

**IN THE SECOND SESSION OF THE FOURTH PARLIAMENT  
OF THE FOURTH REPUBLIC OF GHANA**



**REPORT OF THE JOINT COMMITTEE**

**ON**

**LOCAL GOVERNMENT AND  
RURAL DEVELOPMENT AND ENVIRONMENT,  
SCIENCE AND TECHNOLOGY**

**ON THE**

**ANNUAL BUDGET/ESTIMATES OF THE  
MINISTRY OF LOCAL GOVERNMENT, RURAL  
DEVELOPMENT AND ENVIRONMENT FOR THE  
YEAR 2007**

**December 7, 2006**

**REPORT OF THE JOINT COMMITTEE ON LOCAL GOVERNMENT AND RURAL  
DEVELOPMENT AND ENVIRONMENT, SCIENCE AND TECHNOLOGY ON THE 2007  
ANNUAL BUDGET/ESTIMATES OF THE MINISTRY OF LOCAL GOVERNMENT, RURAL  
DEVELOPMENT AND ENVIRONMENT**

**1.0 INTRODUCTION**

1.1 In pursuance of Article 179 of the 1992 Constitution and Order 140 (1) & (2) of the Standing Orders of the House, the Hon. Minister for Finance and Economic Planning, Mr. Kwadwo Baah-Wiredu on Thursday, 16<sup>th</sup> November, 2006 laid before Parliament Estimates of the Revenue and Expenditure of the Government of Ghana for the 2007 Fiscal Year.

1.2 In accordance with Order 140 (4) of the Standing Orders, the Rt. Hon. Speaker of Parliament referred the Draft Annual Budget/Estimates of the Ministry of *Local Government, Rural Development and Environment to a Joint Committee of Local Government & Rural Development and Environment, Science and Technology* for consideration and report. The Joint Committee met on Monday, 4<sup>th</sup> December, 2006 and considered the Annual Estimates of the Sector Ministry and in accordance with Article 179 of the Constitution and Orders 181 and 185 of the Standing Orders, reports.

**2.0 ACKNOWLEDGEMENT**

The Committee hereby expresses its gratitude to the Sector Minister, Hon. Stephen Asamoah Boateng and other officials of the Ministry, its Departments and Agencies for clarifying issues and making immense contributions during the consideration of the Budget.

**3.0 REFERENCES**

The Committee was guided by the following literature:-

- i. The Constitution (1992) of the Republic of Ghana
- ii. The year 2000 edition of the Standing Orders of Parliament

- iii. The Budget Statement and Economic Policy of the Government of Ghana for the 2007 Fiscal year
- iv. The Medium Term Expenditure Framework (MTEF) for 2007-2009
- v. The 2007 Budget Proposal of the Ministry of Local Government, Rural Development and Environment.

#### **4.0 DEPARTMENTS OF THE MINISTRY**

The Joint Committee, in considering the Annual Estimates of the Sector Ministry examined allocations provided for the Departments and Agencies under it as well as its Council, Projects and Programmes. The areas examined are as follows:

- i. Births and Deaths Registry
- ii. Department of Community Development
- iii. Department of Parks and Gardens
- iv. Local Government Service/Council
- v. Environmental Protection Agency (EPA)
- vi. Town and Country Planning Department (TCPD)
- vii. National Sanitation Project
- viii. Urban Poverty Reduction Project
- ix. Rural Enterprise Project (REP II)
- x. Local Governance Poverty Reduction Programme
- xi. National Decentralisation Action Plan
- xii. Promotion of District Capitals/District Towns Project

#### **5.0 MISSION STATEMENT**

As noted in the Ministry's Annual Estimates for 2007, the Ministry of Local Government, Rural Development and Environment exists to ensure Good Governance (including decentralisation policies) and balanced development of Metropolitan, Municipal and District Assemblies (MMDAs) through: -

- i. the formulation of policies on Governance (including decentralisation policies), Human and Financial resources by Assemblies;



- ii. the design/delivery of systems to set targets for and monitor the performance of the Assemblies; and
- iii. the development and monitoring of Sector plans and the provision of management advisory services to the Assemblies.

## 6.0 OBJECTIVES OF THE MINISTRY

The Committee noted that Programmes outlined for the Ministry for the year 2007 would be geared towards the realisation of the **following objectives**: -

- i. To formulate appropriate policies and programmes to accelerate the implementation of decentralisation programme.
  - ii. Strengthen leadership and capacity at all levels of the decentralised government machinery
  - iii. Deepen District Assembly association with Civil Society for the mobilisation and management of resources for accelerated development
- To promote human development and sustain the orderly and healthy growth of human settlements in Ghana.
- iv. Promote community based registration, collation, analysis and publication of data on all births and deaths occurring in Ghana
  - v. To monitor and evaluate the effectiveness of local government institutions for improved management performance.
  - vi. To intensify the application and enforcement of safe and sound environmental practices.
  - vii. To promote, coordinate and evaluate research and development activities in the Environment and Science Sector.

## 7.0 OVERVIEW OF THE 2006 APPROVED BUDGETARY ALLOCATION TO THE MINISTRY

The Ministry was allocated a total amount of **five hundred and thirty-three billion, thirty four million eight hundred thousand Cedis (¢533,034,800,000.00)** for its expenditure for the 2006 fiscal year. Out of this amount **two hundred and twenty-five billion, four hundred and four million eight hundred thousand Cedis (¢225,404,800,000)** representing 42.3% of the total allocation was from GOG sources

while **three hundred and seven billion, six hundred and thirty million Cedis (307,630,000,000)** representing **57.7%** was from Donor sources.

Table1 below is the breakdown of the allocation into the various items of the expenditure:-

**Table 1: 2006 Budgetary Allocations**

<b>BUDGET PROVISION (2006)</b>				
<b>NO</b>	<b>ITEM OF EXPENDITURE</b>	<b>GOG ¢</b>	<b>DONOR ¢</b>	<b>TOTAL ¢</b>
1	Personnel Emoluments	169,393,800,000	-	<b>169,393,800,000</b>
2	Administrative Expenses	12,691,800,000	8,801,000,000	<b>21,492800,000</b>
3	Service Cost	16,527,000,000	137,182,000,000	<b>153,709,000,000</b>
4	Investment Cost	26,792,200,000	161,647,000,000	<b>188,439,200,000</b>
	<b>TOTAL</b>	<b>225,404,800,000</b>	<b>306,630,000,000</b>	<b>533,034,800,000</b>

**Source: Ministry of Local Government, Rural Development and Environment**

### **7.1 Actual Expenditure as at 30<sup>th</sup> September, 2006**

The Committee, in its deliberations noted that as at 30<sup>TH</sup> September, 2006 the Sector Ministry had utilised a total amount of **two hundred and eighty-eight billion, four hundred and eighty-three million Cedis (¢288,483,000,000.00)** out of its 2006 Budgetary Allocation.

### **8.0 THE MINISTRY'S ACHIEVEMENTS IN 2006**

The Committee observed that considerable progress aimed at achieving some key targets set for 2006 was made. These include:-

- i. Completion of reconstruction of 2.75km Odaw drain from the Alajo Bridge to the Apenkwa Overhead.
- ii. 99% completion of construction works on 56 educational, 7 health, 3 water schemes and 1 market/lorry park in 27 towns across the country under the District Towns project.
- iii. Draft guidelines for the preparation of District Composite Budget as part of the fiscal decentralisation programme has been completed and the final draft for the District Development Fund (DDF) design has also been completed.

- iv. Awareness creation and conservation of biodiversity at Boti area in the Eastern Region.
- v. 14 service contracts have been awarded in five district cities to assist within the household sanitation programme.
- vi. 12 Metropolitan and Municipal Assemblies assisted to prepare Waste Management Programmes.
- vii. 13 new Business Advisory Centres established and 376 Graduate Apprentices have been supported to obtain NVTI certificates under the Rural Enterprises Project II.

#### **9.0 TOTAL BUDGETARY ALLOCATION FOR THE SECTOR MINISTRY FOR THE 2007 FINANCIAL YEAR**

An amount of **one trillion, one hundred and ninety-six billion, three hundred and twenty-seven million Cedis (¢1,196,327,000,000.00)** has been provided by the Ministry of Finance and Economic Planning for the estimated expenditure of the Ministry of Local Government, Rural Development and Environment for the 2007 fiscal year.

Out of the total amount, **three hundred and twenty-six billion, two hundred and seventy-three million Cedis (¢326,273,000,000.00)** representing **27.27%** is expected to come from GOG while **seven hundred and thirty-six billion, five hundred and ninety-five million Cedis (¢736,595,000,000.00)** representing **61.57%** would come from Donor support. **Twenty-three billion, four hundred and fifty-nine million (¢23,459,000,000.00)** representing **1.96%** of the total allocation would come from Internally Generated Fund (IGF). The remaining **one hundred and ten billion Cedis (¢110,000,000,000.00)** representing **9.2%** is expected to come from HIPC Fund.



## BREAKDOWN

The breakdown of the Budgetary Allocation for the Sector Ministry for the 2007 Financial Year is presented in Table 2.0 as follows :-

Table 2.0- 2007 Proposed Expenditure Allocation by Cost Centre and sources

NO.	SOURCE OF FUNDS	PERSONNEL EMOLUMENTS ¢ MILLION	ADMINISTRATIVE EXPENSES ¢ MILLION	SERVICE COST ¢ MILLION	INVESTMENT COST ¢ MILLION	TOTAL ¢ MILLION
1.	GOG	275,336	8,997	14,760	27,180	<b>326,273</b>
2.	DONOR		1,496	157,702	441,976	<b>736,595</b>
3.	IGF		1,594	5,859	3,954	<b>23,495</b>
4.	HIPC					<b>110,000</b>
<b>GRAND TOTAL</b>						<b>1,196,327</b>

Source: Ministry Local Government, Rural Development and Environment: Brief on the 2007 MTEF.

## 10.0 OUTLOOK FOR 2007

### 10.1 THE MINISTRY (MLGRDE)

It was observed that for the 2007 fiscal year, the Ministry would focus on actions aimed at achieving the components of the GPRS II. This will include further deepening of the decentralisation process and widening access of the general citizenry to political authority and their involvement in the process of governance.

To this end, the following key outputs will be pursued:-

- i. Local Government Service operationalised by the end of 2007.
- ii. Coverage and access to sanitation services increased for rural and urban household within the medium term.
- iii. District Assemblies and Private Sector Partnership strengthened for economic development by the end of 2007.
- iv. Urban Infrastructure and basic services in five selected cities upgraded by 2008.
- v. Mainstreaming decentralisation into Public Sector Reform agenda.
- vi. Integration of designated Ministries, Departments and Agencies into the District Assembly System as provided for in the Local Government Service Act, 2003, Act 656, by the end of 2007.
- vii. Increased discretionary and performance-based funding to District Assemblies through a harmonised approach to allocation of resources by the end of 2007.

- viii: Public-private partnership in local governance through enhanced engagement of Civil Society in the development process improved by the end of 2007.

### 10.2 URBAN ENVIRONMENTAL SANITATION PROJECT (UESP) II

Implementation of Urban Environmental Sanitation Project (UESP II) which seeks to consolidate the gains of the first UESP in improving environmental sanitation will continue in 2007.

The main activities that would be undertaken are the following: -

- Completion of Extension work on Phase III of the Odaw drainage work.
- Community infrastructure upgrading in Accra, Secondi/Takoradi and Tema.
- Storm drainage work at Accra, Kumasi, Tamale, Secondi/Takoradi and Tema.
- School and public sanitation facilities in Accra, Kumasi, Tamale, Secondi/Takoradi and Tema.
- Construction of about 2,000 household toilet facilities under a subsidy scheme by December 2007.
- Commence construction work on Tema Landfill by September, 2007
- Private sector solid waste collection programme will be completed in 2007.

The Committee observed that the Ministry would also continue with issues aimed at solving the issue of landfill site at Kwabenya to enable the acquisition process commence and subsequently select consultants to undertake the design review. In order to improve sanitation and environmental cleanliness nationwide, especially in low income communities, the Ministry has given all MMDAs timeline to acquire refuse dumping sites. Additionally, the Ministry intends to reintroduce the 'Town Council' - "Sama Sama"- concept of sanitation inspection by empowering the Environmental Health and Sanitation Unit (EHSU). The Ministry will also liaise with District Magistrate Courts to set aside a day in every week for the trial of sanitation offenders.

### 10.3 MUNICIPAL FINANCE AND MANAGEMENT INITIATIVE (MFMI)

The Ministry of Local Government Rural Development and Environment (MLGRDE) in collaboration with the Ministry of Finance and Economic Planning (MOFEP) will embark on a new system of financing Local Governance to be known as **Municipal Finance and**



**Management Initiative.** The initiative is expected to enhance the revenue mobilisation activities of Metropolitan and Municipal Assemblies.

A major effort will also be geared towards deepening the financial base of Local Government by developing and building a formidable Local Government Credit Market. District Assemblies will be assisted to access long term credit through the enactment of a Local Finance Act and the establishment of a Local Government Financing Authority to help MMDAs access credit markets for infrastructural investment.

#### 10.4 REVENUE ENHANCEMENT

The Committee noted that the Ministry would make significant efforts to strengthen Local Government Finance and diversifying methods of financing by reforming taxation and expenditure systems, reshaping inter-governmental fiscal transfers and privatising key projects. These measures are expected to:

- Improve Local Government access to credit for accelerated provision of public services and economic development in the country
- Reduce Risk and lower the cost of borrowing for the Local Governments
- Support improved financial and technical management of the Local Governments
- Provide focus for Development Partners who wish to support infrastructural development
- Foster cooperation among a variety of Local Governments as well as cooperation between Local Governments and private institutions

Other revenue enhancement measures to be implemented include:

- Street naming
- House numbering
- Property re-evaluation
- Blocking of leakages through the introduction of appropriate technology into revenue collection.

#### 10.5 NATIONAL DECENTRALISATION ACTION PLAN

It was observed that the Ministry would continue the National Decentralisation Action Plan with the following **key activities**:

- Train all District Planning Coordinating Unit (DPCU) staff in District Composite Budgeting in order to equip them with the ability to draw their budgets using the MTEF format for the 2008 fiscal year in all the 138 Districts.
- Present the draft of the District Development Fund (DDF) to an expanded Joint DDF Working Group for their inputs before it is submitted to cabinet for endorsement.
- Complete the DDF and the Functional Organisation Assessment Tool (FOAT) implementation manual in order to ensure their use in all Districts in 2008.

### **10.6 PROMOTION OF DISTRICT CAPITALS/DISTRICT TOWNS PROJECT**

The Committee was informed that the Ministry would also undertake the following activities under the District Town III project:

- Complete construction work on fifty-six (56) Educational, seven (7) Health, one (1) Market and Lorry Park facilities in twenty-seven (27) towns in Ashanti and Brong Ahafo regions.
- Construction work on the improvement of markets, lorry parks, schools and clinics in 30 selected towns in Ashanti and Brong regions under the District Town IV will also be completed.
- Tenders will be opened for construction work to start on markets, lorry parks and schools in Amansie East, Berekum, Atiwa, Akwapim North, Birim South and Manya Krobo districts under District Town V.

One other major activity to be undertaken by the Ministry will be the formulation of a Comprehensive Decentralisation policy aimed at bringing new impetus into the Decentralisation process and to ensure the harmonisation of all donor support through a basket type funding.

### **10.7 LOCAL GOVERNMENT SERVICE/COUNCIL**

The Local Government Service and its Secretariat will undertake the following activities in 2007:

- Formal launching of the Local Government Service
- Fully operationalise the Local Government Secretariat
- Complete the establishment of Departments of the MMDAs through the integration of the line departments

- Pursue an aggressive and vigorous program of sensitisation and awareness creation on the Local Government Service for Stakeholders.

## **10.8 LOCAL GOVERNANCE POVERTY REDUCTION SUPPORT PROGRAMME (LGPRSP)**

Under the LGPRSP, 22 districts in Ashanti and Brong Ahafo Regions will be assisted to put in place improved management systems for markets and lorry parks and related infrastructure for effective revenue mobilisation.

Under the Rural Trade and Industry Promotion Project, 8 districts in Northern, Ashanti and Brong Ahafo Regions will benefit from a pilot project aimed at strengthening capacities of Stakeholders in the areas of local and regional economic development and job creation.

### **10.8.1 RURAL ENTERPRISE PROJECT (REP)**

Discussions during the meeting revealed that the Ministry would continue the implementation of the REP by undertaking the following key activities in 2007:

- Organise 510 business orientation programs for 11,360 prospective clients.
- Deliver 566 community-based skills and small business management programs for 29,000 project clients
- Organise Client Exhibition and Trade Shows for 281 SME clients

## **10.10 DEPARTMENT OF COMMUNITY DEVELOPMENT**

In pursuance of its mandate to facilitate the mobilisation and use of locally and externally available resources for improved living standards among rural residents and vulnerable communities in urban centres, the Department of Community Development would continue to undertake a number of poverty related activities in the year 2007.

## **10.11 DEPARTMENT OF PARKS AND GARDENS**

The focus of the Department will continue to dwell on landscape beautification of the natural environment, development of horticulture into a commercial activity, establishment and management of botanic gardens, parks and arboreta for promotion of scientific research, recreation, tourism and conservation of economic and medical plants.



11.12.0

### **BIRTHS AND DEATHS REGISTRY**

The Committee noted that the Births and Deaths Registry would seek to deliver on its mandate - "to provide accurate and reliable information on all births and deaths occurring within Ghana for socio-economic development of this country through their registration and certification" - by engaging in the following activities in 2007.

- Register about 80% of births estimated at 700,000 births
- Register 30% of deaths estimated at 262,000 deaths.
- Construct regional office buildings and fence walls in some regional capitals for the smooth running of operations.

11.12.1

#### **Normal Registration of Births and Deaths**

This represents events of registration within one (1) year of occurrence and this will be scaled up country wide in a bid to improve upon the registration coverage which currently stands at 67% to 80% for births and 24% to 30% for deaths.

11.12.2

#### **Computerisation of the Registration System**

The programme for the total automation of the registration system will continue with the installation of computers at all regional and district offices of the Registry. The Registry will pursue its policy of introducing Computer Generated Birth Certificates.

11.12.3

#### **Public Education**

The effort to create awareness about the relevance of births and deaths registration among the citizens through an effective and well-coordinated public education programme will be continued. Key activities under this programme will include the use of TV and Radio adverts, Celebration of the Annual Births and Deaths Registration Day on 1<sup>st</sup> September and regular Press Briefs by the Sector Minister and Media encounters as well as Personnel of the Registry.

11.13

### **ENVIRONMENTAL PROTECTION AGENCY (EPA)**

The EPA has the responsibility to manage, protect and enhance the country's environment. EPA has also been involved in the training of District Assemblies and MDAs with the view to sensitising them to incorporate environmental issues as part of their development plans.

Under the Pesticides Control and Management Act of 1996, (Act 528), the Agency has been involved in the control, regulation of importation, distribution and utilisation of pesticides. In 2007, the EPA will continue with programmes which are being pursued in 2006. Critical among them are:

- Monitoring Programmes for Air and Vehicular Emission including Noise
- Environmental Compliance and Enforcement
- Chemical Control and Management
- Environmental Management in Mining and Manufacturing Industries
- Natural Resource Management - Mainstreaming of Dryland issues into the Medium Term Plans of the District Assemblies; Sensitisation and Alternative Livelihood programmes would be pursued vigorously.
- Environmental Management
- Environmental Reporting

#### 11.14 **TOWN AND COUNTRY PLANNING DEPARTMENT (TCPD)**

The Town and Country Planning Department (TCPD) has the statutory responsibility of undertaking effective and efficient human settlement planning, land use management, etc. all with the view to promoting the development of Ghana's cities, towns and villages. During the deliberations, the Committee was informed that in 2007, the department will continue to undertake the following activities:

- Establish mobile planning teams
- Build capacity for Human Settlement Development
- Prepare and guide implementation of Planning Schemes

#### 11.0 **OBSERVATIONS**

In the course of deliberations, the Committee noted the under-listed issues, which are crucial for effective Local Governance and Rural Development.

- I. District Assemblies' Common Fund (DACF) has not been increased from 5% to 7.5% as discussed by Parliament during Committee of the Whole meeting last year 2005.
- II. Leakages in revenue collection are mostly caused by revenue collectors who do not issue tickets.
- III. Expenditure on Personnel Emoluments is captured under administrative expenses in some donor projects.

- IV. Greater percentage of the Ministry's allocation is for Personnel Emoluments (PE) at the expense of Service and Investment.
- V. It was observed that foreign imports provide a great proportion of the waste generated in this country.
- VI. Garbage collection in small towns is at a deplorable state and needed urgent attention.

## 12.0 RECOMMENDATIONS

After the deliberations and observations, the Committee made the following recommendations to the Ministry of Local Government, Rural Development and Environment:

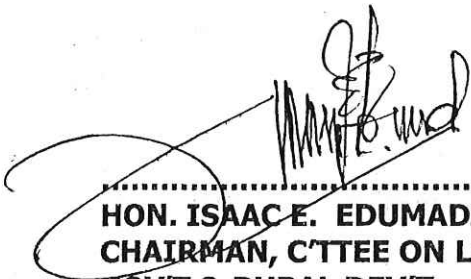
- The Ministry should in addition to the application of technology put more stringent measures in place to seal revenue leakages caused by revenue collectors at the MMDA level.
- Necessary steps should be taken to ensure that component expenditure on Personnel Emoluments are properly captured irrespective of the source of funding – that's whether Donor or GOG.
- Garbage collection exercises in small towns should be awarded on contract basis to ensure effectiveness and efficiency at work.
- More resources should be committed to the provision of logistics for Departments and Agencies under the Ministry.
- Since there is an element of waste in every imported item, it has become necessary for government to consider setting aside a certain percentage of all revenue generated by CEPS on imported items which would be used to fund waste management.



### 13.0 CONCLUSION

In view of the urgent need to reduce rural poverty and to further deepen the decentralisation process and having carefully considered the Sector's justifications for the Estimates for 2007, the Committee recommends that the House approves the sum of **one trillion, one hundred and ninety-six billion, three hundred and twenty-seven million cedis (¢1,196,327,000,000)** being the Budgetary Allocation for the Ministry of Local Government, Rural Development and Environment for the 2007 financial year.

Respectfully submitted.




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**CHAIRMAN, C'TTEE ON LOCAL**  
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DECEMBER 7, 2006