

REPORT OF THE PARLIAMENTARY  
SELECT COMMITTEE  
ON  
LOCAL GOVERNMENT AND RURAL  
DEVELOPMENT  
ON THE  
BUDGET ESTIMATES FOR  
THE MINISTRY OF  
LOCAL GOVERNMENT AND RURAL  
DEVELOPMENT  
FOR THE 2003 FISCAL YEAR

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**REPORT OF THE PARLIAMENTARY SELECT COMMITTEE  
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FOR THE 2003 FISCAL YEAR**

**1.0 INTRODUCTION**

The Minister of Finance, Hon. Yaw Osafo-Marfo, on Thursday, 27<sup>th</sup> February, 2003, presented to Parliament, the Budget Statement and Economic Policy of the Government of Ghana for the 2003 financial year in compliance with Article 179 of the Constitution.

Pursuant to Standing Order 180, Mr. Speaker referred the draft budget estimates of the Ministry of Local Government and Rural Development to the Committee for consideration and report

**2.0 DELIBERATIONS**

To deliberate on the draft annual estimates for the year 2003, the Committee met with the Minister of Local Government, Hon. Kwadwo Baah-Wiredu, his Deputies, Chief Director and Directors of the 17 units and departments of the Ministry.

The Committee is grateful to them for their co-operation and support.

**3.0 REFERENCE DOCUMENTS**

1. The 1992 Constitution of the Republic of Ghana
2. The Standing Orders of the Parliament of Ghana
3. The Budget Statement and Economic Policy of the Government of Ghana for the 2003 financial year.
4. Draft Annual Budget Estimates of the Ministry of Local Government and Rural Development for the year ending 2003.
5. State of the Nation Address, 2003

#### **4.0 MISSION STATEMENT**

The Ministry of Local Government and Rural Development exists to promote the establishment and development of a vibrant and well-resourced decentralized system of local government for the people of Ghana, to ensure good governance and balanced development. It further has the responsibility for formulating, implementing, monitoring, evaluating and co-ordinating reform policies and programmes to democratize governance and decentralize the machinery of government. It also has the mandate to reform and energise local government to serve effectively as institutions for harvesting and mobilizing local resources for local and national administration and development.

To this end, the Ministry has the responsibility to facilitate the development of all human settlements through community and popular participation, develop horticulture, and improve the demographic database for development planning and management.

#### **5.0 OBJECTIVES OF THE MINISTRY**

For the year 2003, the Ministry of Local Government and Rural Development will pursue the following objectives;

1. Formulate appropriate policies and programmes to accelerate the implementation of decentralization of the machinery of government
2. Improve the human resource and Institutional capacities of all levels of the decentralized government machinery
3. Improve the capacity of communities to mobilize and manage external resources for accelerated rural and urban development.

4. Promote human development and sustain the orderly and healthy growth of human settlement in Ghana
5. Promote community based registration, collation, analysis and publication of data on all births and deaths occurring in Ghana
6. Monitor, and evaluate the effectiveness of Local Government Institutions for improved management performance.

## 6.0 BUDGETARY ALLOCATIONS FOR THE 2003 FISCAL YEAR

To ensure the realization of the objectives of the Ministry for the 2003 fiscal year, an amount of ₵273,730,000,000 has been allocated. The total allocation has a donor component of ₵146,366,000,000 and a Government of Ghana contribution of ₵127,364,000,000.

The breakdown is as follows:

No.	Item	GOG	Donor	Total
1	Personal Emolument	96,000,000,000	-	96,000,000,000
2.	Administration Expenses	5,753,000,000	-	5,753,000,000
3.	Services Expenses	17,910,000,000	29,645,181,304	47,555,181,304
4.	Investment	7,701,000,000	116,720,818,696	124,421,818,696
	Total	127,364,000,000	146,366,000,000	273,730,000,000

## 7.0 PERFORMANCE IN 2002

The Ministry during the 2002 fiscal year chalked a considerable amount of success under the Ghana Poverty Reduction Programme.

The decentralized policy under the poverty reduction programme stipulates that a considerable number of people and institutions should be involved in the formulation and delivery of developmental activities. To this end, the Ministry of Local Government and Rural Development in the 2002 prepared a draft bill reviewing the Local Government Law 1993(Act 462). Another bill that envisages the establishment of a Local Government Service was forwarded to the Attorney-General's Department through Cabinet to Parliament.

It is expected that the Local Government Law when reviewed will enhance or widen access to public political authority and improve popular participation in the process of governance.

To further strengthen the administrative capacity of District Assemblies, 23 pick-up vehicles were procured and distributed to beneficiary districts under the Urban V Project. Staff in these districts were also trained in the areas of development planning, municipal finance, municipal engineering and computer skills.

Waste management equipment including cesspit emptier trucks and solid waste containers valued at ₵8.6 billion were also procured under the Urban V project for distribution to some District Assemblies.

Also in the year, the phase one of the Odaw and Subin Drainage works in Accra and Kumasi were completed and commissioned. Three other projects commenced. They include:

1. Phase two of the Odaw Primary Drain in Accra
2. Sanitary landfills in Tamale, Kumasi and Sekondi
3. Sewerage treatment facility in Accra and Tamale

Work on the rehabilitation of basic municipal services including markets, lorry parks, public toilets, town roads and slaughterhouses commenced in 24 out of 25 beneficiary towns. Work in 9 out of the 24 towns were almost completed and some handed over.

The Department of Community Development facilitated the formation of 1,200 women's groups with a total number of 18,000 members. The programme was to organize the entry of Women's groups into small-scale commercial, artisanal and entrepreneurial ventures.

3,500 youth were given vocational training. 2,876 young women were trained in twenty (20) women's Training Institutes (WTI) and 632 young men in four (4) centres for Rural Industries (CRIS).

Work was also commenced on nine (9) constructional and 8 rehabilitation projects in the various WTIs and CRIs.

## 8.0 PROJECTIONS FOR 2003

In the 2003 fiscal year, the Ministry will pursue its core mission of deepening decentralization, widening access to political authority and involving the citizenry in the process of governance. The Ministry will in this regard set up Presidential and Inter-sector oversight committees to monitor the decentralization process.

The Local Government Service Bill is expected to be passed into law and made operational in the year 2003. The bill when passed will clarify functions of MDAs, set out modalities for the conditions of service of staff under the LGS and establish a Local Government Service Board.

One of the problems facing the LGS is the lack of the needed human Resource capacity to carry out the duties of the Districts Assemblies. The Ministry of Local Government will thus continue in 2003 to develop the capacity of its human resource. 273,450 local government practioners including Unit, Towns, Zonal and Area Councilors will benefit from various training programme this year to enhance their skills in administration, financial management, human resource management, information technology, environmental management, development planning, land management and project planning and implementation.

The performance of the Department of Birth and Deaths, Parks and Gardens and Community Development will also be enhanced through departmental training.

To ensure effective management of sanitation and increased access to sanitation services, 11(Eleven) District Assemblies will be provided under the Urban III project with waste management equipment by March 2003.

The beneficiary District Assemblies shall also complete about 800 household sanitation facilities by March 2003.

Construction work under the Urban IV project commenced in the year 2002 to reduce flooding and improve environmental sanitation in our major towns. The projects are expected to be completed in December 2003. They include:

- i. Phase II of he reconstruction of the Odaw drain in Accra
- ii. Construction of sanitary landfills in Tamale, Kumasi and Sekondi

- iii. Phase III of the Odaw drain in Accra will commence in June 2003
- iv. Pilot solid waste collection exercise involving the private sector in Tamale, Kumasi, Sekondi/Takoradi and Tema will commence in 2003.

Rehabilitation of basic municipal services under the urban V project, including markets, lorry parks, public toilets, town roads and slaughter houses in 16 beneficiary towns out of 25 will be completed during the year.

The Ministry will also commence reconstruction of 20kms of town roads in 10 towns and procure 23 cesspit empties as well as 20 solid waste collection skip trucks to enhance environmental sanitation in 25 towns.

To up grade its data towards improved planning, property valuation and revenue generation, aerial photography and digital mapping of a total of 200 sq km built up areas will commence in all 25 project towns in 2003.

Subsidies will be provided for the construction of the remaining 1,400 latrines in Ejura, Kintampo and Nkoranza under the District capitals project. Construction of 22 markets and/or lorry parks in 22 selected towns in Ashanti and Brong Ahafo Regions will also commence this year.

The Department of Community Development will facilitate the entry of 1,600 women's groups into small-scale commercial/artisenal and entrepreneurial ventures. Additionally, 4,000 young men and women will receive formal vocational training in 22 Women's Training Institutes and 4 centres for Rural Industries. Finally a micro-credit facility will be organized for 60 women groups.

The Department of Parks and Gardens will also intensify its support to the private sector by organizing medical plants conservation workshops for selected herbalists.



To promote tourism and healthier living, 1,000 avenue shade trees will be planted in each district by the department.

## 9.0 OBSERVATIONS AND RECOMMENDATIONS

### GENERAL OBSERVATION

- i. Like the 2001 fiscal year, money expended by the Ministry exceeded what was allocated for the 2002 fiscal year. Money appropriated to Personnel Emolument was in excess of ₦54,125,424,092.70.

This increase was attributed to the upward adjustment of salaries by government in the course of the year and the transfer of some employees from the Government Machinery to the Decentralisation Implementation Unit of the Ministry. Money released for investment was however woefully inadequate since it fell short of ₦6,423,979,414.70 out of the ₦10,079,000,000 approved. With regards Administration Expenses and Service Cost, amounts realized were quiet encouraging although they also fell short of the approved figures.

The expenditure for the year 2002 is shown as follows:

ITEM OF EXPENDITURE	BUDGET PROVISION (GOG)	RELEASES AS AT DEC. 2002	VARIANCE
Personnel Emoluments	43,893,000,000	98,018,424,092.70	-54,125,424,092.70
Administration Expenses	5,252,000,000	5,098,337,798.23	153,662,201.77
Service Cost	16,715,000,000	16,656,905,977.25	58,094,022.80
Investment	10,079,000,000	3,655,020,585.36	6,423,979,414.70
Total	75,939,000,000	123,423,688,453.54	-47,489,688,453.46

- ii. The Committee lauds the HIV/AIDS awareness programme currently being run by the Ministry. The Committee is however of the view that the Ministry should seek support from the Ghana Aids Commission in terms of educational materials and financial support to ensure a more elaborate and efficient programme.
- iii. The siting of markets and lorry parks in the Districts has in the recent past been of immense worry, since market women have refused to use these facilities because they consider the market sites inappropriate. To ensure that these markets are well sited, the Ministry has made a budget of ₵7,346,309 towards the preparation of sites for new markets and lorry parks.

## 9.1 HEADQUARTERS

### PERSONNEL EMOLUMENTS

- i. The Committee observed that, there is no correlation between approved budgetary allocations for Personnel Emolument and actual expenditure on personnel. The Personnel Emoluments for the Ministry of Local Government and Rural Development was in excess of ₵54,125,424,092.70 in the year 2002 as a result of salary increases and personnel transfers from the departments under Government Machinery to the Decentralised Implementation Unit of the Ministry. Personnel transferred were removed from the payroll of the Government Machinery onto that of the Decentralisation Implementation Unit of the Ministry of Local Government and Rural Development without the corresponding transfer of their emoluments.

- ii. The Committee again noted a short fall in the Social Security allocation for the Ministry. There were serious discrepancies in the provision for the 12.5% contribution to the Social Security Fund for the decentralization unit of the Ministry. The Social Security Fund was over stated by ₵2,287,785,704 Decentralization Implementation Unit while provision for other departments were understated.

## **9.2 INVESTMENTS**

- i. Over the years there have been low releases in terms of investment and these affected considerably, the effectiveness and efficiency of programmes, of the Ministry of Local Government and Rural Development. In the preceding year, the Investment budget for the Ministry of Local and Rural Development was short by ₵6,423,979,414.70 due to the non-release of funds. The Department of Parks and Gardens was also able to organize only one programme out of five approved for the 2002 financial year. Although an allocation of ₵500m was made to the Births and Deaths Registry towards the construction of 9 regional offices, commencement certificate for only one project costing ₵100m was issued.
- ii. It was further realized that a budget of ₵2,502,055,145 has been proposed to cover the running cost of official vehicles of the Ministry of Local Government and Rural Development. The Committee considers the amount inadequate considering the rise in fuel prices and the constant treks to the 110 District Assemblies.

## **9.3 SANITATION**

The Committee noted with concern, the effect that revenue spent on sanitation in Accra and Kumasi has on the general budgetary allocation for the Ministry of Local Government and Rural Development.

In the year 2002, Accra was supported with ₵5b and Kumasi ₵4.75 by the Ministry of Local Government and Rural Development to add up to their revenue for sanitation. The Accra Metropolitan Assembly spends 60% of its generated revenue on sanitation to the neglect of other equally important issues in the Metropolis.

#### 9.4 BIRTHS AND DEATHS REGISTRY

The effective performance of the Births and Deaths registry would greatly ensure the success of the National Identification Programme, since birth certificates would be required to register all citizens of this country. The Committee observed that the Births and Deaths Registry requires ₵13b to carry out its mandate under the National Identification Programme. The Births and Deaths Registry did not however budget for the Programme this year, because at the time the 2003 budget was being drawn the National Identification Programme was not a national policy.

The Committee also observed that, as a result of the rise in the registration fee for children under one year, the registration of children in this bracket has dropped considerably. There has however been a rise in the registration of children over 24 months, since birth certificates are now needed for passports and many other registrations.

It was further noted that, the Birth and Death Registry is not allowed to recruit the number of registry assistants it needs to ensure effective registration of births and deaths in the districts due to a freeze on recruitment by the Ministry of Finance. The Committee urges the Ministry of Finance to lift the ban on employment to ensure that the Registry recruits the needed human resource.

### 9.5 DEPARTMENT OF COMMUNITY DEVELOPMENT

The Committee noted that, there is yet to be established a converging point in the activities of the Ministry of Women and Children's Affairs and the Department of Community Development of the Ministry of Local Government and Rural Development. The Department of Community Development has thus established Women's desks in the districts and regions to ensure that their activities are not duplicated.

### 9.6 DEPARTMENT OF PARKS AND GARDENS

The Committee noted with worry, the deplorable state of the road leading to the Aburi Botanical Gardens. The repair of the road was awarded on contract in 2002 fiscal year but no release was made to that effect. The nature of the road has stalled the review of fees and other rates at the Botanical Garden.

### 9.7 INSPECTORATE DIVISION

It was again realized that, the Inspectorate Division has not implemented fully, its mandate under Act 462. It has not been able to establish offices in all the District Capitals although it has Regional Local Government Inspectors at the Regional Coordinating Councils. The calibre of audit personnel at the regions also affects performance of the division. The division has however not been able to employ the right calibre of personnel because the Ministry of Finance is yet to give approval to that effect.

### 9.8 DISTRICT CAPITAL PROJECT

The District Capital Project has been expanded to cover many other projects of the Ministry. All the projects have however been lumped together because the Ministry of Local Government and Rural Development has too many cost centres. Budget cuts by the Ministry of Finance thus affect the budgets of these projects because

they do not receive enough financial support to make them viable. The increase in the number of cost centers will however make monitoring difficult.

#### **10.0 RECOMMENDATIONS**

The Committee after careful consideration of the observations recommends as follows:

- i. that personnel transferred from Government Machinery to the Decentralisation Implementation Unit of the Ministry, should within the year of their transfer receive their salaries from the Government Machinery until the Decentralisation Implementation Unit draws up budgets to cover them in subsequent years.
- ii. that the nominal roll for each cost center under the Ministry showing the break down of total emoluments payable to each member of staff be compiled for comparison with the budgeted personnel emoluments with a view to preventing over and/or under provision of personnel emoluments as detected in this year's estimates.
- iii. that the Ministry of Finance should approve of Investment projects/programmes that the national budget could accommodate within the framework of projected revenue for the year, to forestall the annual under payment with regards approved Investment budgets. This, in the opinion of the Committee will make MDAs certain of the programmes they can run within the year.
- iv. that a second look at the allocation for the Social Security Fund for the Ministry to eliminate the discrepancies and ensure that the correct

social security allocations are made towards personnel of the Ministry during the year.

- v. that the Ministry of Local Government and Rural Development draws up policy guidelines to ensure proper monitoring of the siting of markets and lorry parks.
- vi. that the Ministry of Finance should assist the Births and Deaths Registry to raise the necessary finances to support the National Identification Programme.
- vii. that registration of children under one year be free and that of children above 24 months raised, in order to generate more revenue for the nation and also encourage parents to register their children at birth.
- viii. that the Births and Deaths Registry should collaborate with the Area, Town and Unit Councils in the collection of data on births and deaths and personnel of the Registry show interest in the activities of District Assemblies to make them relevant in the District. The Registry should also repackage its programmes to educate District Assemblies on the need to collaborate with the Registry Assistants in the area of publicity and monitoring of births and deaths.
- ix. that the Department of Community Development should liaise with the Ministry of Women and Children's Affairs to ensure that activities are not duplicated. With regards the high turn over of personnel, the Committee urges the department to ensure that staff who sign