focused.

Source: Ghana News Agency.
www.ghanaweb.com: General News of Sunday, 19 November 2006
http://www.ghanaweb.com/GhanaHomePage/NewsArchive/printnews.php?ID=114151