

PARLIAMENT OF GHANA LIBRARY

IN THE THIRD SESSION OF THE SEVENTH PARLIAMENT OF THE
FOURTH REPUBLIC OF GHANA

**REPORT OF THE PARLIMENTARY SELECT
COMMITTEE ON LOCAL GOVERNMENT
AND RURAL DEVELOPMENT**

ON THE

**2020 BUDGET ESTIMATES OF THE
MINISTRY OF LOCAL GOVERNMENT AND
RURAL DEVELOPMENT**

DECEMBER 2019

**REPORT OF THE COMMITTEE ON LOCAL GOVERNMENT AND RURAL
DEVELOPMENT ON THE 2020 BUDGET ESTIMATES OF THE MINISTRY OF
LOCAL GOVERNMENT AND RURAL DEVELOPMENT**

1.0 INTRODUCTION

Pursuant to Article 179 of the Constitution and Order 140(1) and (2) of the Standing Orders of the House, the Hon. Minister for Finance, Mr. Ken Ofori-Atta on Wednesday, 13th November, 2019 presented to Parliament the Budget Statement and Economic Policy of the Government of Ghana for the 2020 Financial Year. In accordance with Order 140(4) of the Standing Orders of the House, the Programme Based Budget Estimates of the Ministry of Local Government and Rural Development and the Local Government Service were committed to the Committee on Local Government and Rural Development for consideration and report.

The Committee met on Thursday 12th December, 2019 and considered the Estimates of the Ministry. The Committee is grateful to the Hon. Minister for Local Government and Rural Development, Hajia Alima Mahama; the Hon. Deputy Ministers, Mr. O.B. Amoah, Mr. Kwasi Boateng Adjei and Mr. Collins Ntim; Officials of the Ministry, the Local Government Service, and the Ministry of Finance for their invaluable contributions and inputs during the consideration of the Estimates.

2.0 REFERENCED DOCUMENTS

In considering the Estimates, the Committee relied on the following documents;

- i. The 1992 Constitution;
- ii. The Standing Orders of Parliament;
- iii. The Budget Statement and Economic Policy of the Government of Ghana for the 2020 Financial Year;
- iv. The Budget Statement and Economic Policy of the Government of Ghana for the 2019 Financial Year;
- v. The Programme Based Budget Estimates for the 2019 Financial year of the Ministry of Local Government and Rural Development;
- vi. Report of the Committee on Local Government and Rural Development on the 2019 Budget Estimates of the Ministry of Local Government and Rural Development.

3.0 VISION OF THE MINISTRY

The Ministry exists to ensure good governance, equitable and balanced development at the local level through the formulation of policies and plans, coordination, monitoring and evaluation of programmes using highly trained and motivated staff and adoption of appropriate technology for national development.

4.0 POLICY OBJECTIVES

The policy objectives of the Ministry as contained in the National Medium-Term Development Policy Framework (NMTDPF) are as follows:

- Ensure improved Public Investment
- Improve population management
- Promote resilient urban development
- Enhance quality of life in rural areas
- Deepen political and administrative decentralization
- Improve decentralized planning
- Strengthen fiscal decentralization
- Strengthen the coordinating and administrative functions of the Regions
- Improve popular participation at regional and district levels
- Enhance capacity for policy formulation and coordination
- Ensure responsive governance and citizens' participation in the development dialogue.

5.0 CORE FUNCTIONS

The core functions of the Ministry of Local Government and Rural Development are to:

- Design, monitor and evaluate policies, programmes and projects to reform local governments;
- Formulate policies for the installation of effective decentralized public administration system at the Regional, District and Sub-District level
- Promote efficiency in local administration
- Promote participation of civil society in administration and development through community actions;
- Facilitate accelerated rural development;
- Facilitate the allocation of resources for local level development;
- Promote orderly development of human settlements in urban and rural areas;
- Facilitate the registration of births and deaths to provide the statistical basis for development planning; and
- Advise government on matters affecting local government.

6.0 REVIEW OF 2019 PERFORMANCE

6.1 Review of 2019 Expenditure of the Ministry

For the implementation of its programmes and projects, an amount of Gh¢1,201,170,507 was allocated to the Ministry of Local Government and Rural Development including the Local Government Service. The figure was revised to Gh¢1,287,689,256 under the Mid-year Review of the Budget Statement and Economic Policy of the Government for 2019 by the Minister for Finance. The breakdown of the Expenditure as at 30th September, 2019, in terms of economic classifications as well as sources of funding is provided in Tables 1.

Table 1: Expenditure by Economic Classification as at 30th September, 2019

Items	2019 Approved Budget	2019 Revised Mid-year Review Budget	Releases as at 30 Sept 2019.	Variance	Actual as at 30 th Sept 2019	Variance
	(Gh¢)	(Gh¢)	(Gh¢)	(Gh¢)	(Gh¢)	%
	A	A.1	B	C	D	(C/A.1*100)
GoG						
Compensation	644,939,202	732,607,951.00	524,214,149.27	208,393,801.73	519,191,187.80	28.45
Goods and Services	33,930,094	33,930,094.00	15,840,671.62	18,089,422.38	14,507,290.11	53.31
Capex	3,800,000	2,600,000.00	2,266,645.15	333,354.85	2,266,645.15	12.82
Sub-total	682,669,296	769,138,045.00	542,321,466.04	226,816,578.96	535,965,123.06	29.49
Development Partners						
Goods and Services	106,830,671	106,830,671	89,956,903.35	16,873,767.65	78,990,452.35	15.79
Capex	411,670,540	411,670,540	252,736,897.12	158,933,642.88	220,320,780.04	38.61
Sub-total	518,501,211	518,501,211	342,693,800	175,807,411	299,311,232	34
Grand Total	1,201,170,507	1,287,689,256	885,015,266.51	402,623,989.49	835,276,355.45	31.27

Source: Ministry's Presentation, 2019

7.0 Programme Performance of the Ministry of Local Government and Rural Development in 2019.

Some of the achievements of the Ministry, as reported to the Committee, were as follows:

7.1 Decentralisation

7.1.1 Constitutional Amendments Towards Election of MMDCEs and Participation of Political Parties in Local Level Elections

As part of the roadmap to strengthen decentralization, two Bills to amend Articles 55(3) and 243(1) were presented to Parliament. The Bill for the amendment of Article 55(3) of the Constitution was to pave way for political parties to sponsor candidates to local level elections (including the election of MMDCEs). On the other hand, the Bill to amend Article 243(1) was to provide for the election of MMDCEs.. The Bill to amend Article 55(3) was forwarded to the Council of State for advice and published in the Gazette. It was Read the First on 28th May, 2019 and referred to the Electoral Commission for a referendum to be conducted. The referendum was however suspended on the instructions of the President. The President directed the discontinuation of the process and the withdrawal of the two (2) Bills (Article 55(3) and Article 243(1)) before Parliament due to the absence of a national consensus on the subject.

7.1.2 Funding of MMDAs

To facilitate the Annual Assessment of MMDAs in 2019, the Ministry transferred an amount of Gh¢95,567,379.00 to MMDAs as second tranche of Functional and Organisational Assessment Tool (FOAT) 7 (2013) and total allocation for FOAT 8 (2014).

In addition, under the District Assembly Performance Assessment Tool (DPAT) I, the District Assemblies Common Fund (DACF) transferred an amount of Gh¢137,028,000 to 254 MMDAs for FY 2016 for the implementation of their annual action plans. The second cycle of DPAT based on FY 2017 performance has been conducted and will trigger the release of an amount of Gh¢194,646,172 of donor support to the MMDAs after the approval of the results by the Steering Committee.

7.1.3 Local Government Finances Bill

The Ministry, in collaboration with the Ministry of Finance, have developed the Local Government Finances Bill in the course of 2019 and would be submitted for stakeholder consultation.

7.1.4 Automation and Digitization of Business Operating Permits

As part of plans to automate and digitize Business Operating Permits (BOP), the Ministry developed a digital platform to simplify the issuance of BOPs in all the 29

Districts in the Greater Accra Region. The automation and digitization are aimed at improving Ghana's ranking (currently 114/190) in the ease of doing business. The system has been integrated with the services platform of the Registrar General's Department (RGD). Applicants therefore fill in data once on the RGD eService platform and the required data for BOP is automatically shared with all the 29 MMDAs.

7.1.5 Development of District-Level Revenue (dLRev) Software

The GIZ supported the Ministry to develop the district-Level Revenue (dLReV) Software and is currently being piloted in 60 selected MMDAs across the country. dLRev is capable of administering all revenue items (fees, permits, licence, investments, rates). The dLRev software includes E-payment options and interface with other government systems, eg. GFMIS.

7.2 Local Level Development and Management

7.2.1 Technical and Vocational Skills Training

In order to provide skills for youth employment and job creation for poverty reduction, the Ministry programmed to train 3,000 youth for the year 2019. As at September 2019, the Ministry was training 4,445 youth in technical and vocational skills in 25 No. Community Development Vocational Training Institutes (CDVTI) across the country.

7.2.2 Training of Social Workforce

Under its Local Level Development and Management Programme, the Ministry planned to train a total of 1,000 social workforce for the year 2019. As at September 2019, a total of 1,088 social workforce had been trained in child and family welfare issues in the Gt. Accra, Western and Eastern Regions.

In addition, 436 students comprising 202 male and 234 female were receiving training in community development and child protection from the Rural Development College in Kwaso, Ashanti Region as at September, 2019. The target for the year was the training of 250 students.

7.2.3 Alternative Livelihood Programme

In 2019, the Ministry targeted to promote alternative livelihood programme in 18 districts affected by illegal mining in 5 Regions. Under the above programme, 331 out of 500 who enrolled in 11 CDVTIs graduated in July 2019 with the remaining 169 continuing with the training. Tools and equipment have been procured and distributed to 345 trainees including dressmaking machines, equipment for plumbing, masonry, carpentry and welding.

7.2.4 Clean Cooking Alliance

In collaboration with Clean Cooking Alliance, World Education and Ghana Alliance for Clean Cooking, the Ministry provided 40 fuel efficient stoves to 10 schools across the Northern and Southern parts of the Country.

7.3 Urban Development

7.3.1 Parks, Gardens and Recreation

As part of its mandate, the Department of Parks and Gardens targeted to raise and supply a total 150,000 ornamental seedlings in 2019 out of which 84,706 seedlings were raised and supplied as at September 2019.

In addition, the Department maintained and beautified a total area of 1,018,566.8m² of landscape sites against a target of a total area of 1,500,000m² set to be maintained in 2019. These sites include the Jubilee House, the Peduase Lodge, the State House, Aburi Botanical Gardens, Castle, VVIP areas and all RCC's grounds, road medians and shoulders and gardens.

7.3.2 Ghana Secondary Cities Support Programme

As part of the process of implementing the Ghana Secondary Cities Support Programme (GSCSP), an amount of Gh¢6,416,622.90 was transferred to 25 participating Metropolitan Assemblies, 10 RCCs and the Ministry to initiate projects including waste management, urban roads, street lightening, etc. The GSCSP is financed through an IDA credit of US\$100million to be implemented over five (5) years (2019 – 2023). The Programme is anchored on the National Urban Policy.

7.3.3 Implementation of National Digital Property Addressing System

In collaboration with the Land Use and Spatial Planning Authority (LUSPA) and the Ghana Post, 260 MMDAs and stakeholders have been sensitized on the implementation of the street naming and Ghana POST GPS. A total of 96,463 streets were digitized and 26,522 were named. Additionally, 212,333 parcels of land and properties were digitized and numbered.

7.3.4 Redevelopment of Kumasi Central Market (Kejetia Phase II)

As part of plans to redevelop the Kumasi Central Market and upgrade Kejetia Infrastructure (Phase II), the Ministry has signed a contract for the construction of Phase II of the project. The President cut the sod in May 2019 for work to commence and the contractor was mobilising to site.

7.4 Births and Deaths Registration Performance

7.4.1 Registration of Births and Deaths

The Ministry registered a total of 498,510 births representing 56% coverage, out of a projected 879,438 expected births. Similarly, 32,683 deaths were registered, representing 11% coverage, out of a projected 307,955 expected deaths.

7.4.2 Establishment of New Registration Centres

The Births and Deaths Registry opened two (2) new Registration Centres at Atieku and Ekutuase in the Wassa District of the Western Region.

7.4.3 Births and Deaths Bill

The Ministry completed consultations on the revised Births and Deaths Bill.

8.0 OUTLOOK FOR 2020

In 2020, the Ministry plans to carry out a number of programmes and activities. Some selected programmes, output indicators and targets for 2020 are shown in Table 2.

Table 2: Programme outlook for 2020

Programme	Outlook for 2020
Management and Administration	The construction permit software developed for AMA & TMA under the Business Enabling Environment Project to be deployed in 5 MMDAs in Greater Accra
	The dLRev software to be deployed in 83 MMDAs across the country
	Sector Budget Performance Reports submitted by August, 2020
	Under the Public Sector Reform for Results Programme (PSRRP) the Ministry will develop mobile app and install management dashboard for interaction between the Ministry and MMDAs
Decentralization	The Ministry will continue to comply with the provisions of the Public Financial Management Act, 2016 (Act 921) and prepare and submit MMDAs Consolidated Audited Accounts to the Ministry of Finance
	Facilitate the passage of the new Local Government Finances Act in 2020
	Performance assessment using the DPAT for 260 Assemblies based on FY 2019
	A total of Gh¢96,786,000.00 from DPs aside the allocation from the Responsive Factor Grant (RGF) of DACF transferred to qualifying MMDAs to support the implementation of their Annual Action Plans and Budgets
	60 MMDAs revenue planning and collection (National IGF Software) automated
Local Level Development Management	Capacity building for localizing clean cooking initiatives in 20 MMDAs across all 16 Regions conducted.
	Regional Economic Planning Officers refreshed on clean cook initiatives
	Implement Integrated Kitchen Improvement Project (I-SKIP) in one selected school in each Region across the country.

	Retool and upgrade 2 No. CDVTIs under the Department of Community Development.
	Provide technical and vocational education and training for 3,000 youth.
	Provide alternative livelihoods skill training for 1,250 persons to address the challenges of illegal mining activities.
	Train 600 social workforce in child and family welfare issues
	Redevelop the Aburi Botanical Gardens into Eco-Tourism site.
	Maintain 1,600,000m ² of landscape sites in major cities and towns.
	Supply 160,000 seedlings for sale to the general public.
	Train 25,000 extreme poor households in sustainable livelihoods activities and provide them with start-up
	Construct 160 small earth dams and dug outs and feeder roads.
Birth and Deaths Registration	Register an estimated 710,145 new births out of an expected total of 887,681 to increase the coverage 80%
	Register an estimated 94,696, deaths out of an expected 315,654 deaths to increase registration coverage to 40%
	Establish 300 Community Registries in 47 DAs in 6 newly created Regions

9.0 Budgetary Allocation to the Ministry, including OHLGS, RCCs & MMDAs, for the 2020 Financial Year.

For the Implementation of the programmes and activities, a total sum of **One Billion, One Hundred and Eighty Million, Two Hundred and Sixty Two Thousand, Five Hundred and Fifty Two Ghana Cedis (Gh¢1,180,262,552)** has been allocated to the Ministry and the Local Government Service for the 2020 Fiscal year. The breakdown of the allocation in terms of cost centres, programme and sources of funding are provided in the following Tables.

Table 3: Economic Classification by Sources of Funding-2020

ITEM	GoG		Donors		Total	
	Gh¢	%	Gh¢	%	Gh¢	%
Compensations	715,088,084	100	0	0	715,088,084	61
Goods and services	39,692,057	25	120,781,997	75	160,474,054	14
Capex	7,800,000	3	296,900,414	97	304,700,414	26
Total exp.	762,580,141	65	417,682,411	35	1,180,262,552	100

Sources: 2020 Budget and Economic Policy of the Government of Ghana

Table 4: Allocations to the Ministry in terms of Cost Centres

Cost Centre	COE	G &S	CAPEX	total	%
HeadQuarters	3,472,149	126,573,069	298,200,414	428,245,632	36.3
Parks and Gardens	3,264,649	1,000,000.00	250,000	4,514,649	0.4
Births and Deaths	11,690,822	1,000,000	250,000	12,940,822	1.1
Community Development	19,033,642	1,000,000	600,000	20,633,642	1.7
Local Government Service/RCC/MMDAs	677,626,822	30,900,984	5,400,000.00	713,927,806	60.5
Total	715,088,084	160,474,053	304,700,414	1,180,262,552	100.0

Sources: MTEF 2020-2023

Table 5: Allocations to the Ministry in terms of Programmes

Programme	Allocation (Gh¢)	%
Management and Administration	34,169,010	3
Decentralization	720,234,021	61
local level dev't & Management	321,576,214	27
Registration of births & deaths	12,940,822	1
Regional Services	91,342,485	8
total	1,180,262,552	100

Sources: MTEF 2020-2023

Table 6: Allocations of Programmes by Economic Classification

Programme	COE	Goods & Services	CAPEX	Allocation (Gh¢)
Management and Administration	3,472,149	4,528,372	24,868,489	34,169,010
Decentralization	597,277,025	120,341,995	2,615,000	720,234,020
Local Level Dev't & Management	22,298,291	26,395,997	272,881,926	321,576,214
Registration of Births & Deaths	11,690,822	1,000,000	250,000	12,940,822
Regional Services	80,349,796	8,207,689	2,785,000	91,342,485
TOTAL				1,180,262,552

Sources: MTEF 2020-2023

9.0 OBSERVATIONS AND RECOMMENDATIONS

9.1 Re-development of Aburi Botanical Gardens

The Committee was informed that the Ministry was seeking to engage the private sector in the development of the Aburi Botanical Gardens through a public-private partnership (PPP) arrangement in order to boost visitation to Gardens and to improve revenues. The Committee was however informed that the roadmap had advanced to the point of securing the services of a transaction advisor, a primary requirement of the PPP Guidelines developed by the Ministry of Finance. The cost of the services of the Transaction Advisor was unfortunately expensive. The Ministry indicated that it was considering a proposal from the Volta River Authority (VRA) to develop a portion of the Garden in commemoration of the Authority's Sixtieth Anniversary as part of its corporate social responsibility (CSR) and another proposal from the Ministry of Tourism under a World Bank funded programme.

The Committee urges the Ministry to expedite action on the redevelopment of the Gardens to avoid further deterioration and also help boost the tourism revenues for the country and for the local Assembly.

9.2 Retention of Internally Generated Funds (IGF)

The Committee noted that the Department of Parks and Gardens and the Births and Deaths Registry of the Ministry of Local Government and Rural Development generate some revenue through the provision of various services from their operations. For instance the Department of Parks and Gardens generated a total of Gh¢239,669 in 2018 and is projected to generate a total of Gh¢284,008 by close of year 2019. The Births and Deaths Registry on the other hand generated a total of Gh¢6,600,374 in 2018 and is expected to generate a total of Gh¢7,794,010 by the end of year 2019. Unfortunately, unlike other Departments and Agencies that are granted permission to retain part of their IGF for their operations, the Department and the Registry are excluded in the Fees and Charges (Miscellaneous Provisions) Regulations, 2019.

It is observed that the objective of the retention policy of Government is to provide institutions that generate revenue with resources to improve upon their processes in order to increase the rate of revenue generation. It is therefore imperative that the Department of Parks and Gardens and the Births and Deaths Registry are granted permission to retain part of their IGF to improve upon their systems and operations for better performance in revenue generation.

The Committee accordingly recommends that the Ministry of Finance should as a matter of urgency submit an amendment to the said Regulation to include the two bodies.

9.3 Provision for the Institute of Local Government Studies (ILGS)

The Institute of Local Government Studies (ILGS) was established by the Institute of Local Government Studies Act, 2003 (Act 647) with the object of providing training to members of Regional Coordinating Councils, District Assemblies and other lower local government units. Section 15(1)(a) of Act 647 provides that the sources of funding for the institute shall include annual budget allocation made to the institute by Parliament. Unfortunately, the Ministry has seized making budgetary provision for the institute. It was also noted that even though the Institute was established to primarily provide training for officers at the local level, the Local Government Service was engaging the services of other Institutions and consultants to render training programmes for its staff. The above developments have affected the effectiveness of the Institute and threatening its survival.

The Ministry indicated that the policy at the time of the establishment of the Institute was to depend on Government funding for the initial years and to transition into a fully independent Institute deriving funding from its own training modules. The Ministry further stated that it was the policy of Government to wean the Institute off Government funding having been in existence for over ten (10) years. The Ministry and the Local Government Service however indicated that they continue to use the services of the Institute for the training of staff where the Institute offers those services.

The Institute is currently under going restructuring to reposition itself to focus on its mandate. The Committee therefore urges the Ministry to support the Institute in this endeavour including seeking private funding through a PPP model in developing some of its properties. The Committee further urges the Ministry and the Service to continue patronising the services of the Institute since the principal object for its establishment was for the training of members of the local government bodies.

9.4 Relocation of Headquarters of Births and Death Registry

The Committee noted in its Report on the 2019 Budget Estimates of the Ministry of Local Government and Rural Development that the Headquarters of the Births and Deaths Registry was to be relocated to pave way for the Marine Drive Project. The Committee was informed that the Ministry had secured space at the Ghana House to temporarily accommodate the Registry while a permanent accommodation is being sought for. The Committee was informed that provision had been made under the Public Sector Reform Programme for the construction of the office accommodation.

The Committee however observed that the Ministry was yet to secure suitable land for the construction of a permanent office. It is the view of the Committee that the Registry had made some progress in its efforts to increase the coverage of registration, the absence of a permanent may interfere with its operations. The Committee accordingly recommends that the Ministry should as a matter of urgency secure a permanent place for the Registry. It is imperative that the Ministry secures land for the construction of the new office in order not to lose the funding secured under the Public Sector Reform Programme.

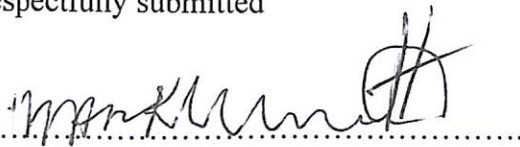
9.5 Consolidation of the Estimates of Ministry and Local Government Service

The Committee noted once again that the 2020 Estimates of the Ministry and the Local Government Service have been consolidated into one, under the Ministry of Local Government and Rural Development. This was contrary to the recommendation of Committee in its Report on the 2019 Estimates of the Ministry. The Ministry explained that the merger was in furtherance of the policy of Government to consolidate expenditure in the sector and the policy was in consonance with the Act. The Committee expressed reservation about the consolidation and indicated that it may compromise the autonomy of the Service. It may also lead to re-centralisation of financial autonomy, which is contrary to the objects of Act 936. The Committee therefore recommends to the House and the Ministry of Finance to consider its policy and revert to the status quo.

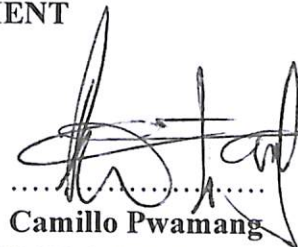
9.0 CONCLUSION

To ensure good governance, equitable, balanced development at the local level and also enable the Ministry implement its programmes and activities, the Committee recommends to the House to adopt its report and approve the total sum of **One Billion, One Hundred and Eighty Million, Two Hundred and Sixty-Two Thousand, Five Hundred and Fifty Two Ghana Cedis (GHC1,180,262,552.00)** for the Ministry of Local Government and Rural Development and the Local Government Service for the 2020 fiscal year.

Respectfully submitted



Hon. Kennedy Agyapong
CHAIRMAN, COMMITTEE ON LOCAL GOVERNMENT
AND RURAL DEVELOPMENT



Camillo Pwamang
CLERK TO THE COMMITTEE