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COMPARATIVE ASSESSMENT OF DECENTRALIZATION IN AFRICA: GHANA DESK STUDY

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CONTENTS

| | |
|---|------------|
| ACRONYMS AND ABBREVIATIONS | iii |
| EXECUTIVE SUMMARY | v |
| 1.0 THE COUNTRY CONTEXT..... | 1 |
| 1.1 POLITICAL BACKGROUND AND STRUCTURE | 1 |
| 1.1.1 Separation of Powers | 1 |
| 1.1.2 Democracy and the Two-party System, 1992–2010 | 1 |
| 1.1.3 Demography | 2 |
| 1.2 HISTORY OF DECENTRALIZATION | 2 |
| 1.3 CURRENT STRUCTURE AND INSTITUTIONS OF DECENTRALIZATION..... | 3 |
| 1.3.1 Central Government Ministries / Departments | 3 |
| 1.3.2 Regional Coordinating Councils (RCCs) | 4 |
| 1.3.3 MMDAs4 | |
| 1.3.4 Sub-district structures | 5 |
| 1.3.5 Conclusions on Current Decentralization Structure..... | 5 |
| 2.0 INTERMEDIATE OBJECTIVES | 7 |
| 2.1 AUTHORITY | 7 |
| 2.1.1 Legal foundations of decentralization: Constitution, Laws, Regulations and Decrees... 8 | |
| 2.1.2 Concurrent competence | 8 |
| 2.2 AUTONOMY | 10 |
| 2.2.1 Own-source revenues..... | 10 |
| 2.2.2 Intergovernmental transfers: District Assemblies Common Fund (DACF)..... | 10 |
| 2.3 ACCOUNTABILITY | 11 |
| 2.3.1 Accountability of MMDA Officials: Elections and Appointments..... | 11 |
| 2.3.2 Responsiveness and Mechanisms for Public Accountability..... | 12 |
| 2.4 CAPACITY | 13 |
| 2.4.1 Structural Problems | 13 |
| 2.4.2 Providing Public Goods: Service Provision and Information Flows..... | 13 |
| 3.0 POLITICAL ECONOMY | 15 |
| 3.1 POLITICAL INCENTIVES AND CONSTRAINTS: PROPONENTS AND OPPONENTS | 15 |
| 3.1.1 Political Incentives to Decentralize | 15 |
| 3.1.2 Stated Objectives of Decentralization..... | 17 |
| 3.1.3 Political Constraints to Decentralization | 18 |
| 3.2 THE DECENTRALIZATION SEQUENCE | 19 |
| 3.3 INSTITUTIONAL ARENAS: THE NATIONAL ARENA | 20 |
| 3.3.1 Creation of New Districts | 20 |
| 3.3.2 Staff: The Civil Service Law and Local Government Service Act..... | 21 |
| 3.3.3 Planning and Procurement as Delegated Functions | 21 |
| 3.4 INSTITUTIONAL ARENAS: THE SUBNATIONAL ARENA | 22 |
| 3.4.1 Representativeness | 22 |

| | | |
|------------|--|-----------|
| 3.4.2 | Central Government Dominance of MMDAs | 22 |
| 3.5 | INSTITUTIONAL ARENAS: THE CIVIL SOCIETY ARENA..... | 23 |
| 3.6 | INSTITUTIONAL ARENAS: THE DONOR ARENA | 24 |
| 4.0 | CONCLUSIONS AND IMPLICATIONS..... | 25 |
| 4.1 | VARIATIONS | 25 |
| 4.1.1 | Devolution of Authority: The Legal Framework | 25 |
| 4.1.2 | Local Service Provision | 25 |
| 4.1.3 | Human Development and Poverty Reduction | 26 |
| 4.1.4 | Politics of decentralization | 26 |
| 4.1.5 | Revenue Autonomy and Expenditure Autonomy..... | 26 |
| 4.2 | COMPARATIVE LESSONS..... | 27 |
| 4.3 | FINAL QUESTIONS | 28 |
| 4.3.1 | Conclusion: Achievements and ongoing questions of coordination | 31 |
| | APPENDIX 1: BOXES, TABLES, AND FIGURES..... | 33 |
| | APPENDIX 2: ACHIEVEMENTS AND DEFICITS GHANA’S DECENTRALIZATION..... | 41 |
| | APPENDIX 3: BIBLIOGRAPHY | 43 |

ACRONYMS AND ABBREVIATIONS

| | |
|--------|---|
| AFRC | Armed Forced Revolutionary Council |
| APRM | African Peer Review Mechanism |
| CDR | Committee for the Defense of the Revolution |
| CIDA | Canadian International Development Agency |
| CLUSA | Cooperatives League of the United States of America |
| CPP | Convention People’s Party |
| CSO | Civil Society Organization |
| DA | District Assemblies |
| DACF | District Assemblies Common Fund |
| DANIDA | Danish International Development Agency |
| DCE | District Chief Executive |
| DP | Development Partners |
| ERP | Economic Recovery Programme |
| HIPC | Highly Indebted Poor Countries |
| IGF | Internally generated funds |
| GAIT | Government Accountability Improves Trust |
| GHS | Ghana Health Service |
| MDBS | Multi Donor Budget Support |
| MLGRD | Ministry of Local Government and Rural Development |
| MMDA | Metropolitan, Municipal, and District Authorities |
| MMDCE | Metropolitan, Municipal, and District Chief Executive |
| NDAP | National Decentralization Action Plan |
| NDC | National Democratic Congress |
| NGO | Non-governmental Organization |
| NDPC | National Development Planning Commission |

| | |
|-------|--|
| NLC | National Liberation Council |
| NPP | New Patriotic Party |
| NRC | National Redemption Council |
| PM | Presiding Member |
| PNDC | Provisional National Defence Council |
| PNP | People's National Party |
| PP | Progress Party |
| RCC | Regional Coordinating Council |
| RCD | Regional Coordinating Director |
| RM | Regional Minister |
| RPCU | Regional Planning Coordinating Unit |
| SMC | Supreme Military Council |
| USAID | United States Agency for International Development |

EXECUTIVE SUMMARY

In recent years, Ghana has rightly earned praise as one of the most stable democratic polities in Africa. The recent electoral turnover in 2009 once again suggested further consolidation of the country's democratic processes. The country has also received praise for its decentralization efforts, but these have been more partial and halting. Decentralization remains incomplete, as might be expected given a variety of fundamental constraints to the process in Africa, but it is also noteworthy that decentralization has endured and overt recentralization has not occurred in Ghana. In this study, we elaborate on Ghana's experience to address questions posed by the United States Agency for International Development (USAID) in its Democratic Decentralization Strategic Assessment Guide. After offering a brief overview of the country's political and institutional background, we elaborate on challenges in four decentralization programming objectives of interest to USAID: authority, autonomy, accountability, and capacity. We follow this with an examination of the political economy of decentralization, with specific reference to actors at the national and sub-national levels, as well as civil society actors and donors. We then turn to several conclusions about Ghana's decentralization process, including some brief recommendations.

Our main finding is that decentralization in Ghana has resulted in some formal transfer of authority to elected officials at sub-national levels, along with modest fiscal transfers, but that the four intermediate objectives of decentralization programming supported by USAID—authority, autonomy, accountability, and capacity—are not fully met due to several constraints that prevent the full flourishing of the decentralization program. Achievements are strongest in the areas of *authority* (particularly in a robust legal framework), with more modest advances in *autonomy* (particularly in guaranteed intergovernmental fiscal transfers), and in efforts to build *accountability* and *capacity*. There are also real limitations with regard to each of the four objectives. Transfers of *authority* to sub-national levels are incomplete and sometimes muddled by conflicting legal provisions regarding civil service staff. Despite the establishment of a Common Fund of fiscal transfers for local governments, the *autonomy* of sub-national actors is hindered by a lack of revenue, particularly with respect to internally-generated/own-source revenues. Furthermore, *accountability* is complicated by certain structural dilemmas; we note that much of the accountability in place at local levels is “upward” (to national-level actors) rather than “downward” (to local populations and civil society). Finally, *capacity* is an enduring challenge, both in fiscal and administrative terms. Together, this suggests that Ghana has seen some advancement on the decentralization agenda, but that greater consolidation is needed.

The central challenges in Ghana's decentralization are in respect to coordination and bureaucratic politics, more than electoral politics. Importantly, both major political parties—the National Democratic Congress (NDC) and the New Patriotic Party (NPP)—may be seen as generally favoring decentralization, though incentives for each may vary with the alternation of power at the national level, since Ghana's demographics and stabilizing two-party system ensure the out-party will have some regional and local base. More problematic for decentralization are the bureaucracy and civil servants in sectoral and line ministries (such as health, education and agriculture which have large field administrations), which can be reticent to concede policy

authority to the local government units. Additionally, understanding the incomplete realization of decentralization's promise must include an understanding of the intended career paths for members of the local government service, which for most civil servants are directed towards postings in major metropolitan areas.

We conclude with some recommendations on the Ghanaian case, with a view towards an eventual comparative understanding of the challenges facing decentralization in Ghana and in Africa. We also offer recommendations on donor coordination, as the extensive support for Ghana's decentralization program by development partners has generated capacity strains along with resources and opportunities.

1.0 THE COUNTRY CONTEXT

1.1 POLITICAL BACKGROUND AND STRUCTURE

Ghana is a unitary republic with a constitution based in part on the model of the United States of America. The 1992 Constitution stipulates that the state is based on a presidential system of government, with a separately elected legislature which must approve the President's cabinet. The country has undertaken a substantial decentralization process, though we find that this process has not achieved its stated objectives for a number of reasons outlined in this report. Given these structures, the country has some degree of separation of powers in both the vertical and horizontal dimensions.

1.1.1 SEPARATION OF POWERS

Horizontal separation of powers: The principle of separation of powers is a central feature of the 1992 Constitution, which is intended to promote checks and balances. However, Ghana fits the pattern of African governance in which political contestation is first and foremost about the presidential election, with parliamentary elections having a secondary role (cf. van de Walle 2003). Separation of powers is also undermined by the constitutional stipulation that a majority of ministers must be sitting Members of Parliament. The Constitution nominally guarantees a judiciary that is independent of both the executive and legislative arms of government, but judicial independence is restricted because there is no upper limit to the number of Justices of the Supreme Court that can be appointed by the President.

Vertical separation of powers: The decentralization process in Ghana has established multiple layers of sub-national authorities. In examining democratic decentralization, the most important of these are the local government units known as District Assemblies (DA), as well as Metropolitan Assemblies and Municipal Assemblies in larger cities and metro areas, respectively. We refer to these together as the MMDAs: Metropolitan, Municipal, and District Authorities. We elaborate upon this and other structures—including the structures known as Regional Coordinating Councils—in the subsequent sections, and in Figure 1.

1.1.2 DEMOCRACY AND THE TWO-PARTY SYSTEM, 1992–2010

Since independence, Ghana has vacillated between civilian and military rules, but since the return to multi-party rule in 1993 there has been political stability as demonstrated by five successive national-level elections (see Box 1). The presidential elections of 1992 and 1996 were won by Jerry Rawlings' NDC while the 2000 and 2004 elections were won by New Patriotic Party (NPP) of John Kufuor. The fifth elections, in December 2008, were won by NDC candidate John Atta Mills after a tight run-off with the NPP's Nana Akufo-Addo. These elections were noteworthy for the acceptance of the results by the defeated NPP, and for the stability that followed, despite some acrimony between officials and supporters of the two major parties. The

Electoral Commission was seen as relatively impartial, though the two parties accused it of alleged favoritism and/or slow release of the election results.

Ghana's Parliament is unicameral, with members elected from 230 territorial constituencies. (There is no upper chamber to represent the country's 10 administrative regions.) The legislative branch also exhibits a relatively stable division of power between the two main parties, the NDC and NPP. These combine to hold a large majority of the seats in legislature, with the NDC holding 115 and the NPP 107 of the 229 total seats currently occupied; small parties and independents hold the remaining seven seats. This relatively stable two-party democracy distinguishes Ghana not only from less democratic systems in sub-Saharan Africa, but also from the continent's other democracies, in which party systems tend either to be more fragmented (as in Benin, e.g.) or dominated by a single party (as in South Africa, e.g.). The two parties do have some regional basis (as noted below), but both parties draw support from most regions of the country.

1.1.3 DEMOGRAPHY

Ghana is a low-income country that has suffered economic decline through much of the period from its independence in 1957 to the 1980s. In recent years, the country's economy has stabilized, though growth has been modest. As is the case elsewhere on the African continent, Ghana has a large proportion of its population in rural areas, yet is urbanizing rapidly. There remain significant development disparities between urban and rural areas, as well as between the comparatively prosperous south-center of the country and the lower-income north.

Ghana is ethnically heterogeneous, with some ethnicities having particular significance for electoral politics. The Akan ethnicity is the largest, and contains a number of subgroups (including Ashanti, Fante, and Akuapem, among others). The Ashanti subgroup, centered in the city of Kumasi, has traditionally supported the national candidates of the NPP. Current President John Atta Mills, on the other hand, is of the Fante subgroup, and a member of the NDC. The Ewe people, who are clustered in the east of the country (in the Volta Region), are another major ethnic group of significance for Ghana's political history, as longtime president Jerry Rawlings (1979, 1981–2000) was of Ewe parentage; the Ewe also have featured prominently within the military. Historically, the Ewe overwhelmingly support the NDC party, founded by Rawlings. A range of other ethnicities also people the country, with the Ga-Adangbe being prominent in the capital Accra, and a large number of ethnicities (including the Dagomba) existing in the north of the country.

1.2 HISTORY OF DECENTRALIZATION

Since independence, succeeding governments in Ghana have regarded decentralization as a necessary condition not only for socio-economic development, but also to achieve political objectives such as legitimacy and (paradoxically) recentralization of power (Ayee 1994; 2004; 2008a). These political objectives explain in part why the progress of decentralization has been slow and has often resulted in recentralization, despite over 10 commissions and committees of enquiry established to look at decentralization reforms. For instance, the post-colonial government of the Convention People's Party (CPP) under Kwame Nkrumah (1957–1966),

fearing that decentralization would promote divisive tendencies, encouraged centralization of power in the nation's capital, particularly the Office of the President.

The government also at times has fragmented the decentralized units as a way of weakening them (Aye 1994). In addition to these, charges of corruption and ineptitude particularly in the CPP era have tainted their effectiveness. The local government service was also hampered by the insecurity local government workers felt in relation to their conditions of service, pay equity, and general well-being; a unified civil service was considered desirable to enhance local administration. These weaknesses, as well as other shortcomings (such as the dual hierarchy structure in which the central and local government institutions operated, a lack of political and bureaucratic commitment to decentralization, and inadequate financial and human resources) continued up to the passage of local government reforms in 1988 (Aye 2004a, b).

Under the Provisional National Defense Council (PNDC) from 1981 up to the elections of 1992, Ghana undertook a range of efforts to extend governance at the local level, and some of these were later incorporated into the present-day system. This included the creation of local cells initially called "Committees for the Defense of the Revolution," along with Unit Committees. In 1988, the PNDC established the District Assembly system with the passage of Law 207. The 1992 Constitution, along with subsequent statutes and enabling legislation, superseded the preexisting local governance system and reorganized it to constitute a new framework. This Constitution was the origin of the current arrangement, and was elaborated upon in 1993 with the Local Government Act, and with subsequent legislation. We elaborate upon the current structure below, and in Section II on "Authority."

1.3 CURRENT STRUCTURE AND INSTITUTIONS OF DECENTRALIZATION

Ghana has a four-level structure of government, divided into the following levels:

1. National government (including line ministries and deconcentrated entities);
2. Regional Coordinating Councils (RCCs);
3. Metropolitan, Municipal and District Assemblies (MMDAs); and
4. Sub-district structures: urban, zonal and town councils, and unit committees.

The core units of decentralized governance, representing "local government," are the MMDAs. Whether a locality is governed by a Metropolitan, Municipal, or District Assembly depends upon population size: Metropolitan Assemblies existing only in the country's six largest cities (Accra, Cape Coast, Kumasi, Sekondi-Takoradi, Tema, and Tamale), Municipal Assemblies in the next 40 largest cities, and District Assemblies throughout the remainder of the country. Each of these forms has its own sub-district structures, as shown in Figure 1. We elaborate here upon the responsibilities attributed to each level of government.

1.3.1 CENTRAL GOVERNMENT MINISTRIES / DEPARTMENTS

The Ministry of Local Government and Rural Development (MLGRD) is charged with supporting the decentralization process and coordinating sub-national action. This ministry, along with the Ministry of Finance and Economic Planning, has a major role in approving

specific budgets for the MMDAs. Alongside these, line ministries plan, implement, monitor, and evaluate sectoral development policies. They also direct planning, lead budgeting processes, and represent their sectors at all levels in dealings with the Ministry of Finance and Economic Planning to acquire and disburse budgets, including all funds for services and investments at the lowest level. This is especially the case with the three ministries that have strong, vertically-integrated deconcentrated departments that integrate planning with implementation: the Ghana Health Service, Ghana Education Service, and the Ministry of Food and Agriculture.

1.3.2 REGIONAL COORDINATING COUNCILS (RCCS)

RCCs exist in Ghana's 10 administrative regions as entities with delegated authority to coordinate and harmonize district-level development interventions. In so doing, they monitor, coordinate, and evaluate the performance of the MMDAs and report to the center. The RCCs are chaired by a Regional Minister (a presidential appointee), and led administratively by Regional Coordinating Directors (RCDs) and Regional Planning Coordinating Units (RPCUs). RCCs also bring together other key actors in Ghana's decentralization matrix: chief executives of the MMDAs; representatives of traditional authorities (from the Regional House of Chiefs); and the regional heads of various deconcentrated line ministries. This mix of devolved, deconcentrated, and delegated authorities has made aligning RCCs into the decentralization process complex and somewhat contradictory. Many functions to be delegated to the RCCs are still being performed by the regional offices of deconcentrated line ministries, which continue to obtain funding from central government in their respective sectors. Some progress in capacity-building for the RCCs has been made in recent years, with the Decentralization Secretariat of the Ministry of Local Government and Rural Development working with RPCUs in several southern regions and the Canadian International Development Agency (CIDA) supporting RPCUs in the three northern regions.

1.3.3 MMDAS

MMDAs are primarily responsible for local-level policy and planning (based on, and informed by, national policies and programs). They constitute a hybrid form of decentralized authority, combining elected and appointed officials; 70 percent of MMDA members are elected by universal adult suffrage and 30 percent are nominated by the President. The District Chief Executive, the political head of the district, is nominated by the President and subject to approval by two-thirds of the MMDA members present and voting. The Chief Executive chairs an Executive Committee comprised of one-third of the MMDA members. The MMDAs are nominally non-partisan, as candidates are not sponsored by political parties. The stated aim is to ensure consensus-building and promote development, but evidence suggests presidential administrations routinely appoint co-partisans.

In terms of fiscal authority, MMDAs have several identified revenue sources, the most important of which is the District Assemblies Common Fund (DACF), a set of intergovernmental transfers. A portion of total government revenues are paid into the DACF and shared according to a revenue sharing formula approved by Parliament. Originally allocated 5 percent of general government revenue, recent reforms under the previous NPP government increased this fiscal transfer to 7.5 percent. On the budgeting side, the decentralized departments responsible for different sectors are intended to send their budgets through the MMDAs for onward transmission

to the Ministry of Finance (in a process known as composite budgeting), but this shows a continued degree of line ministry control.

While exercising some fiscal autonomy over devolved funds, the MMDAs also implement development plans and programs coordinated by the National Development Planning Commission (NDPC), while also working alongside “district-level” policy, planning, and program implementation by deconcentrated line ministries (health, education, and agriculture) which continue to receive funding and directives from their national and regional offices. Officially, the responsibilities for the actions of line ministries and departments are placed under the MMDAs, with Metropolitan Assemblies overseeing actions in 16 sectoral areas, Municipal Assemblies in 13 areas, and District Assemblies in 11 areas; however implementation of this coordination mechanism is incomplete. Similarly, a local government service has been established into which all staff of the decentralized departments become members for their career progression; this too competes with sector-specific rules on staffing that complicate MMDA control over local civil servants.

1.3.4 SUB-DISTRICT STRUCTURES

Below the MMDAs come several sub-district structures that are intended to ensure local-level participation and implementation. These are known as councils (urban councils, zonal councils, or town councils) and unit committees. Legislative Instruments in 1988 and 1994 established the sub-structures and reviewed the functions of unit committees to include “the supervision of staff of the District Assembly assigned duties in their areas of authority.” These outlined the functions of these parties including the education of the people on their rights, privileges, and obligations. At a slightly larger level than these councils and unit committees, Ghana’s Metropolitan Assemblies in the six largest cities have “Sub-metropolitan District Councils” charged with the administration of self-help projects, record keeping on ratable properties, and the collection of rates, levies, and taxes. Other functions included street-naming, promoting public health, and responsibility for day-to-day administration (Aye 2003). The evidence suggests sub-district structures are not viable: they are too numerous and small, have too many members, and are not fully elected. Moreover, their functions are unclear and they have virtually no personnel or financial resources to perform their functions (NCG and DEGE, 2007).

1.3.5 CONCLUSIONS ON CURRENT DECENTRALIZATION STRUCTURE

There are several challenges to the completion of the political process of decentralization. First, the election of District Chief Executives and eventually all DA members would be required to make the system fully representative and democratic at the district level. Second, the non-partisan nature of the DA elections, in an environment where partisan superstructure has been constructed at the national level, is anomalous. Third, there has been only a partial devolution of administrative authority to the district-level. And finally, at the sub-district level, the 16,000 unit committees and the area, town and urban and zonal councils have been ineffective and are still incomplete due to large numbers and lack of public interest.

2.0 INTERMEDIATE OBJECTIVES

In this section, we elaborate upon several aspects of Ghana’s decentralization that illuminate USAID’s four intermediate objectives for democratic decentralization: authority, autonomy, accountability, and capacity. We conclude each of these with a brief boxed summary of the principal achievement and the challenges—or decentralization deficits—for each respective objective.

2.1 AUTHORITY

Ghana’s local government units, the MMDAs, have been designated to have several authorities. They are:

1. Political and administrative authorities;
2. Planning authorities;
3. Development authorities;
4. Budgeting authorities; and
5. Rating authorities.

MMDAs have 86 authorized functions that empower them to provide deconcentrated, delegated, and devolved local public services (Ayee, 1999). Devolved functions of the MMDAs include the mobilization and management of revenue as well as the construction and maintenance of feeder roads, streets, parks, cemeteries, crematoria, and other public utilities (Ayee, 1999). A deconcentrated function of the MMDAs, as agents of the Ghana Highway Authority, is the maintenance of trunk roads lying within the boundaries of their jurisdiction, while a delegated function is water provision throughout the entire district in consultation with the Ghana Water Company and Community Water and Sanitation Agency (per Act 564).

MMDAs are the sole taxing authority in the districts, and prepare their own annual budgets recurrent and capital expenditures. Further, they are the sole district planning authorities, charged with the overall development of the districts. They also make by-laws, which are subject to approval by the MLGRD before they become operative; they are corporate bodies which can sue and be sued. Finally, on the advice of the District Tender Boards, MMDAs also have the power to award contracts not exceeding GHC 2,500 (approx. \$1,750 at \$0.70 = GHC1).

2.1.1 LEGAL FOUNDATIONS OF DECENTRALIZATION: CONSTITUTION, LAWS, REGULATIONS AND DECREES

The legal framework of decentralization in Ghana is extensive on paper (see Box 2 in Appendix 1). It begins with the 1992 Constitution and extends to Acts of Parliament, legislative instruments, by-laws, and standing orders. They cover areas such as the objectives of decentralization, finance, personnel, planning, budgeting, tendering, accountability, and central-local relations and relationship between the DAs and other public services.

Various provisions in the 1992 Constitution create a broad-based legal basis for decentralized government in Ghana. The objectives of decentralization are most clearly captured in Chapter 6, “Directive Principles of State Policy,” of the 1992 Constitution, which enjoins the government to make “democracy a reality by decentralizing the administrative and financial machinery of government to the regions and districts and by affording all possible opportunities to the people to participate in decision-making at every level in national life and in government” (Ghana 1992).

Two major laws in 1993 enhanced the framework for decentralization: the Local Government Act (Act 462 of 2003) and the Civil Service Law (PNDC Law 327 of 1993). The Local Government Act established the DAs as legislative bodies with the power to pass by-laws to regulate activities in the districts or to undertake the functions of the assemblies (see Section 79 of 462). The Civil Service Law defined the relationship between the central- and the local-levels of government. It identified the duties of the central government as policy planning, monitoring, co-ordination, and evaluation, and assigned the responsibility for local-level development implementation to the MMDAs. The Civil Service Law was also important because of its provisions for the assignment of staff, especially setting out the technical and administrative support for the decentralization process and the local government secretariat; the district and regional departments and offices of the district assembly.

Similarly, the Legislative Instruments which established each of the District Assemblies supplement the Local Government Act (Act 462), creating a list of 86 specific responsibilities. These range from provision of basic services in education, health, water supply, sanitation, to public safety and revenue collection. In addition, the National Development Planning Commission Act of 1994 provided institutional support for the national development planning system (Ayee 2003).

2.1.2 CONCURRENT COMPETENCE

Despite the extensive legal framework supporting decentralization to local government, other legislation had contradictory implications for the MMDAs. The two most obvious examples are laws applying to the major sectoral ministries: the Ghana Education Service Act (Act 506 of 1995) and the Ghana Health Service and Teaching Hospitals Act (Act 525 of 1996). These two acts outlined arrangements for service delivery at the local level which did not necessarily coincide with the arrangements of the DA system. The establishment of the Ghana Health Service was aimed at providing a structure for the implementation of approved national health policies. The Act sought to decentralize the delivery of health care services by creating both regional and district health committees to assist in the management of health care at various levels. The Act provided for a District Director of Health Services who would be answerable to

the Director-General of the Ghana Health Service (GHS) for policy measures and the District Chief Executive (DCE) for administrative purposes. The staff at the district level would also remain staff of the GHS. However, the Local Government Act had made provision for health officers of the DAs. It indicated that any person who discharged the duties of a medical officer or sanitary inspector for any area would be an officer of the DA of that area (Ayee 2003).

The Education Service Act also had this anomaly and required the District Director of Education to report to the Director-General of the Ghana Education Service through a regional superior. Thus, while DAs are responsible for the provision of health and education infrastructure, they have little access to information about financial, human, and other resources of these services. Tensions have arisen in the past when assemblies have tried to inspect or get more involved in the use of this infrastructure (such as in Cape Coast in 2002). At the same time, the two laws made provision for popular participation in development at the local-level through the creation of the District Education Oversight and District Health Committees.

Decentralization envisions fusion of governmental agencies in any given region, district, and locality into one administrative unit. Government ministries/departments/agencies continue to retain their “hierarchy” from national, to region, to district offices, while institutions considered to be decentralized are those in the “District Assembly Secretariat.” After the Local Government Service Act 656 of 2003, efforts have been made to integrate all staff at the district level to the new local government service and eventually to integrate these into the MMDAs. The complete separation of budgeting, funding, and accountability of district-level staff from their “parent” ministries/departments and transfer of these to the MMDAs’ jurisdiction will take longer.

Some MMDA functions and responsibilities are also provided by other service delivery agencies. The reality on the ground is that there is passing of the buck between the MMDAs and the service providers as far as the provision of some of the functions—namely, water, roads, education, electricity, cemeteries, and crematoria—are concerned. The legislative instruments creating the MMDAs would need to be updated substantially to modify their functions vis-à-vis those of institutions such as the Ghana Education Service, the Ghana Health Service, the Ghana Library Board, the Ghana Highways Authority, the Ghana Water Company, the National Disaster Management Organization, Ghana National Fire Service, Forestry Commission, and the Mortuary and Funeral Facilities Committee. In addition, the devolution of authority to the MMDAs has made them to take on added responsibilities such as the provision and maintenance of second-cycle educational institutions, which were hitherto performed by the central government with inadequate financial support. (We will elaborate upon fiscal constraints in a later section on capacity.)

Authority

Principal Achievement

Establishment of legal framework for local governance (MMDAs).

Challenges and Deficits

1. Divergence between legislations (statutory acts and legal instruments) with respect to staff;
2. Need for harmonizing existing sectoral legislation (health, education and forestry, e.g.) with core decentralization legislation;
3. Lack of integrated intergovernmental fiscal framework, resulting in multiple funding, planning, budgeting, accounting, reporting and auditing systems.

2.2 AUTONOMY

Limitations on the autonomy of sub-national governments in Ghana are most noteworthy in the area of *fiscal autonomy*. There are some *de facto* limitations on the *political autonomy* of MMDAs, which we elaborate upon elsewhere. In this section, we focus on fiscal autonomy, noting that the MMDAs have scant own-source revenues and rely upon central funding (with its attendant strings attached by the central government). Despite these limitations, it is noteworthy that the principal source of intergovernmental transfers is formula-based and on a secure legal footing, ensuring a consistent (albeit modest) stream of revenue to MMDAs.

2.2.1 OWN-SOURCE REVENUES

Internally generated funds of Ghana's MMDAs are rates, lands, fees and fines, licenses, rent, and investment income, which constituted 18 percent of their revenues in 2007, according to the administrator of the District Assemblies Common Fund. Own-source revenue is low for a number of reasons. First, tax bases of the MMDAs are static and limited. One fundamental constraint is the lack of a tax base for land in rural areas. A large proportion of the country's lands are under either state control or customary authority (stool lands); the MMDAs receive only a portion of the revenue from the latter, with a portion accruing to the local customary authorities (the stools and/or traditional councils. While this empowers traditional authorities to engage in local development initiatives, it also implies a limitation on own-source revenue for the MMDAs. Similarly, databases for determining revenue potentials are weak, limiting tax capacity. Second, there are complex structures in terms of planning for revenue collection in most districts. Extracts from the Auditor General's report of 2007 reveal that over 200 revenue collectors misappropriated revenues generated. Third, mechanisms for collecting internal revenues are ineffective. For instance, revenue collections from property rates are low because properties have not been properly valued. Re-valuation is the responsibility of a central government agency (part of the Lands Commission) that lacks the capacity to fulfill this function efficiently. This problem is exacerbated by the poor logistics for revenue collection. Fourth is the absence of appropriate sanctions or punishment for tax defaulters. Most residents, especially those in the informal sector, do not feel obliged to pay taxes (Inanga and Osei-Wusu, 2004).

2.2.2 INTERGOVERNMENTAL TRANSFERS: DISTRICT ASSEMBLIES COMMON FUND (DACF)

The 1992 Constitution created the DACF into which a portion of total government revenue is paid (in quarterly installments) for disbursement to the MMDAs based on criteria to be approved by Parliament. The NPP government in 2008 proposed to increase the proportion of total government expenditure allocated to the DACF from 5 percent to 7.5 percent. The DACF amounts to 37 percent of revenues for the MMDAs (or twice the amount raised by own-source revenues) while total grants given by the central government, in the form of salaries, proceeds from the Highly Indebted Poor Countries (HIPC) initiative, and donor support account for the remaining 45 percent (see Table 1). At a much smaller level, each of the 230 Members of Parliament in 2008 were allocated GH¢14,482.10 to enable them continue with their projects and programs (Ayee 2008c).

The DACF is thus the single largest source of revenue of the MMDAs. By providing a constitutionally guaranteed minimum share of government revenue, it offers some limited financial independence. However, the amount is insufficient for the broad range of responsibilities devolved to the MMDAs. Moreover, expenditure autonomy is limited, as central government directives to the MMDAs determine about 75 percent of expenditure via “earmarks,” which leads to a loss of operational autonomy. Several other challenges also emerge in the administration and management of the DACF, including failure of MMDAs to submit promptly their budgets for release of their share of the DACF, failure of MMDA chief executives to abide by procedures for disbursement (which has landed some of them in trouble after they left office), and delays in releasing disbursements, which sometimes has lagged as much as two quarters.

Autonomy

Principal Achievement

Establishment and increased funding of formula-based intergovernmental transfers (DACF).

Challenges and Deficits

1. Predominance of center in funding flows, functional assignments, and reporting; and
2. Predominance of intergovernmental transfers (DACF) over internally-generated funds, with strong central government control over expenditure.

2.3 ACCOUNTABILITY

The MMDAs—as noted in the section on the “Current Structure of Decentralization”—are bodies that are partially elected and partially appointed by the national president. There are also a range of unelected officials who play an important role in these bodies. “Downward accountability” to local populations is thus limited by “upward accountability” to national leaders responsible for appointment; some other mechanisms for accountability to civil society are in place as well, though participation here has been spotty.

2.3.1 ACCOUNTABILITY OF MMDA OFFICIALS: ELECTIONS AND APPOINTMENTS

Elections to the MMDAs are held every four years (and have been so since 1994, with a previous round held in 1988, as well as in 1958 and 1978), at least six months apart from parliamentary elections. As noted above, 70 percent of the MMDA members (one person from each electoral area within the district) are elected by universal adult suffrage while 30 percent of the members are appointed by the President acting in consultation with traditional authorities and interest groups in the district. In addition, the Metropolitan, Municipal, and District Chief Executive (MMDCE) and the Member(s) of Parliament from the constituencies that fall within the area of authority of the MMDA are also voting member and ex-officio member(s) respectively of the MMDA.

Elected members of the MMDA are expected to conform to non-electoral mechanisms of accountability as well. For instance, they are obligated to meet their constituents before and after every meeting; in practice, this provision has been largely unmet due to problems such as the payment of meager allowances. Nonetheless, the holding of local government elections with its attendant questioning of contestants during campaigns have given the MMDAs a semblance of accountability. Moreover, the passage of the Internal Audit Act (Act 658 of 2003) and the

Procurement Act (Act 663 of 2003) have been seen as promoting financial accountability within the MMDAs, though the effect of the acts on the accountability of the MMDAs remains unclear.

The MMDCE is nominated by the central government and elected by two-thirds majority of members present and voting, including the 30 percent of members appointed by the President. He/she is therefore less accountable to locals than to the central government. Though the MMDCE can be removed by the MMDA members, this is usually difficult because a vote of no confidence must be supported by two-thirds of all MMDA members. Some scholars and civil society organizations are seeking legislative reform to make the position of MMDCE elective. The African Peer Review Mechanism (APRM) report of 2005 found that “several stakeholders have expressed their preference for elected District Chief Executives and District Assemblies” (African Peer Review Mechanism 2005: 25). Indeed, the NPP previously advocated electing the MMDCE in its party platform, but abandoned the idea of giving up this spoils system after its national victory, with the presidential spokesman saying it was “not a priority.”

Government appointees, which comprise 30 percent of MMDAs, may bring advantages of knowledge, professional and technical skills and expertise, as well as representation for marginalized groups such as women, youth, and persons with disabilities. In practice, however, it has been realized that the majority of government appointees are not solely selected on the basis of the competence but rather on political considerations; they are perceived as predictably loyal to the government (and the governing party) and therefore deemed to undermine the representative nature of the MMDAs, especially in cases where the presiding member or dominant members of the executive committee are government appointees. Moreover, there is evidence to show that the President does not consult traditional authorities and other interest groups within the district but rather the political party in power selects the government appointees from a party list drawn by the MMDCE and the Regional Minister (RM). The pro-government stance of most government appointees has brought them into conflict with the elected members. Nonetheless, some government appointees because of their status and education have constructively criticized government policies and programs (Ayee, 2008a).

2.3.2 RESPONSIVENESS AND MECHANISMS FOR PUBLIC ACCOUNTABILITY

The responsiveness of the MMDAs to the public has been criticized on a number of grounds. First, the MMDAs have provided limited opportunities for formal participation. While there are formal and informal procedures and opportunities for popular participation in the local policy-making process (through MMDA meetings and MMDA members meeting the electorate), but these have been irregular and inadequate. For the majority of the people at the local level, representative government means no more than infrequently exercising the right to vote. Though the importance of this right should not be underestimated in the MMDA elections in which they took part, it does not constitute extensive participation, even if turnouts are reasonable.

District plans and sub-district or local action plans also must be subject to public hearing before adoption, but in many cases this has not occurred for a number of reasons. First, the MMDAs are so rushed to submit plans that there is scarcely time to subject them to a public hearing. Second, in districts which held public hearings, officials found that contributions on the plans were not far-reaching enough and therefore were discouraged to send them the next time round. Third, general apathy on the part of citizens and the feeling that the MMDAs had not satisfied their expectations precluded most of them from attending the public hearing, which they saw as time-

wasting. (This despite the fact that the District Development Fund provides incentives for citizen engagement by using indicators of such engagement as an input to determine which MMDAs receive donor funds.)

Accountability

Principal Achievement

Establishment of political decentralization, to include elected local government, and mechanisms (de jure) for public accountability of sub-national officials.

Challenges and Deficits

1. Predominance of upward accountability to central government in functional assignments and reporting for government appointees and deconcentrated staff;
2. Unclear lines of accountability to the electorate due to mixed model of representation (with elected and appointed members of MMDA);
3. Appointment of regional executives and MMDA chief executives by the President; and
4. Inadequate interaction with local publics in comment and feedback mechanisms.

2.4 CAPACITY

Several challenges hinder “bottom-up” decentralization in Ghana, many of which are capacity constraints. Some of these challenges have been identified by the 2007 Draft Comprehensive Decentralization Policy Framework; they may be seen in structural problems (with the sub-district structures), and limited capacity for public goods provision (both in services and in information).

2.4.1 STRUCTURAL PROBLEMS

The legal and institutional framework of decentralization has placed considerable emphasis on the district to the detriment of the sub-district structures (area, town and zonal councils and unit committees), given the functions they are expected to perform such as the registration of births and deaths, naming of streets, and education of the people on their rights, privileges, and obligations. These sub-district structures—whose origins date back to PNDC attempts in the 1980s to create local cells for the “defense of the revolution”—have a weaker legal and political foundation than the MMDAs. Sub-district structures face operational difficulties due to the large number of staff required, the inability of MMDAs to provide operational resources for sittings and payment of staff, and inadequate financial and human resources. This has limited the flow of community-based inputs into planning and implementation. To remedy the situation and thereby enhance decentralization, the Growth and Poverty Reduction Strategy II has recognized that one of its main governance policies is to enhance “devolution of political power to the districts *and sub-districts*” (Ghana, 2006: 3).

2.4.2 PROVIDING PUBLIC GOODS: SERVICE PROVISION AND INFORMATION FLOWS

A competent, decentralized administration should be able to provide basic services to the population. While the constitutional provisions place emphasis on the potential value to increase accountability and participation at the local level, for the poor a critical litmus test lies in the scope for decentralization and therefore the MMDAs to deliver improvements in services and material well-being. By way of example, one basic function of the MMDAs is sanitation, but they have performed poorly in this area. Natural disasters such as floods, bush fires, and

epidemics have occurred and the MMDAs were not in a position to solve them immediately because of lack of resources. This has resulted in lack of faith in decentralization by the ordinary citizen, who does not see the importance of his/her MMDA. Especially in crisis situations, the ordinary citizen's hope is on civil society organizations (CSOs) and non-governmental organizations (NGOs) to deliver and not the MMDA.

Decentralization must also provide avenues of information for the ordinary citizens. Here, progress is limited, though the legal standing orders enjoin the MMDAs to provide information to the citizenry. Few MMDAs have really met the requirement of posting information on public notice boards. Keeping rural citizens (particularly the rural poor) informed of rights and opportunities may not directly improve life conditions, but will make indirect contributions towards improving knowledge, choice, participation, and self-esteem. Related to this, local languages are rarely used because technical documents such as minutes and contract awards are written in English. It is a fact that the MMDA executives, presiding members and co-ordinating directors lead assembly discussions in English. (The standing orders of the MMDAs do allow them to use the local language along with English in their business.) Consequently, the non-literate MMDA members sometimes found themselves unable to follow discussions on issues.

Capacity

Principal Achievement

Limited: Establishment of local bodies with legal authority, some degree of autonomy and accountability (see above).

Challenges and Deficits

1. Non-viability of sub-district structures;
2. Weak capacity of local governments in facilitating information flows;
3. Incomplete implementation of local government service at district level;
4. Limited internally generated funds (IGF) and dependence on intergovernmental transfers and/or support from development partners; and
5. Capacity-building interventions are erratic, supply-driven, and limited.

3.0 POLITICAL ECONOMY

With regard to the goals of decentralization, Ghana is a case where the stated aims of decentralization were (and remain) deepening *democratization* at the local-level and promoting *local development and service provision*. (The goal of achieving national political stability in post-conflict situations—a third goal of USAID decentralization programming—is of somewhat lesser salience in the Ghanaian context.) While these goals were intended results of decentralization, the “political economy” of decentralization reform also suggests that a variety of actors have impeded the process. This section examines the political incentives and constraints facing several actors in the decentralization process.

3.1 POLITICAL INCENTIVES AND CONSTRAINTS: PROPONENTS AND OPPONENTS

3.1.1 POLITICAL INCENTIVES TO DECENTRALIZE

The impetus for decentralization in Ghana’s central government has changed over time with changes in partisan needs and the country’s macro-political and macroeconomic environment. The impetus for the decentralization program under Rawlings’ PNDC (1981–1992) was the political aim to resolve legitimacy and stability crises faced by the PNDC (Aye, 1994). These crises of governance were rooted partly in domestic pressures, upheavals on the African continent and the World Bank’s demand for good governance as a condition for funding (World Bank, 1989; Oquaye 1995).

This initial impetus—decentralization as a political strategy with partisan/electoral overtones—may explain the PNDC’s original efforts at decentralization, but does not fully capture the perpetuation of efforts at decentralization once the immediate crisis of the 1980s–1990s was resolved. While a full exploration of the evolution of decentralization is beyond the scope of this paper, it may be said that decentralization was advanced through a path-dependent process, once it was proposed and implemented by the PNDC. As the country democratized in the 1990s, the PNDC’s successor party emerged victorious in national elections under President Jerry Rawlings. Called the NDC, this party continued the decentralization process Rawlings and the PNDC had initiated. Meanwhile, the emerging opposition party, the NPP adopted a platform that favored increasing decentralization, a decision which can be explained by the NPP’s initially greater success in local elections and its strong support in key regions of the country (especially the Ashanti region, often considered the country’s “heartland”). As the two-party system consolidated around the NDC and the NPP, and as power alternated from one to the other in 2000 and then in 2008, the main opposition party routinely advocated for greater decentralization; this “out-party” preference for decentralization can partly be explained due to genuine commitment to governance quality, and partly due to rational electoral calculations, as opposition parties in an evenly-matched two party system have regularly maintained strong sub-national presence even when out of power nationally.

Party politics may also help account for the tendency of NPP governments in 2004 and 2008 to increase the number of districts and the proportion of government funds allocated to the DACF, as decentralization ensures multiple opportunities for district-level patronage and electoral seats; however this logic is not simple and should not be overstated. In brief, the political benefits of decentralizing in Ghana's two-party system can be ambiguous. For example, the NPP won the 2004 national election and lost the 2008 election in a close race. In general, governments should be expected in rational terms to favor more centrally-controlled patronage if they expect national victory, but seek more opportunities for decentralized electoral contests if they expect to lose nationally. In Ghana's democratic two-party system, where both parties have reasonable probabilities of winning and losing, the benefits of creating more local elections alongside more centrally-controlled patronage positions can be ambiguous.

In any event, as a result of Ghana's historical sequence, decentralization has (in principle) received support from both major parties at different times. After the PNDC, subsequent governments of the NDC and NPP did not see decentralization as a way of self-legitimization, but rather had a mix of motivations. Some of these were "noble," such as adhering to the 1992 constitutional provision which stipulates that "Ghana shall have a system of local government administration which shall, as far as practicable, be decentralized," as well as the global enthusiasm for decentralization in the "third wave" of democratization, and the good governance agenda generally (Crook and Manor, 1998; World Bank, 1989; Olowu and Wunsch, 2004). The NDC and NPP governments also saw decentralization not only as a key element of the process of democratization, particularly in the search for a more participatory approach to development, but also as an administrative reform, frequently driven by donor agencies, which have seen it as a means of slimming down an ineffective central administration (Ayee, 1997; 2004; 2008a; 2008b).

Finally, a word is in order about the "stability" objective noted by USAID as a goal of decentralization, especially with respect to the balance of power between formal government and customary authority. While Ghana does not face internal strife or violent conflict, the decentralization agenda may also be seen in a broader sense as addressing stable governance by establishing a viable pattern of relations between the state bureaucracy, the governing party, and customary authority. Ghana's traditional authorities (led by paramount chiefs and regional kings) have ambiguous roles in the formal processes of the MMDAs, and are not fully incorporated into local government *per se*, yet retain strong *de facto* roles in many areas of local interest, including resolving land tenure and family law disputes. These authorities control some local resources, drawing tribute from the so-called "stool" lands under each chief (stools being the symbol of traditional authority). Despite the incompleteness of their integration into the formal decentralization process and weak consultation of the government with the chiefs on appointments, customary authorities also have representation at the regional and national levels in the Houses of Chiefs, making them active players in political discussion even where their decision-making authority is circumscribed by the predominance of the national executive and parliament.

The largest and most politically powerful of Ghana's sub-national kingdoms is Asante (headquartered in the city of Kumasi in the relatively prosperous Ashanti region), led by the Asantehene. Importantly for the purposes of the political economy of decentralization, this region is the heartland of the Akan ethnic group and is strongly affiliated with the NPP party. At the origins of decentralization in the 1980s, this region was an area likely to generate opposition

to Jerry Rawlings' PNDC, which featured many prominent leaders from a minority ethnic group (the Ewe) from the Volta region. Accommodating the chiefs and kings was not a stated aim of decentralization, and indeed further empowering Ashanti chiefs would have been anathema to the Rawlings government, which may help explain its initial preference for formal local government as a counterweight to traditional authority. Nonetheless, this alternative source of governing authority clearly impacted decisions to decentralize, insofar as it was a key element of the PNDC effort to build its legitimacy. To the present, while ethnic conflict is insignificant in Ghana relative to other African countries, the continued salience of ethnicity in voting (between the NDC and the NPP) suggests that decentralization may have the benefit of empowering local actors in decision-making, thus providing the much-theorized "stake" in governance to those who are out of power nationally.

3.1.2 STATED OBJECTIVES OF DECENTRALIZATION

In this study, we do not assume that the "stated objectives" of decentralization are always the "real" objectives of decentralization. For instance, the PNDC in the 1980s may have made the case that decentralization was part of a program to improve governance and bring it "closer to the people," yet clearly it also engaged in a calculation about its own capacity to govern. Similarly, opposition parties have advocated strongly for decentralization in their platforms (such as the NPP before 2000 and the NDC before 2008), only to backtrack from commitments after gaining national power. Nonetheless, while "stated" objectives may mask "political" objectives, it is worthwhile considering the reasons given for decentralization.

The National Decentralization Action Plan (NDAP) published in September 2003 indicates that the specific objectives of decentralization are to:

- a) Promote popular participation in decision-making;
- b) Promote responsive governance at the local level; and
- c) Promote efficiency and enhance effectiveness of the government apparatus, by restructuring the institutions responsible for service delivery to be closer to and accountable to the people.

Decentralization in Ghana is thus, officially speaking, aimed at two of USAID's principal goals: strengthening/expanding local democracy; and promoting local social and economic development, with the latter aim especially directed at enhancing service provision and reducing poverty.

Local Democracy (and Responsiveness): The first stated aim of the decentralization policy initiated under the PNDC government (1981–1993) was to "give power to the people" and bring "democracy to the doorstep of the people." Indeed, the decentralization policy of the PNDC—regarded as one of the most ambitious decentralizing efforts in Africa—may be seen as a translation of its "populist" notions of participatory democracy into the "democratic fabric." This political objective of decentralization is also emphasized by the 1992 Constitution under Chapter 6, "Directive Principles of State Policy," designed to decentralize "the administrative and financial machinery of government to regions and districts and by affording all possible opportunities to the people to participate in decision-making at every level in national life and in government" (Ghana, 1992). The Constitution thus defines decentralization as a process of devolution to be guided by the principle of subsidiarity (Tettey, 2006).

Development (and Poverty Reduction): Apart from its political objectives, decentralization's second stated aim was to promote socio-economic development. Thus, the establishment of the RCCs and DAs is to “enhance the capacity of the public sector to plan, manage and monitor social, spatial and economic development,” while the District Assemblies are “responsible for implementing development programs and ... have thus become the focal points for all development activities at the local level” (Ghana, Republic of, 2003a: 2). The Ghana Poverty Reduction Strategy reinforces the development objective of decentralization. It envisages that a “decentralized, democratic environment ... creates wealth, by transforming the nature of the economy to achieve growth, accelerated poverty reduction, and the protection of the vulnerable” (Ghana, 2003b).

Moreover the country's strategy envisions local democracy and development informing one another, as decentralization “represents an opportunity to involve more people and more institutions in the formulation and delivery of development policy for poverty reduction and growth” and can “promote responsive and accountable governance at the local levels, that allows effective participation, equity in resource allocation, and effective delivery of services, especially for the poor” (Ghana, 2003b: 1).

While these are the stated objectives, this political economy section of the study places greater emphasis on the political imperatives that may have promoted decentralization (see above), as well as the political constraints that hinder it in spite of stated commitments (see below). This gap between stated objectives and actual practice may be seen as analogous to the *de jure* status of decentralization (i.e., what is on paper in officialdom) as contrasted with the *de facto* status of decentralization (i.e., what is the reality in practice). The legally-stated objectives go part of the way towards informing an understanding of decentralization, but must be coupled with an understanding of the political incentives of parties, elected officials, and state actors and an understanding of local governance processes on the ground.

3.1.3 POLITICAL CONSTRAINTS TO DECENTRALIZATION

While political elites of both current parties have supported decentralization for the “right reasons,” there are also questions of partisan advantage that have hindered the furtherance of decentralization. These relate particularly to the question of presidential appointment. While an out-of-power party has reason to clamor for more decentralized governance and a broader distribution of power, the party holding the presidency has little incentive to alter arrangements that favor central appointment power. This pertains to the appointment of 30 percent of MMDA members, as well as the DCEs. The transition from the NDC to the NPP in 2001 illustrates this constraint. Prior to the election, the NPP offered a platform that included amending the constitution to make local government elections partisan and freely elect chief executives (Ayee 2004: 149–150). However, Crawford (2008: 252) shows that the NPP fully used its appointment power upon election, immediately revoking the mandates of all DCEs and all DA appointees put in place by the NDC (even though the latter had a term intended to continue until the following year); this led to the conclusion that the “non-partisan nature of the DA system is effectively a myth, but one that serves to conceal mechanisms for ongoing central government and ruling party control.” It is noteworthy that this took place even with the pro-decentralization NPP, which did increase the District Assemblies Common Fund by 50 percent.

The other principal political constraint to decentralization comes not from partisan politics, but instead from bureaucratic and administrative actors. Many central government employees—ranging from ministers to locally deconcentrated staff in rural areas—have reason to favor administrative procedures that allow the center to exert influence over local government. At the apex, for instance, the MLGRD collaborates with the Ministry of Finance to review district budgets for the use of the DACF monies, thereby reducing the spending autonomy of local governments. Similarly, the aforementioned structures in health, education, and agriculture ensure that administrative staff see their career paths within a line ministry, even if they are intended to be “Local Government Service” employees overseen by MMDAs. Indeed, many personnel resist posting to rural areas—known to many as “the bush”—and into local government service, preferring a “centralized career structure” (Crawford 2008: 253). Line ministry departments at local levels largely follow the policy prerogatives and administrative provisions laid out by their parent ministries, not MMDAs. These together suggest a political impediment to decentralization from unelected officials.

3.2 THE DECENTRALIZATION SEQUENCE

Decentralization was initiated in Ghana in relatively close proximity to the two other major state reforms in the country’s recent history: economic liberalization and political democratization. The economic liberalization process (the Economic Recovery Plan of the 1980s) preceded the decentralization effort, though the PNDC regime of the time did initiate a process of local governance reform with the aforementioned establishment of local institutions (such as Committees for the Defense of the Revolution (CDRs) and unit committees). Conversely, the decentralization and democratization reforms were more nearly simultaneous, with both being set in motion at the end of the 1980s and formalizing in the early 1990s with multiparty elections in 1992 and the new constitutional charter.

Ghana’s decentralization sequence moved from *administrative* decentralization (beginning in the 1980s) to *political* decentralization (with elections in 1988 and the Constitution of 1992) and then to *fiscal* decentralization (after 1994). This sequence should be viewed in the context of Ghana’s broader democratization, with administrative decentralization taking place under the PNDC prior to the establishment of democracy. Interestingly, elections at the local level in the District Assemblies preceded the 1992 election (which would theoretically give some impetus to further decentralization as sub-national elected officials would be established and capable of expressing support for constitutional and parliamentary provisions to support local elected government). And this approach is consistent with the notion that “finance follows function,” though two items should be noted here. First, a closer sequencing or simultaneous transfer of responsibilities and resources might have resulted in a more effective beginning to decentralization in the 1980s and early 1990s. Second, the most extensive devolution processes have come where political and fiscal decentralization preceded administrative decentralization, though this has been rare in Africa.

With respect to the advancement of decentralization, there has been much more movement on legislation than on implementation, and still less in terms of evidence of successful outcomes. *Legislation* is advanced, and the passage of a legislative framework was relatively successful, as noted above in the section on authority. Constitutional provisions and Acts of Parliament in the 1990s did set decentralization on a solid path *de jure*. (The caveat holds that some legal

inconsistencies, such as those reflecting sectoral laws, require revision.) *Implementation* has been more problematic, as noted in the section on the intermediate objectives above, and as elaborated below with respect to institutional arenas. *Outcomes* (especially *local empowerment*) are also much less evident. There is little indication to date that decentralization has successfully enhanced service provision and poverty reduction, and there is some evidence (conversely) that local democratic participation is weak, as is turnout in MMDA elections.

3.3 INSTITUTIONAL ARENAS: THE NATIONAL ARENA

There are several changes that have taken place in the national arena with respect to decentralization. In this section, we elaborate upon the demarcation and creation of new districts, as well as the question of staffing and delegated responsibilities for planning.

3.3.1 CREATION OF NEW DISTRICTS

As of 2010, Ghana has 170 districts, up from 110 just a decade earlier (see Table 3). This number can change as districts can be created according to the legal framework provided by the 1992 Constitution and the Local Government Act (Act 462 of 1993), which stipulate criteria of population, geographical contiguity, and economic viability (i.e., the ability of an area to provide basic support for developmental needs from the monetary and other resources generated in the area). Yet this legal framework is nowhere near as compelling as the desire by the party in power to create new patronage positions by creating new districts; the fact that the two most recent waves of district creation occurred during election years is revealing. Although the Constitution gives Parliament the main role in the creation of districts, the Local Government Act gives the President a dominant role through an executive instrument.

There is little evidence to assess the capacity of new districts to discharge their 86 responsibilities and bring about the outcomes desired of decentralization. New districts have not performed as expected, calling into question the viability and capacity of the districts created. The ability of an area to provide the basic needs has not been rigorously applied. For instance, disbursements from the DACF have constantly shown the over-reliance of the districts on the DACF to the detriment of internally generated funds. As central funding grows through the DACF, so does central control over DA action (Ayee, 2008b).

The creation of districts is not merely a technical exercise but a crucial political choice taken by the central government. Even though there are criteria for delimitation of districts, final decisions are determined by the pressure which vested interests can generate. Apart from the patronage considerations above, territorial structure determines and defines the nature of the capacity and autonomy of a local government unit. In Ghana, the creation of districts has not *per se* enhanced local capacity to perform responsibilities. New districts rarely have “start-up funds” for initial capital expenditures on basic infrastructure (such as meeting places and working space), which results in operating budgets covering these expenditures; this can frustrate local expectations that more public resources and accessibility to trained officials would occur within the new districts. More consultation is thus required with various stakeholders in creating districts.

3.3.2 STAFF: THE CIVIL SERVICE LAW AND LOCAL GOVERNMENT SERVICE ACT

The Civil Service Law (PNDC Law 327) of 1993 was a key in defining the relationship between the center- and the local-levels of government. It identified the duties of central government as policy planning, monitoring, co-ordination, and evaluation, and assigned the responsibility for local level development implementation to the district assemblies. The law also provided for the assignment of staff, setting out the technical and administrative support for the decentralization process. Similarly, the National Development Planning Commission Act of 1994 provided institutional support for the implementation and operation of the national development planning system (Ayee 2003).

The DAs themselves are legislative bodies, established by legislative instruments, and pass by-laws to regulate activities in the district. However, other pieces of legislation had contradictory implications for the assemblies. The two most obvious examples are the Ghana Education Service Act and the Ghana Health Service and Teaching Hospitals Act (noted above in Section II under “Authority”). These two acts outlined arrangements for service delivery at the local level which did not necessarily coincide with or take account of the arrangements of the district assembly system. Both acts are inimical to devolution as they sought to create deconcentrated semi-autonomous and separate services whose district heads do not report to the MMDAs but rather their parent regional and national offices.

The Constitution did not explicitly mention the establishment of a Local Government Service as it did the Civil, Judicial, Education, Health and Statistical Services, but did indicate that the civil service “shall, until provision is otherwise made by Parliament, comprise service in both central and local government,” and further stated that as far as practicable, persons in the service of local government shall be subject to the effective control of local authorities (Ayee 2004a).

Implementing the unified local government service has presented various challenges. These include persisting allegiance of civil servants to the center and to parent ministries and lack of control of MMDAs over the tenure of office of officials working in their localities. MMDAs often found themselves without key officers such as coordinating directors, planning and administrative staff, and finance officers, as these were moved around by the Office of the Head of the Civil Service or the RCC. Given these concerns, the re-creation of the Local Government Service through the promulgation of the Local Government Service Act (Act 656 of 2003) is imperative to capacitate the MMDAs. However, implementation of this has not been completed, most notably in the significant areas (such as health and education), noted above.

3.3.3 PLANNING AND PROCUREMENT AS DELEGATED FUNCTIONS

The National Development Planning (System) Act (Act 480 of 1994) defined and made provision for the regulation of planning procedures and related matters. The Act identified the decentralized national development planning system as comprising District Planning Authorities at the district level, RCCs at the regional-level and sector agencies, ministries, and the National Development Planning Commission at the national-level. The Act had other important features including a requirement for public hearings of district, sub-district, and local action development plans; the preparation of district, local action, and sub-district plans; and the definition of planning areas—joint planning areas as well as special development areas.

In practice, however, there are problems with the planning functions at the local-level. Most DAs do not have trained planning officers and therefore have to rely on consultants to develop their plans. This has tended to undermine the lack of interest in the plans by the public because of lack of ownership. In addition, the requirement for public hearings is not adhered to, and when hearings are held there are few debates and limited public understanding. The envisaged joint planning for special developments among two or more MMDAs by pooling resources together has also not happened because the MMDAs have not explored the opportunities available to them; there is the tendency on the part of MMDAs to look “inward” rather than “outward” for development priorities (Ayee, 2008a). Finally, the tendering and procurement process has been questioned because of the lack of MMDA members who adhere to conflict of interest requirements. Contracts were awarded to companies belonging to MMDA officials, thus creating problems with conflict of interest. In other cases, contracts were given to favorites and friends of the party in power without following approved tendering procedures. Consequently, the tendering process has created avenues for corruption (Ayee, 2008a).

3.4 INSTITUTIONAL ARENAS: THE SUBNATIONAL ARENA

Many of the features relating to the sub-national arena have been considered above in Section II on the intermediate objectives (authority, autonomy, accountability, capacity). At this time, we will elaborate only upon a pair of additional issues: the representativeness of MMDAs and the power of the central government relative to these local government bodies.

3.4.1 REPRESENTATIVENESS

The composition of the MMDAs is rarely, if ever, representative of the populations they are governing. Elected representatives are usually drawn from mainly professional classes. For example, males in the highly educated and elite occupations are over-represented on the MMDAs, accounting for over 89 percent of members. The poor and women have been under-represented. In spite of the government’s directive that 30 percent of the number of *government appointees* will be solely reserved for women, the dominance of men in the work of the MMDAs is overwhelming (Ofei-Aboagye, 2004). For instance, in the 1998 district level elections, out of the 15,220 contestants only 547 were females. In 2002, however, the number of female contestants increased to 965 out of the total number of 13,950 candidates (Ayee, 2008a). The gender imbalance did not improve in the 2006 local government elections in spite of the quite vigorous advocacy and publicity work of gender sensitive civil society organizations. Representativeness thus remains a challenge.

3.4.2 CENTRAL GOVERNMENT DOMINANCE OF MMDAS

Another challenge in the sub-national arena is the relative powerlessness of MMDAs compared with the central government. While central governments must contend with the balance between local autonomy and central control, for the sake of political stability, development coordination, and harmony between local and national aspirations, the fundamental problem in Ghana has been one of avoiding undue central government supervision and control. This point has been echoed in the African Peer Review Mechanism Report:

Stakeholders generally agree that decentralization is not working as it should. Participants at Wa generally feel that unless one has contacts in Accra, one will not be attended to Consequently, one of the critical issues that emerged from the Ghana National Programme of Action ... is to ... hasten the decentralization process to create opportunities for citizen participation in local governance and to promote sustainable local development” (African Peer Review Mechanism 2005: 25).

Similarly, the National Decentralization Action Plan of 2003 acknowledged that Ghana remains centralized, noting that “[t]he reality has been a growing concentration of power and resources in key Ministries, Departments and Agencies (MDAs) that plan, implement, monitor and evaluate essential services to communities” (Ghana, 2003a).

3.5 INSTITUTIONAL ARENAS: THE CIVIL SOCIETY ARENA

CSOs contribute to the democratic content of local government units through negotiation and bargaining. In this way, the relationship between NGOs and local government units can be a cause, as well as an effect, of enhanced democracy (cf. Ayee 2000, 2002). The development of local political accountability depends on the ability of the MMDAs to cooperate and work with CSOs at the district level. In recognition of this, the legal framework of decentralization stipulates that the MMDAs should coordinate, integrate, and harmonize development programs promoted or carried out by CSOs, as well as act in cooperation with them in the district.

There are several examples of CSO action in exacting accountability for the use of public resources and service provision by MMDAs. For instance, some civic unions (professional bodies and economic groups) participated in 20 districts in a USAID funded program on “Government Accountability Improves Trust (GAIT)” and implemented by the Cooperative League of the United States of America (CLUSA) in 2005. They consulted MMDAs, asked for information on development initiatives, undertook civic education and organized the public to demand accountability through questioning officials of MMDAs on mechanisms and procedures used for award of contracts (Ayee, 2006). Moreover, media outlets (particularly local FM radio stations) have helped to build local accountability by providing avenues for local people to question their MMDA officials and debate them over issues. This is akin to the situation in Uganda, where local radio stations hold phone-in programs in which mayors and chairpersons are invited to respond to people’s questions and complaints (Devas and Grant, 2003).

There is no doubt that there has been some citizen participation in demanding accountability from MMDAs. However, progress seems to be slow. A key concern is the quality and low-levels of civic participation and CSO involvement. Though opportunities are available for participation, the culture of opacity with the MMDAs and the lack of knowledge of the participation mechanisms have hampered the fostering of social accountability and development. This can be overcome if the MMDAs provide key information on their operations such as meeting schedules, annual plans and budgets, and annual expenditure at vantage points that will make it easy for the public to read and engage. There is also the need to deepen and widen participation of CSOs in the planning, monitoring and evaluation, and implementation processes (Ayee, 2008a, 2008c).

Moreover, the participation of CSOs in political communication has not translated directly into clear outcomes. The modest progress made in civic participation in local governance has not translated into progress in reducing corruption at all levels of government. For instance, the

African Peer Review Mechanism report found that “[p]articipants at the various stakeholders’ consultations complained about the high degree of corruption in Ghana’s public sphere, at both the national and regional levels. In Ho and Cape Coast, stakeholders generally felt that corruption is rampant in decentralized organs of government such as the Metropolitan, Municipal and District Assemblies” (African Peer Review Mechanism, 2005: 172). Some of the causes of corruption within the MMDAs are listed in Box 3 in Appendix 1.

3.6 INSTITUTIONAL ARENAS: THE DONOR ARENA

Development partners (DPs) have contributed to decentralization in Ghana and shown keen interest in its progress, as evidenced by the number of programs and interventions supporting decentralization (see Table 3). They include capacity-building at the state-, regional-, and district-levels; provision of district infrastructure; interventions to strengthen accountability; transparency; establishment of the District Development Fund; poverty reduction, financial management, management information systems, etc. The DPs’ interest is also shown by their establishment of decentralization desks in their offices or the appointment of a First Secretary to be solely in charge of governance and decentralization.

One of the major challenges for support of decentralization and the MMDAs in Ghana is the question of donor coordination, as recognized by the National Decentralization Action Plan of 2003. The Plan envisaged the harmonization of approaches through the establishment of common-funded District Development Funds. In 2005, Decentralization Sector Group Partners was set up to coordinate donor assistance for decentralization and related issues. Still, in 2007 a Decentralization Secretariat of the Ministry of Local Government and Rural Development report documented some continued fragmentation of support, overlap, and other issues related to lack of harmonization. Information sharing between the Government of Ghana and DPs, as well as among the DPs themselves, may be improving, but can be further advanced.

From the donor perspective, supporters have expressed some frustration with the pace and progress of decentralization. At the 15th Consultative Group Meeting in Accra in 2008, a number of donors advocated for a more rapid pace of decentralization. DPs argued that the MMDAs are powerless to improve service delivery because health, education, and agricultural officers stationed in districts across the country report to central ministries. Moreover, budget transfers from central government to local governments are heavily earmarked and severely limited in their possible applications. Interviews conducted with the officials in charge of decentralization at the World Bank, CIDA, Danish International Development Agency (DANIDA), and USAID in April 2009 shows that DPs believe there has been little progress in recent years under the NPP. While they were waiting to see the extent to which the newly-inaugurated NDC government would make decentralization a priority, it is worth recalling that the opposition (then the NPP) was also seen as the hope for more proactive decentralization at the last alternation of power in 2001.

4.0 CONCLUSIONS AND IMPLICATIONS

In this final section, we offer several conclusions and implications (as well as some recommendations), building on the previous analysis. We begin with an examination of where decentralization has advanced and where it has not, with an emphasis on how modest achievements in decentralization in Ghana have been paired with countervailing shortcomings. We then examine some comparative questions and conclude with some additional questions that may be worth addressing in other African cases.

4.1 VARIATIONS

What has worked in Ghana's experience of decentralization? In synthesizing some key elements of the analysis above, we examine here where progress has been made, as well as where success has been elusive. In total, the achievements of decentralization are modest though favorable in terms of comparisons with many other African countries. Some areas have witnessed improvement, while in others there have been reversals. We find it particularly useful to note how achievements seem to be closely paired with disappointments in the areas enumerated below.

4.1.1 DEVOLUTION OF AUTHORITY: THE LEGAL FRAMEWORK

Achievements: Ghana has since 1988 developed an impressive legal framework of constitutional provisions, acts of Parliament, and legislative instruments with the objective of transferring decision making and resources closer to the citizenry. This includes devolution of political power (with local elections) and the creation of an established legal framework for revenue and expenditure decentralization.

Shortcomings: There remain several contradictions in the legal framework which need to be corrected. In certain instances, the legal framework will either have to be harmonized or realigned, particularly with regard to deconcentrated officials of line ministries; as noted above in the report, there remains ambiguity in the degree to which these officials are accountable to the MMDAs as opposed to the national ministries.

4.1.2 LOCAL SERVICE PROVISION

Achievements: Decentralization has led to incremental access to central government resources and institutions for those people living in previously neglected rural areas. MMDAs have undertaken development projects such as the construction and maintenance of feeder roads, school classroom blocks, clinics, toilets, and markets as well as the provision of water and electricity.

Shortcomings: These developments remain marginal. Moreover, some of the local initiatives were undertaken either in collaboration with or solely by NGOs and donor agencies, suggesting that MMDAs still have limited capacity to achieve results alone on their thin budgetary margins.

4.1.3 HUMAN DEVELOPMENT AND POVERTY REDUCTION

Achievements: There is evidence that the MMDAs have tended to allocate most of their financial resources toward education, health, and local government and rural development programs. The issue of poverty reduction is central to decentralization, and a number of poverty reduction strategies were formulated with district implementation in mind (Asante and Ayee, 2008a, 2008b).

Shortcomings: Viewed against the background of responsiveness, representation and participation, promotion of human development, social equity, increase in income and accountability, decentralization has fallen short of reducing poverty. There is the perception that poverty reduction was not part of the original objectives of decentralization but rather an objective later forced by donors on the government. Moreover, the MMDAs have not been able to introduce programs to improve upon productivity, create employment, and generate income; in spite of HIPC funds and the poverty alleviation fund, many micro-, small-, and medium-scale enterprises still have difficulty accessing credit (Asante and Ayee 2008a; Asante and Ayee 2008b).

4.1.4 POLITICS OF DECENTRALIZATION

Achievements: There is a general political consensus in favor of decentralization as a positive force for democracy and development; this holds among the executive, Parliament, subnational politicians, and international development partners. Decentralization enjoys both constitutional and legal guarantees and open bipartisan support. Given the slow progress with decentralization and its criticisms in the 2007 and 2008 APRM reports, the two major parties (NDC and NPP) in their 2008 election platforms both promised to reform and deepen decentralization. Upon winning the elections, the NDC government set up a committee in 2009 to undertake district and regional forums to collate views on advancing the process of decentralization.

Shortcomings: As with the NPP in 2001, the NDC now faces incentives to perpetuate a status quo in which the central government has considerable appointment power over officials at subnational levels. Moreover, significant resistance to full implementation of the decentralization agenda may come from ministerial and bureaucratic/administrative actors who resist local autonomy.

4.1.5 REVENUE AUTONOMY AND EXPENDITURE AUTONOMY

Achievements: Fiscal decentralization has proceeded with the creation of the DACF. In 2008, an election year, the NPP increased the DACF to 7.5 percent of general government revenues. MMDAs thus operate on a relatively stable budgetary margin, with relatively transparent criteria for distribution set by Parliament. This suggests some fiscal autonomy.

Shortcomings: MMDA control over financial matters is limited by the constitutional provision that the Ministry of Finance and MLGRD will determine the areas of expenditure regarding the

use of the Common Fund by the MMDAs. This budgetary control may be seen as turning the local governments into something more resembling decentralized agencies, rather than fiscally autonomous local governments.

4.2 COMPARATIVE LESSONS

Several comparative lessons can be drawn from the Ghanaian case to allow us to identify conditions under which decentralization can work better. We enumerate these lessons, some of which emerge from the analysis above, and some of which are presented anew here.

- **Coordinating domestic actors and building linkages**

Decentralization in Ghana involves several actors at the international, state, regional, and district levels with different responsibilities and perspectives. This is referred to as the “complexity of joint action.” Rarely is a single agency clearly in charge, and many have different visions of decentralization and have competed with each other to control the agenda and to access resources. Though the MLGRD and the Ministry of Public Sector nominally have coordinating roles, they have their own agendas and lack enforcement authority on some issues. Consequently, there is a need to coordinate actors and build linkages among the components of decentralization at the international, national, regional, and local levels.

Coordination requires high-level political direction and “neutral brokerage” from the Office of the President. This may possibly best take the form of the establishment of a Presidential Commission on Decentralization, which will focus on core legal and policy aspects and is not overburdened with a range of technical and lower-level policy issues that can be dealt with in specialized institutions. (It is worth noting here that this may face resistance from personnel in several ministries, including the MLGRD and the major affected line ministries, whose vertical linkages from local- to national-level might be compromised. Effective coordinating arrangements will therefore include both high-level policy oversight as well as coordination in more technical aspects of reform in specialized institutions dealing with local government finance and local government human resource management respectively.

- **Pragmatic implementation strategy: a phased approach**

Decentralization is not a once-and-for-all act, but a complex process that evolves over time which involves fundamental changes in attitudes about the way that the public sector works. Consequently, there must be a pragmatic decentralization strategy that provides for a phased approach and incorporates a range of actors to ultimately make them accountable to local people. Ghana’s NDAP of 2003 and Draft Comprehensive Decentralization Policy Framework of 2007 failed to develop mechanisms for coordinating and building linkages among the elements of decentralization, and failed to adopt a phased approach to decentralization that would enable state, regional, and local agencies to build capacity for their tasks. This is despite the fact that the NDAP’s mandate was to initiate the “transition process towards the development of a comprehensive, well-sequenced and costed approach to decentralization with initial emphasis on practical issues such as the harmonization of development funding and capacity building targeting MMDAs” (NCG and DEGE 2007: i).

- **Capacity building: information and incentives for behavioral change**

In coordinated, phased processes of decentralization, it is important that all the actors and stakeholders understand what is expected of them at each step. Though state and local officials had undergone training to understand decentralization in Ghana, the loss of institutional memory occasioned by the transfer of local government officials, change in government and MMDA elections has undermined efforts towards building the information and incentives needed to incentivize behavioral change.

- **Supporting decentralization: international actors in domestic processes**

Development partners have leverage to influence the domestic agenda on decentralization in Ghana. Pressures from international development agencies, combined with a good governance agenda, globalization, and recognition of the failure of centralized approaches to development, gives impetus to decentralization. The creation of decentralization/governance desks in DP embassies, Decentralization Sector Group Partners, and the discussion of decentralization at annual Consultative Group meetings between the Government of Ghana and DPs are indicators of influence on domestic processes. Indeed, in 2007, Ghana and the development partners agreed to include the “formulation of a comprehensive decentralization policy as trigger in the Multi Donor Budget Support (MDBS) policy matrix” (NCG & DEGE Consult 2007, i).

Support for decentralization by development partners provides resources, but also brings challenges, both to overall development and the managerial capabilities of recipient countries (cf. Brautigam 2000). First, the DPs’ support for decentralization has been regarded as counterproductive since they are perceived by many politicians, citizens, and scholars as the “drivers” of the agenda in the sector. In this way, the DPs are blamed for contributing to the lack of ownership and the inability to counter forces that are likely to support or undermine decentralization. For instance, in July 2006, the Minister for Public Sector Reform blamed the DPs for the slow pace of decentralization, arguing that some difficulties stemmed from the conflicting donor agendas. The accuracy of the statement is less the issue than the fact that failures of implementation were placed at the feet of donor agencies, rather than the government assuming political ownership of the agenda. Second is a related challenge: the multiplicity of interventions by various DPs with different perspectives and agendas can result in fragmentation, overlapping, and duplication, which can affect the state’s ability to plan and manage and coordinate planning (see Table 6; see also Acharya 1981: 142). Third and finally, foreign support may fail to generate local ownership through the use of foreign instead of local consultants for certain interventions; this can undermine not only ownership of the process and the programs, but also local capacity-building. (In this process, the grants brought to support the interventions result in some “capital flight” back to their donor countries.)

4.3 FINAL QUESTIONS

Ghana’s decentralization reforms have resulted in some devolution of power and resources to sub-national governments (as noted among the Achievements in Table 4 below), but these have not led to the sorts of energetic and effective local governments that were sought. The findings here echo the literature on decentralization elsewhere in Africa, where shortcomings have been explained by a range of problems which include: persistent emphasis on central control; weak

professional and technical support by the center; weak administrative, professional and technical capacity; dominance of local councils by local executives and administrative personnel; weaknesses in local public and civil society participation; failure of local officials to ensure accountability of local service-delivery personnel; and more. In light of the Ghanaian case and the broader literature on decentralization, we can frame several analytical questions for comparative studies of decentralization. The questions here are derived from the Ghana case, but may have broader applicability to Africa.

(1) What collective action challenges face decentralization? [see also: Authority and Capacity]

Decentralized government units in Ghana—the MMDAs—face particular challenges in resolving collective action problems. The result of these constraints is that decentralized government units are often ineffective at organizing and sustaining collective action (Olowu and Wunsch 2004). These may again be seen as authority and capacity challenges.

Authority constraints: Several constraints on the authority (or perhaps autonomy) of MMDAs hinder their ability to confront collective action problems at the local level. This goes beyond the inability to manage key services themselves (as in health, agriculture-extension, education, roads, etc.). With respect to the specific challenges of collective action, key limitations are on MMDA authority to:

- Pass regulatory by-laws to regulate natural resource usage; and
- Reach beyond their jurisdictions to deal with broader problems.

Lacking the authority to bargain and make binding agreements with other local government jurisdictions (such as neighboring districts), MMDAs are vulnerable to cross-boundary externalities that render programs and actions less effective.

Capacity constraints: Overall, MMDAs have weak managerial and administrative capacities, as well as limited revenue authority. This is especially challenging where constituencies are socially heterogeneous, dispersed across large areas, and depend on very weak transportation and communication networks. This makes public goods provision challenging; for instance, local governments will have difficulty resolving free-rider issues, managing common pool resources, and enforcing decisions due to the high transaction costs associated with their limited local legitimacy. These capacity constraints feed back into the capacity of non-state actors as well; for instance, transaction costs associated with poor communications and transportation impede the ability of publics to organize, lobby and energize local governments.

(2) What principal-agent challenges face decentralization? [Accountability]

Ghanaian subnational government can also be examined through the lens of principal-agent dilemmas. The difficulties lie in managing personnel and holding them accountable (see Olowu and Wunsch 2004). This may be true of communities (vis-à-vis leaders, officials, and other personnel), local representative and legislative bodies (vis-à-vis executives and administrative personnel), and of executives (vis-à-vis locally posted administrative personnel). The origins of these challenges in Ghana include:

1. Arbitrary demarcations of some local governance units (and conflict over these);

2. Large size of some local governance units;
3. Weakness of local media and information outlets;
4. High opportunity costs of political activities pose for poor members of the public;
5. Information asymmetries between the public and local government personnel;
6. Power asymmetries in localities with legacies of indirect rule (cf. Mamdani 1994);
7. Low pay (and hence low motivation and loyalty) for most administrative personnel;
8. Poor rewards for merit (exceptional service delivery or managerial performance, e.g.);
9. Outwardly-oriented (i.e. toward the capital and large urban areas) career tracks of senior administrative and executive personnel;
10. Low levels of training and experience of most local elected officials;
11. Rudimentary and ineffective managerial systems at the local level;
12. Weak resources and powers of local legislative bodies vis-à-vis local executives; and
13. Weak transportation and communication systems (cf. Olowu and Wunsch 2004).

Compounding these accountability issues is the predominance over decentralized government units by policies, decisions and personnel at the center. Local governments are simply not, for the most part, principals of local personnel, nor are local publics the principals of local governments.

(3) Under what conditions can decentralization achieve its goals? [Recommendations]

Reflecting upon the Ghanaian case, we suggest several specific recommendations for improvement of the decentralization process; these are addressed primarily toward central government action.

Recommendations for promoting incorporation of stakeholders at all levels in Ghana:

- i. Strengthen partisan and non-partisan commitment to the agenda;
- ii. Address the representativeness of MMDAs with attention to traditional authorities, gender balance, and appropriately skilled technical staff at the local level;
- iii. Review the functions of the RCC and ensure that the central government responsibilities are delegated to the RCCs as far as practicable;
- iv. Reduce the number of sub-district structures and the number of personnel on each, and put in place mechanisms for sharing of revenues collected from sub-districts.

Recommendations for improving the decentralization framework in Ghana:

- i. Assign functions across the different tiers of government based on the principles of subsidiarity, economies of scale, and efficiency in service provision;
- ii. Harmonize legislation dealing with decentralization and sectoral legislation to promote devolution of authority from the central government to the MMDAs;

- iii. Ensure full implementation of the Local Government Service Act to ensure MMDAs have a functioning administrative structure and adequate resources; and
- iv. Define revenue assignment and align with MMDA functions, allowing the MMDAs sufficient room to adjust the revenues to local needs.

4.3.1 CONCLUSION: ACHIEVEMENTS AND ONGOING QUESTIONS OF COORDINATION

As noted in the section above, Ghana has several achievements to its credit in the area of democratic decentralization, though we find these achievements to be partial and incomplete. This will remain the case going forward.

For instance, improvements in the areas delineated above will be crucial looking forward. While there is not yet sufficient evidence for how decentralization will respond to the boom in revenues at all levels of government expected from the recent discovery of offshore oil, we believe it is fair to conclude that an emerging issue will be the absorptive capacity of local budgets, and whether local capacity is sufficient to handle increased revenues. While a presumed increase in intergovernmental transfer revenues may be appropriate for bringing resources into line with the expenditure expectations placed on MMDAs, significant increases over relatively short periods of time will engender questions about how proceeds will be used, particularly with regard to MMDA capacity to make effective use of funds and avoid the diversion of these funds into patronage networks.

To conclude, we return to the question of *coordination*, and we link this to *political* realities. Decentralization requires high-level political coordination to provide for discussions, negotiations, and consensus-building. As a cross-cutting issue, it involves several layers of organizations, including development partners, central government ministries, delegated regional authorities, deconcentrated officials, and elected local government bodies. The challenge of coordination is exacerbated by genuine capacity limitations at all levels. In Ghana (and elsewhere in Africa), decentralization is likely to succeed when the procedures and institutions in place ensure proper political and technical coordination of the process. Coordination challenges—whether between levels of government, between deconcentrated civil servants and local officials, or between development partners—are central to understanding decentralization in Ghana and more broadly.

However, recognizing the importance of coordination does not presume that decentralization is simply a matter of technical capacity and adequate information; political incentives to impede decentralization are important. Decentralization probably receives greater political support from a larger number of key actors in Ghana than in most other cases in Africa, yet political obstacles still remain. Understanding political impediments—whether they emerge from partisan incentives to retain appointment powers over sub-national officials, ministerial objectives to set expenditure rules, or bureaucratic resistance by national civil servants to become part of a local government service—are crucial to understanding why gains in decentralization in countries such as Ghana have been more modest than hoped.

APPENDIX 1: BOXES, TABLES, AND FIGURES

Box 1: Key Events in Ghana's History

- 1957: Ghana gains independence from Britain.
- 1960: Ghana gains republican status with a republican Constitution (First Republic).
- 1964: Ghana becomes a one-party state under Kwame Nkrumah's Convention People's Party (CPP).
- 1966: Nkrumah is overthrown in Ghana's first military coup. The National Liberation Council (NLC) government is established.
- 1969: K.A. Busia is elected Prime Minister under the 1969 Constitution (Second Republic).
- 1972: Military coup led by General Acheampong overthrows Busia's Progress Party (PP) government and sets up the National Redemption Council (NRC) government.
- 1975: The Supreme Military Council (SMC) replaces the NRC as executive arm of Government.
- 1978: General Acheampong is removed as Head of State in a palace coup led by General Fred Akuffo.
- 1979: First military intervention by Flt. Lt. J.J. Rawlings. Rawlings establishes the Armed Forces Revolutionary Council (AFRC).
- 1979: Hilla Limann is elected President under the 1979 Constitution (Third Republic).
- 1981: Second military intervention by Rawlings with the overthrow of Limann's People's National Party (PNP) government and the formation of Provisional National Defence Council (PNDC).
- 1983: Introduction of Economic Recovery Programme (ERP) by the PNDC.
- 1991: Establishment of Committee Experts to draft a Constitution.
- 1991: Establishment of Consultative Assembly to deliberate on draft Constitution.
- 1992: Referendum on 1992 Fourth Republican Constitution and lifting of ban on political activities.
- 1992: Rawlings elected President under the Fourth Republic Constitution as candidate of the National Democratic Congress (NDC).
- 1992: Opposition parties boycott the Parliamentary elections for alleged rigging of the Presidential elections.
- 1993: Rawlings is sworn in as First President of the Fourth Republic.
- 1996: Rawlings and NDC elected for second term.
- 2000: NDC voted out of office; J.A. Kufuor and New Patriotic Party (NPP) form government.
- 2004: Kufuor and NPP elected for second term
- 2008: NPP voted out of office; John Evans Atta Mills and the National Democratic Congress form government.

Box 2: Legal Framework for Local Government in Ghana

- i. The 1992 Constitution.
- ii. Local Government Act, (Act 462), 1993.
- iii. District Assembly Election Act (Act 473), 1994.
- iv. National Development Planning Commission Act (Act 479), 1994.
- v. National Development Planning (System) Act (act 480), 1994.
- vi. Financial Administration Act (Act 654), 2003.
- vii. Local Government Service Act (Act 656), 2003.
- viii. Internal Audit Agency Act (Act 658), 2003.
- ix. Public Procurement Act (Act 663), 2003.
- x. Institute of Local Government Studies Act (Act 467), 2003.
- xi. District Assemblies Common Fund Act (Act 455), 1994.
- xii. The Model Standing Orders for District, Municipal and Metropolitan Assemblies
- xiii. Ghana Education Service Act (Act 506) Section 9 Subsection 1-9 and Section 10 (formation of District Education Oversight Committees).
- xiv. Individual Establishing Acts (Legislative Instruments) for each of the District Assemblies, which include a list of 86 specific responsibilities.
- xv. Ghana Health Service Act (Act 525), 1996 (Sub-part II: The Service at the Regional level; Section 18–22: Formation of Regional Health Committees; Sub-part III: The Service at the District Level; Section 23–32: Formation of District Health Committee of the Service.
- xvi. Security and Intelligence Agencies Act (Act 526), 1996 ((a) Part II: Regional and District Security Councils; Sections 5–9, establishment of Regional and District Security Councils).
- xvii. The Children's Act (Act 560), 1998 (Sub-section 16: District Assembly to protect children).
- xviii. Ghana National Fire Service Act, 1997 (Sections 13–15: Establishment of Regional Fire Service and District Fire Service Committees).
- xix. Mortuaries and Funeral Facilities Act (Act 563), 1998 (Part I: Composition of District Committees; Part V, Section 8-9; Burial Grounds 26–29).

Box 3: Some Causes of Corruption in Ghana's MMDAs

- Failure to adhere to strict accounting, financial, and budgeting principles such as award of contracts without following the approved procedure;
- Failure to submit trial balance returns;
- Over-expenditure on the part of local governance institutions as a result of failure to stick to existing regulations;
- Failure to take corrective actions on the recommendations of the audit service to improve financial management;
- Poor monitoring of performance of local government institutions by the Ministry of Local Government;
- The desire to develop fast or to cheat, induces some acquiescence and leads to lack of thoroughness in overseeing project implementation;
- Inability of governments to act on findings and recommendations of commissions of inquiry into corrupt activities in spite of warnings to deal drastically with them;
- Incompetence on the part of accounting staff of local governance institutions;
- Poor auditing;
- Lack of adherence to conflict of interest rule by officials and representatives;
- Inadequate and unreliable information on the activities and financial transactions of local governance institutions. Sometimes publicly displayed information is often out of date and inaccessible to the majority of the people because of the location of display or the language used; and
- Lack of interest in local governance issues by civil society organizations.

Source: J.R.A. Ayee, "Corruption, Decentralization and Local Development in Ghana", *Governance*, Vol. 099, No. 4 (1999b): 2–3.

Table 1: Composition of MMDA Funding Sources (2009)

| Sources | Percentage | |
|--|------------|----|
| Internally Generated Funds (IGF), of which: | 18 | |
| <i>Rates</i> | | 4 |
| <i>Lands (eg. royalties)</i> | | 2 |
| <i>Fees and fines</i> | | 6 |
| <i>Licenses</i> | | 3 |
| <i>Rent</i> | | 1 |
| <i>Investment income</i> | | 1 |
| <i>Miscellaneous</i> | | 1 |
| Total grants from central Government, of which: | 82 | |
| <i>Salaries, HIPC, donor support, other transfers</i> | | 45 |
| <i>DACF</i> | | 37 |
| Total revenues | 100 | |

Table 2: Creation of districts from 1988/89 to 2008

| Region | No. of districts before 1988/89 | No. of districts created in 1988/89 | Total no. of districts before 2004 | No. of districts created, Election Year 2004 | No. of districts in 2007 | Districts created, Election Year 2008 | No. of districts in 2008 |
|---------------|---------------------------------|-------------------------------------|------------------------------------|--|--------------------------|---------------------------------------|--------------------------|
| Ashanti | 10 | 8 | 18 | 3 | 21 | 6 | 27 |
| Brong Ahafo | 8 | 5 | 13 | 6 | 19 | 3 | 22 |
| Central | 8 | 4 | 12 | 1 | 13 | 4 | 17 |
| Eastern | 9 | 6 | 15 | 2 | 17 | 4 | 21 |
| Greater Accra | 3 | 2 | 5 | 1 | 6 | 4 | 10 |
| Northern | 7 | 6 | 13 | 8 | 21 | 2 | 23 |
| Upper East* | 4 | 2 | 6 | 2 | 8 | 1 | 9 |
| Upper West* | 3 | 2 | 5 | - | 5 | 4 | 9 |
| Volta | 8 | 4 | 12 | 3 | 15 | 3 | 18 |
| Western | 5 | 6 | 11 | 2 | 13 | 4 | 17 |
| Total | 65 | 45 | 110 | 28 | 138 | 32 | 170 |

* Before January 1983, the Upper East and Upper West regions were collectively known as Upper Region. In all, the Upper Region had 7 districts, 4 from the Upper East area and the remaining 3 from the Upper West area.

Figure 1: The Local Government Structure and Responsibilities

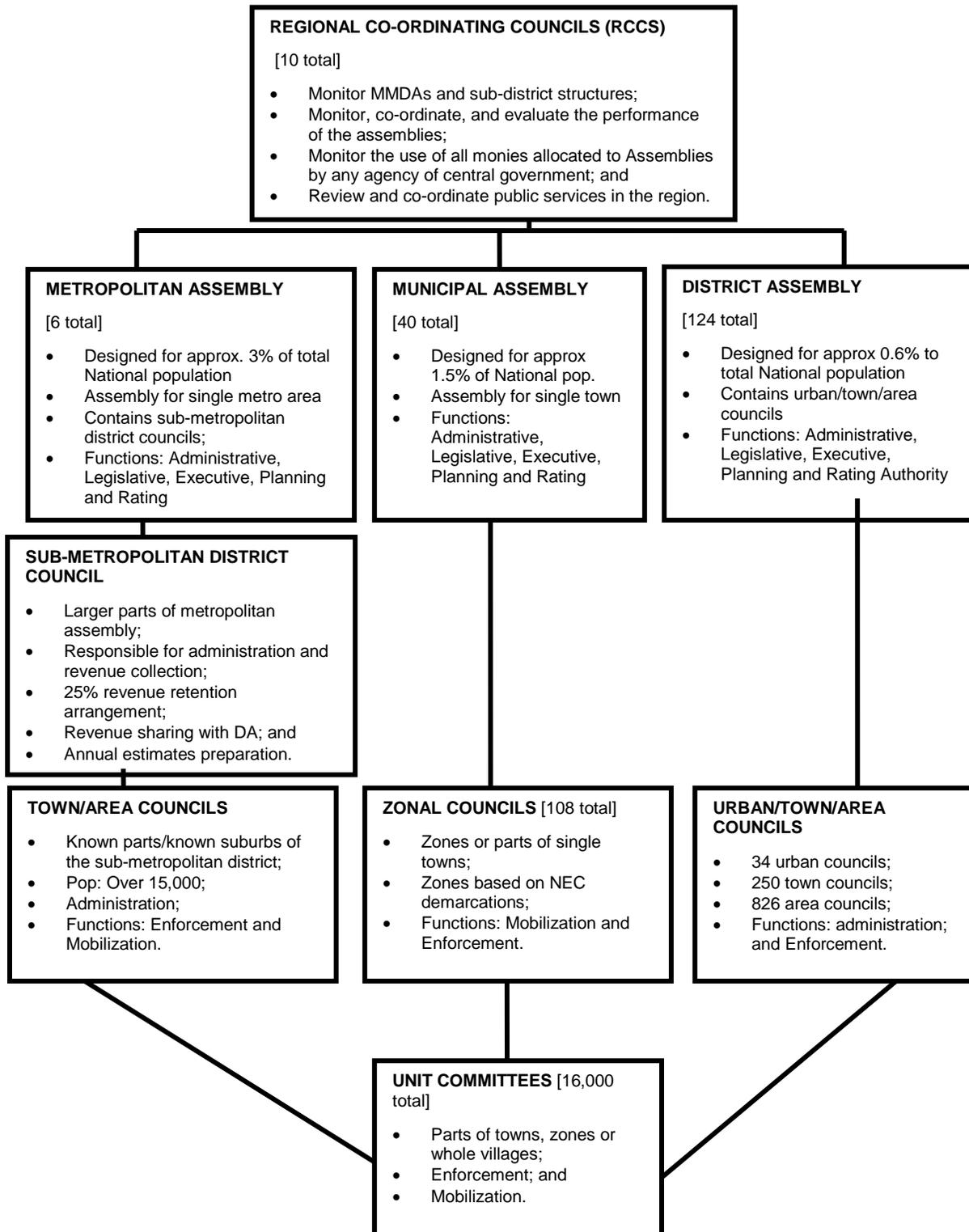


Table 3: Development Partners (DPs) supporting decentralization and local development in Ghana

| Development Partner | Project or Program Name | Components | Geographic Scope (national, regions, districts) Project Duration | Budget |
|--|---|--|---|--|
| Agence Française de Développement (AFD) | Community Based Rural Development Project (CBRDP) | <ol style="list-style-type: none"> 1. Institutional strengthening and capacity-building 2. Infrastructure for agriculture development 3. Rural enterprise development and learning centers 4. Infrastructure for social and human development 5. Community based natural resource management | National 5 years Project launched in November 2004 | 10 Million Euros |
| French Embassy | Support to the decentralisation process and the local governance | <ul style="list-style-type: none"> • At the national level : support to the implementation of the Local Government Service, conception of training modules for this Local Government Service issued by ILGS • In the Western Region : strengthen the capacities of the districts staff, in the following fields: resource mobilization, resource management, spatial planning (with RCC) • Support to local democracy (assembly members, civil society) via training, financial support | Ghana, Western Region 4 years (mid-2006–mid-2010) | 1,500,000 Euros |
| GTZ | GTZ / Local Governance-Poverty Reduction Support Program Support for decentralization reform | <ul style="list-style-type: none"> • Poverty-oriented development planning and management • Management of technical and social infrastructure and urban services • Financial Management • Participation of non-governmental actors in local governance and poverty reduction • Management of information and experience • Deepen political, administrative, and fiscal decentralization for improved service delivery capacity of districts | Ghana, selected districts in Brong Ahafo and Ashanti Regions 8 years National and regional (Eastern, Ashanti, Brong Ahafo and Central regions) MLGRDE, MCC, LGS, NDPC, ILGS, NALAG, RCCs and selected districts 2007–2010 | Estimated amount for commission 2003–2006 (first phase): 8 million Euros 7 million Euros |
| European Commission (EU) | Support to Local Governance | Support to NDAP Programme Areas 3 and 4. <ul style="list-style-type: none"> • Support to the Decentralisation Secretariat • Supplies to ILGS • Grants to CSOs/NGOs for initiatives to interact with DAs in local Dev. Planning, M&E | MLGRD with focus on Decentralisation Secretariat, ILGS and CSOs/NGOs. 45 months, starting from the 4 th Quarter of 2005 | 3 million Euros. From 2009, the EU has programmed 80 million Euros to support decentralization and local level services (feeder roads, water and sanitation, rural infrastructure) |
| World Bank | Community Based Rural Development Project | <ol style="list-style-type: none"> 1. Institutional strengthening and capacity-building 2. Infrastructure for agricultural development 3. Rural enterprise development and learning centers 4. Infrastructure for social and human development 5. Community-based natural resource management | Nationwide 2004–2008 | \$60 million |

| Development Partner | Project or Program Name | Components | Geographic Scope (national, regions, districts) Project Duration | Budget |
|-----------------------|--|--|---|--------------------|
| USAID | Strengthened democratic and decentralized governance through civic involvement. Government Accountability Improves Trust (Phase II): GAIT II | <ol style="list-style-type: none"> 1. Strengthening District Assemblies capacity for more open, competent, transparent and accountable district-level governance: Help DAs engage and work with citizens. 2. Improved Sectoral Advocacy and Lobbying Skills of Citizens Groups (Civic Unions): Help citizens groups engage DAs 3. Increased community advocacy for, and contribution to quality education | MLG&RD, 25 District Assemblies, CSOs, Civic Unions, (district-level umbrella bodies of CSOs and CBOs) NALAG, ILGS 5 years (August 2004–July 2009) | \$11.0 million |
| World Bank | UESP II | <ol style="list-style-type: none"> 1. Construction and maintenance of storm drainage 2. Provision of sanitation services 3. Solid waste management 4. Upgrading of community infrastructure 5. Institutional strengthening of central and local government agencies especially Waste Management Dept. 6. Address malaria vector control & HIV/AIDS prevention. | Metropolitan Assemblies 2005–2011 | \$62.0 million |
| Danish Embassy | Support to National Decentralization Action Plan (NDAP) | <p>Promote the implementation of the NDAP, comprising four areas: (a) political and institutional framework; (b) district development funding; (c) human resource capacity development and capacity-building; (d) accountability of local governance. The support in general seeks to promote horizontal and vertical coordination between decentralization stakeholders, AFD, EU co-finance.</p> <p>Beneficiaries are the Ministry of Local Govt., Decentralization Secretariat, RCCs/RPCUs, Local Govt Service, NALAG and Institute of Local Govt Studies as service providers</p> | National 2004–2008 | 7.75 million Euros |
| Danish Embassy | Local Service Delivery and Governance Program | <ol style="list-style-type: none"> 1. Institutional Support and Capacity Building aimed at strengthening the Local Government Service Secretariat and providing capacity building for decentralized service delivery at the national, regional and district levels. 2. Support to Service Delivery and Local Governance will provide earmarked funds for service delivery, i.e. rural roads and water and sanitation, at the district level. This funding will eventually be phased out along with the establishment and strengthening of the District Development Facility. 3. Support to Ghana Audit Service will provide funds for strengthening the yearly auditing of the districts including support to capacity building and office equipment. | Nation-wide support through District Development Facility (DDF), specific service delivery support to 44 DAs (ends in 2011). DDF is planned to be a joint Government of Ghana-DP financing mechanism 2009-2013 | 80.5 million Euros |

| Development Partner | Project or Program Name | Components | Geographic Scope (national, regions, districts) Project Duration | Budget |
|--------------------------------------|---|--|--|------------------|
| German Development Bank (KfW) | District Development Fund (DDF) | Assistance in the establishment of the DDF and co-financing the DDF | All 170 districts 2008–2009 | 13 million Euros |
| KfW | District Towns Program | Financing of social and economic infrastructure facilities in selected districts/towns in 3 regions | Brong Ahafo, Ashanti, and Eastern Regions 2007–2009 | 4 million Euros |
| CIDA | District capacity-building for decentralization | To assist the DAs move closer to the requisite level of competence needed to accomplish their responsibilities and enhance capacity for good governance. | 24 districts of the Upper East, Upper West and Northern regions 2004–2009 | US\$700 million |
| DfID | Capacity-building and District Development Fund | Assistance in the establishment of the DDF and co-financing the DDF | National 2008–2009 | £10 million |
| UNDP | Capacity-building | Assistance to provide infrastructure support services and training of DA personnel | National 2007–2009 | US\$60 million |

Source: World Bank Office, Accra

APPENDIX 2: ACHIEVEMENTS AND DEFICITS GHANA'S DECENTRALIZATION

ACHIEVEMENTS

Establishment of legal framework for local governance (MMDAs).

(Intermediate Objective: Authority)

Establishment of elected local government; i.e., political decentralization.

(Intermediate Objective: Accountability)

Establishment and funding of formula-based intergovernmental fiscal transfers (DACF); i.e., fiscal decentralization.

(Intermediate Objective: Autonomy)

CHALLENGES AND DEFICITS

Intermediate Objective: Authority

1. Divergence between legislations (statutory acts and legal instruments) with respect to staff;
2. Need for harmonizing existing sectoral legislation (health, education and forestry, e.g.) with core decentralization legislation; and
3. Lack of integrated intergovernmental fiscal framework, resulting in multiple funding, planning, budgeting, accounting, reporting, and auditing systems.

Intermediate Objective: Autonomy

1. Predominance of center in funding flows, functional assignments, and reporting; and
2. Predominance of intergovernmental transfers (DACF) over internally-generated funds, with strong central government control over expenditure.

Intermediate Objective: Accountability

1. Predominance of upward accountability to central government in functional assignments and reporting for government appointees and deconcentrated staff;

2. Unclear lines of accountability to the electorate due to mixed model of representation (with elected and appointed members of MMDA);
3. Appointment of regional executives and MMDA chief executives by the President; and
4. Inadequate interaction with local publics in comment and feedback mechanisms.

Intermediate Objective: Capacity

1. Weak capacity for service provision, especially in sub-district structures;
2. Weak capacity of local governments in facilitating information flows;
3. Limited implementation of Local Government Service at district level;
4. Limited internally generated funds (IGF) and dependence on intergovernmental transfers and/or support from development partners;
5. Limited interventions in capacity-building.

APPENDIX 3: BIBLIOGRAPHY

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