

# GOVERNANCE

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## DECENTRALISATION AS AN ASPECT OF GOVERNANCE

by

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It is now generally accepted that concentration of all powers and functions in central government is not conducive to good governance. Devolution of some of the powers and resources of the state to the local level is therefore seen as a necessary aspect of democratic governance. The term decentralization conveniently describes all aspects of devolution.

Decentralisation involves both a process and a system.

The process consists:

- (a) Devolving specified powers and functions to the local level and
- (b) Providing the resources both human and material for the beneficial exercise of the powers and performance of the functions.

The system consists of the institutions and structures through which the process can be effectively carried out.

The rationale for decentralisation is that it makes possible a greater participation by the people in decision-making and implementation. The main features of decentralisation in Ghana are set out in Article 240 of the constitution. It is worth quoting this important article in full.

- (1) Ghana shall have a system of local government and administration, which shall, as far as practicable, be decentralised.
- (2) The system of decentralised local government shall have the following features:
  - (a) Parliament shall enact appropriate laws to ensure that functions, powers, responsibilities and resources are at all times transferred from the Central Government to local government units in a co-ordinated manner;

(b) Parliament shall by law provide for the taking of such measures as are necessary to enhance the capacity of local government authorities to plan, initiate, coordinate, manage and execute policies in respect of all matters affecting the people within their areas, with a view to ultimately achieving localisation of those activities.

(c) There shall be established for each local government unit a sound financial base with adequate and reliable sources of revenue:

(d) As far as practicable, persons in the service of local government shall be subject to the effective control of local authorities;

(e) To ensure the accountability of local government authorities, people in particular local government areas shall, as far as practicable, be afforded the opportunity to participate effectively in their governance.

Article 241 divides Ghana into districts for the purpose of decentralisation and establishes the District Assembly as the **highest political authority in the district having deliberative, legislative and executive powers.**

In this paper I intend to limit myself to the consideration of some of the factors which have an impact on the effectual functioning of decentralisation.

I will consider

A The human factor

B Structures and Programmes

C The Extent of Devolution

D. Funding and Revenue mobilisation

E. How money is used

F. Probity and Accountability

#### A. The human Factor

The success or failure of any system depends largely on the persons who operate it. Decentralisation under our constitution is based on the District Assemblies. The skills experience and competence of those who run these District Assemblies must necessarily determine whether they operate well or not. The experience of the past ten years shows that the Assemblies have not had the benefit of persons with the requisite qualifications, skills and experience. Some District Chief Executives were either simply incompetent or dishonest. They did not appear to appreciate their proper roles and the true functions of the Assemblies. The result of having such misfits is that the affected Assemblies suffered because of a lack of competent leadership. Apart from the District Chief Executive, the members of District Assemblies have been by and large not knowledgeable. The result of this is that many assemblies have not performed well at all. Matters are made worse by the fact that the civil servants who are working in the assemblies are not quite of the same quality and calibre as those who work in central government.

There must be a clearly defined policy and carefully planned programme to empower District Assemblies by providing them with personnel of the requisite quality and competence. This is particularly important in the case of District Chief Executives and the public servants who work in administration of the assemblies. Even

with the elected members some programme of training is essential to enhance a good perception of their powers and functions

## **B. Structures, Equipment and Programmes**

Some District Assemblies especially in rural districts are poorly accommodated. After over ten years of operation one would expect the offices of Assemblies sited in District capitals are suitable and adequate. Regrettably, some of them have seen no significant change or improvement over all these years. In others, attempts have been made to embark on grandiose administrative buildings, which have simply soaked up money but have remained uncompleted.

Efficient and effective administration further requires suitable equipment. In the age of modern technology District Assemblies must be equipped with requisite equipment for computerisation and communication. This is the only way that the information and database required for competent operation can be produced. In the absence of reliable database it is not possible for any Assembly to mobilize revenue generation effectively or embark on any appropriate development programmes. By this time it should be reasonable to assume that good communication links have been established within the internal administration of assemblies, as between different Districts, and as between the District Assemblies and central government. It does not appear such links have been established. Without them monitoring and supervision of work in the District Assemblies cannot be effectively carried out or sustained. The District Assemblies must have necessary equipment and personnel trained to operate them.

The functions of District Assemblies as stated in Article 245 includes:

### **(a) the formulation and execution of the resources necessary for the overall development of the District.**

I do not think that any District Assembly can boast of an impressive track record in carrying out this function in the past ten years. Some District Assemblies have not been able to formulate and execute any beneficial programmes at all. Others have simply squandered money on ill-conceived programmes and projects some of which they have not been able to complete! A few Assemblies have carried out commendable programmes. There is quite clearly a pressing need to help the Assemblies in the formulation and execution of realistic programmes. Such programmes should be based on carefully prepared blue prints which take into account the priority needs of the District especially in health education and employment and the resources of the District. In the absence of carefully prepared blue prints based on reliable data the District Assemblies resort to ad hoc programmes often ill prepared and generally ending in expensive failure.

## **C. The Extent of Devolution**

The essence of decentralisation is delegation of powers and resources from central government to the District Assemblies. To what extent have District Assemblies been able as "highest political authority" to exercise "deliberative, legislative and executive powers". This is not an easy question to



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answer because some ministries and departments in central government do not appreciate the import of true devolution. Merely opening offices of a Ministry or department in a district is not devolution if these are not under the control of the District Assembly.

It is important that there should be clearly defined sectors in which genuine devolution should take place. I consider education, health, agriculture and forestry and poverty alleviation as obvious examples. The reluctance of those in central government ministries and departments to let go of power is a potent obstacle to devolution and the success of decentralisation. Another important factor is the desire of public official to be located in the comfortable world of the capital. How otherwise does one explain siting of the Forestry Commission in the capital, although there is no forest worth talking about in Accra itself or even the Greater Accra Region? Achimota forest is in my view a forest only by courtesy! It is only when genuine devolution is pursued that the necessary infrastructure and resources will of necessity be provided in the districts. At present many districts are suffering serious deficiencies in the health and education sectors because the assemblies have no real control over these sectors.

#### **D. Funding and Revenue Mobilisation**

One of the most difficult problems in the decentralisation process is that of money. The Districts, differ significantly in terms of land area, natural resources and population density. Some districts are densely populated and richly endowed with natural resources or other revenue generating avenues such as property rates. There are also districts which are

poor in the sense that they have no significant natural resources and have a population the majority of whom are living on or below the poverty line. It means therefore that whilst some Districts can literally look after themselves if the affairs of the Assembly are conducted well, other Districts cannot support themselves and will require support from outside in the foreseeable future.

The funding of District Assemblies is derived from

- (a) Grants from the donor community
- (b) The District Assemblies Common Fund and
- (c) Income derived from within the District from taxes and levies and in some cases royalties

##### **(i) Grants from the Donor community**

It is generally acknowledged that there is over reliance on foreign donor sources for financing the development programmes and projects in the districts. I do not think anyone will dispute the fact that this trend should ultimately be reduced to a bare minimum. In the long run we should be able to carry out the decentralisation process substantially from domestic resources. Meanwhile contributions from the donors should be directed straight to the Districts themselves and should lean very heavily in the direction of training personnel and educating members of the Assemblies. In the absence of competent personnel money going into the Assembly will simply be misused. There is abundant evidence of this.

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(ii) The Constitution under Article 252 has established the District Assemblies Common Fund. Into this fund is paid, by quarterly instalments, not less than five percent of the total revenue of Ghana for the **benefit of District Assemblies for development**. The money paid into this Fund is to be distributed among all the District Assemblies on the basis of a formula approved by Parliament. The establishment of this Fund has made it possible for many District Assemblies to obtain a certain minimal funding without which they would literally be destitute. The concept is a good one. Unfortunately since it was set up, many District Assemblies have simply relied almost exclusively on contributions from the Fund. The undesirable result of this tendency has been the neglect of many sources of revenue within the Districts. I think that Parliament should carefully reconsider the formula it is using at present to distribute money from the Fund. The Constitution does provide that money should be distributed among **ALL** District Assemblies. There are however, some Assemblies which can and ought to generate more revenue than they are doing now and which therefore should receive only nominal contributions from the Fund. The Fund should be used more and more to resource, empower and uplift the deprived and less endowed districts. There is no reason why Accra or Kumasi for example should rely on the Fund. The revenue generating potential of these two cities as well as many heavily populated urban centres are huge but largely neglected and unexploited.

**(d) Funds raised internally within the District**

An important function of a District Assembly is **the levying and collection of taxes, rates, duties and fees**. Article 245 (b)

The most obvious objects of these are property rates, market and lorry park tolls. In the city and urban centres property rates should be a major source of revenue. Surprisingly in most cities and towns the Assemblies do not impose any rates or even when they impose rates do not bother to collect them. The problem is that most of the Assemblies do not have reliable data on the number of properties on which to impose rates. People are building at an ever-accelerating rate. Many of them build without obtaining the requisite building permits, even in the capital and its immediate surroundings. The situation is further complicated by the fact that no regular and competent valuation of properties take place. Apparently reliance is placed on the Land Valuation Board which simply cannot cope with the workload. Some Assemblies think that without an assessment of value by the Land valuation Board they are helpless. It does not occur to them that provisional assessments can be made even at a flat rate so that they would be a regular inflow of revenue. There are house owners in Accra who have not paid any rates for almost ten years. This state of affairs should not be allowed to continue. The AMA should be very rich from the proceeds of house rates alone. Revenue from markets and lorry parks are far less than they should be because of the inefficient way of collecting them through individual collectors many of whom pocket much of the money they

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collect. Revenue mobilisation in the District needs careful re-examination and reappraisal. We must have a more efficient and rational system than the loose incompetent manner in which things are done now.

Districts which have unexploited potential for revenue generation should not be crying out to the central government and to donors for money. Such Districts, and I believe they are in the majority, undermine the whole concept and practice of decentralization.

**(e) How Money is Used by the District Assemblies**

The money which goes to a District Assembly should be applied honestly, prudently and competently for the benefit of the whole District. Unfortunately the expenditure pattern of many Assemblies as revealed in the yearly Auditor-General's reports and in various forensic audits is a dismal catalogue of money either misused and simply stolen. If we consider the money which has gone into the District Assemblies from the Common Fund and other sources from central government, from foreign donors and even from limited local sources within the Districts, we cannot fail to conclude that on the whole our District Assemblies have not performed as well as they should. The expenditure patterns of the Assemblies

must but be subject to rigorous scrutiny and monitoring. They must be taught a new culture of how to spend money. Unless this is done we shall find ourselves year after year reading the same dismal catalogue in the Auditor-General's Report. They must be taught that the District Assemblies' money is not meant to finance individuals by way of loans in furthering their personal business or political interests or the programmes of any political party or parties. It is for the development of the District and the benefit of the people and should be devoted exclusively to this purpose.

**(f) Probity and Accountability**

Probity and accountability have now almost become a meaningless incantation or slogan. This is unfortunate because probity and accountability are of the utmost relevance in the operations of all institutions. No organisation can hope to yield anything beneficial if it is run by persons who are dishonest or cannot see beyond their immediate personal interests to the greater good for the community. Decentralisation has been entrenched in our Constitution. This alone cannot, however, ensure good governance unless all of us recognise that the process requires competence, honesty and a sense of responsibility and we demand these qualities in those who manage affairs at all levels.

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**Note: Nothing written herein is to be construed as necessarily reflecting the views of the Institute of Economic Affairs.**