

**IN THE THIRD SESSION OF THE SIXTH PARLIAMENT OF
THE FOURTH REPUBLIC OF GHANA**

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

**ON THE 2016 ANNUAL BUDGET ESTIMATES OF THE
LOCAL GOVERNMENT SERVICE**

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RURAL DEVELOPMENT ON THE 2016 ANNUAL BUDGET ESTIMATES
OF THE LOCAL GOVERNMENT SERVICE**

1.0 INTRODUCTION

- 1.1 On Friday, 13th November, 2015 the Hon. Minister for Finance, Mr. Seth Emmanuel Terkper, in accordance with Article 179 of the 1992 Constitution and Order 140 (1) and (2) of the Standing Orders of the House, laid before Parliament the Estimates of Revenue and Expenditure of the Government of Ghana for the 2016 Fiscal Year.
- 1.2 The Rt. Hon. Speaker in accordance with Order 140 (4) of the Standing Orders referred the Draft Annual Estimates of the Local Government Service to the Committee on Local Government and Rural Development for consideration and report.
- 1.3 The Committee met on Monday, 14th December, 2015 and considered the Annual Estimates of the Sector Ministry in accordance with Article 179 of the Constitution and Order 181 of the Standing Orders of the House.

2.0 ACKNOWLEDGEMENTS

- 2.1 During the deliberations on the Estimates, the Committee met with the Deputy Minister for Local Government and Rural Development, Hon. Nii Lantey Vanderpuye, Dr. Callistus Mahama and his Officials and the Acting Chief Director for the Ministry of Local Government and Rural Development, the Head of the Local Government Service,. The Committee is grateful to these persons for their invaluable contributions.

3.0 REFERENCES

- 3.1 In discussing the estimates, the Committee made reference to the following materials:
- a. The 1992 Constitution of the Republic of Ghana
 - b. The Standing Orders of the House
 - c. The Budget Statement and Economic Policy of the Government of Ghana for the 2016 financial year.
 - d. The 2016 Draft Annual Estimates of the Local Government Service, and
 - e. Report of the Committee on the 2015 Annual Estimates of the Ministry of Local Government and Rural Development.

4.0 VISION OF THE SERVICE

- 4.1 To achieve the status of decentralized public administrative system with capacity to support the initiation and implementation of policies and plans for accelerated economic growth, poverty reduction and improved quality of life of the citizenry.

5.0 MISSION OF THE SERVICE

- 5.1 To support Local Government to deliver value for money services through the mobilization, harmonization and utilization of qualified, human capacity and material resources to promote local and national development.

6.0 BROAD POLICY OBJECTIVES

The following are the broad policy objectives of the Local Government Service:

- i. Ensure effective implementation of decentralization policy and programmes,
- ii. Strengthen policy formulation, development planning and Monitoring and Evaluation processes for equitable and balanced spatial and socio-economic development,
- iii. Improve the policy environment and institutional capacity for effective human capacity development and employment policy management,
- iv. Improve availability of quality data for policy formulation, analysis and decision-making, and
- v. Enhance labour productivity across all sectors.

7.0 PERFORMANCE REVIEW OF 2015 BUDGET

- 7.1 In the year under review, Parliament approved an amount of **Nine Million, Four Hundred and Thirty-Eight Thousand, Seven Hundred and Seventy Ghana Cedis (GH¢9,438,770.00)** from a combination of Government of Ghana (GoG) and Donor Sources for the operations of the Local Government Service Secretariat (LGSS).

The 2015 allocation for the Regional Coordinating Councils (RCCs) and Metropolitan, Municipals and District Assemblies (MMDAs) were captured under the budget of Government Machinery and the Ministry of Local Government and Rural Development respectively.

- 7.2 As at September 2015, the LGSS had expended **Two Million, Six Hundred and Twenty-Eight Thousand, Seven Hundred and Sixteen Ghana Cedis and Eighty-Five pesewas (GH¢2,628,716.85) representing 28%** of the total amount approved by Parliament.

7.3 **2015 ALLOCATIONS AS REVIEWED**

The breakdown of the budgetary allocation and expenditure returns of the Local Government Service for the year 2015 as at September were as follows:

TABLE A
2015 BUDGETARY ALLOCATION LGSS

ITEM	GoG (GH¢)	Donor (GH¢)	Total (GH¢)
	CEILING	CEILING	CEILING
Compensation	1,115,856.00	72,000.00	1,187,856.00
Goods & Services	2,000,000.00	5,750,914.00	7,750,914.00
Investment	500,000.00	-	500,000.00
TOTAL	3,615,856.00	5,822,914.00	9,438,770.00

TABLE B**2015 BUDGET ALLOCATION TO COST CENTRES**

COST CENTRE	COMPENSATION	GOODS & SERVICES (GH¢)	ASSET (GH¢)	DONOR (GH¢)	TOTAL (GH¢)
Local Gov't Service Secretariat	1,187,856.00	2,000,000.00	500,000.00	5,750,914.00	9,438,770.00
General Administration	-	-	-	-	-
Budget	-	-	-	-	-
TOTAL	1,187,856.00	2,000,000.00	500,000.00	5,750,914.00	9,438,770.00

7.4 REVIEW OF 2015 EXPENDITURE (JAN.-SEPT.)

The total expenditure for the LGSS as at September 2015 stood at **Two Million, Six Hundred and Twenty-Eight Thousand, Seven Hundred and Sixteen Ghana Cedis and Eighty-Five pesewas (GH¢2,628,716.85)** representing **28%** of the total amount approved by Parliament.

The breakdown of Expenditure as at September 2015 is as follows:

TABLE C

2015 BUDGET EXPENDITURE (JAN - SEPT.)

ITEM	2015 APPROVED BUDGET (GH¢)	RELEASED (GH¢)	EXPENDITURE (GH¢)	EXPENDITURE (%)
Compensation	1,187,856.00	923,709.15	923,709.15	78%
Goods & Services	2,000,000.00	631,216.19	319,107.70	16%
Investment	500,000.00	-	-	0
Donor	5,750,914.00	1,385,900.00	1,385,900.00	25%
TOTAL	9,438,770.00	2,940,825.34	2,628,716.85	28%

TABLE D

2015 EXPENDITURE BY PROGRAMME

PROGRAMME	2015 BUDGET (GH¢)	EXPENDITURE (GH¢)	EXPENDITURE (%)
Management & Administration	9,438,770.00	2,574,716.85	28%
Decentralization	-	-	-
TOTAL	9,438,770.00	2,574,716.85	28%

8.0 PERFORMANCE FOR 2015

8.1 Management and Administration

8.1.1 The target for the Local Government Service under Management and Administration was to develop and implement Performance Management Systems and also develop service delivery standards and operational manuals.

8.1.2 The Service also had an objective to establish District Works Departments in all MMDAs and above all to train and build the Capacity of Local Government Service Staff.

8.1.3 The Committee was informed that a Performance Management System has been developed for RCCs and MMDAs. A total of 226 performance management agreements have thus been signed with 10 RCCs and 216 MMDAs.

8.1.4 The Committee was further informed that Service Delivery Standards have been developed and 6000 copies have so far been printed and distributed to MMDAs, RCCs and other Stakeholders.

8.1.5 Furthermore, three (3) operational manuals for the establishment of Statistics, Transport and Legal Departments have also been developed.

8.1.6 The Committee again noted that the under listed Manuals on Human Resource have been developed and distributed to all MDAs.

- Retirement Planning
- Competency Based Interviewing
- Human Resource Planning
- Jobs Analysis
- Change Management

8.1.7 A total of 106 District Works Departments (DWD) have also been established bringing the total number of DWDs established in the MMDAs to 216.

8.1.8 The Committee was again informed that refresher courses on recent Government programmes and policies on strategic leadership were organized for 216 Coordinating Directors.

8.1.9 Additionally, key staff from 46 MMDAs under the Local Government Capacity Support Project were trained in Public Financial Management whilst 343 Executive Officers of the MMDAs have been trained with skills in performance management.

8.1.10 Furthermore, 83 staff from RCCs and MMDAs were also trained in Local Government Administration whilst 54 selected staffs from 11 MMDAs were trained in Public Private Partnership.

8.2 **Human Resource**

8.2.1 The Service, under Human Resource Management and Development had a target to recruit, upgrade staff and appoint heads of department in addition to the development of a Human Resource Database System.

8.2.2 The Committee noted that 210 officers of the Works Department who have acquired the necessary qualification have been upgraded to Engineer status whilst 133 Environmental health Officers were also upgraded from non-professional to professional class. Also, a total of 213 heads for the Works Department have also been appointed for MMDAs whereas 42 and 6 heads of departments for Urban Roads and Waste Management respectively have been appointed for some selected MMAs.

8.2.3 The Committee was again informed that 52 Coordinating Directors have been appointed for MMDAs. The Committee further noted that 434 out of 740 LGS staffs have been promoted into various grades.

8.2.4 Finally, a Human Resource Database system (HRIMS framework) has been developed for capacity building for the Service.

9.0 OUTLOOK FOR 2016

9.1 Management and Administration

9.1.1. For the 2016 fiscal year, the Local Government Service will continue the inter-sectoral collaborative meetings and public education on the Act 462, L.I. 1961 and Local Government Service Protocols.

9.1.2. The Service will also continue with the setting up of departments, preparation of operational manuals and provision of equipment and logistics for MMDAs.

9.1.3. The Service will also conduct research on decentralization, Local Government Service Systems and service delivery. It will also continue the implementation of LGSS Communication Strategy to sensitise the public on the existence of the Service and its functions.

9.1.4 The Service will in 2016 expand LGS Website-Advanced development to include RCCs and MMDAs and update the website regularly.

9.1.5 The Service will also monitor performance management contracts at all levels on annual basis and again monitor and evaluate LGS activities annually.

9.2 Human Resource

9.2.1. For the 2016 fiscal year, the Service will develop new schemes of Service and review conditions of service for LGS staff.

9.2.2. The Service will again undertake HR planning in the Service to inform recruitment, appointment and promotion. The Service will again continue to assess the capacity needs of staff of LGS (LGSS, RCCs and MMDAs) to develop capacity building plans for short, medium and long terms.

9.2.3 The Local Government Service will above all provide appropriate training as per capacity needs assessment for all staff.

9.3 Decentralization

9.3.1 The Local Government Service under decentralisation will, in 2016, improve upon the Human Resource capacity of the regions for quality service delivery annually.

9.3.2 The Service will also carry out quarterly internal audit of Departments and Projects of the Service and will also organise Conflict Resolution and Disaster Management Workshops annually.

9.3.3 The Service will also undertake and inspect District Assembly Common Fund, GoG/Donor Projects and produce quarterly monitoring Report.

9.3.4 Additionally, the Service will undertake sensitization campaigns on the Youth Employment Agency Programmes in the Regions.

9.4 Budgeting

9.4.1 The Service will train Budget staff on Programme Based Budgeting and organise Budget Hearing on Composite Budget of District Assemblies in the regions as well as continue to monitor and evaluate MMDAs budgeting, revenue mobilization and PFM operations quarterly.

10.0 2016 BUDGETARY ALLOCATION

In order to realise the above programmes and projects under the Local Government Service, a total sum of **GH¢441,835,122.00** have been allocated to the Service for the 2016 fiscal year.

The breakdown of the allocation in terms of programmes and Sources of Funding are as provided below in Table E.

TABLE E
2016 BUDGETARY ALLOCATION TO LGS

ITEM	GoG (GH¢)		TOTAL (GH¢)
	INITIAL	REVISED	
Compensation	425,478,534.00	425,478,534.00	425,478,534.00
Good & Services	15,025,130.00	16,356,588.00	16,356,588.00
Investment	250,000.00	-	-
TOTAL	440,075,664.00	441,835,122.00	441,835,122.00

Allocations to the Service are further provided for in terms of Programmes in **Table F** below:

TABLE F
2016 BUDGET ALLOCATIONS TO PROGRAMMES

PROGRAMME	COMPENSATION OF EMPLOYEES (GH¢)	GOODS & SERVICE (GH¢)	INVESTMENT (GH¢)	TOTAL
Management and Administration (LGSS)	1,813,810.00	1,050,000.00	-	2,863,810.00
Decentralization				
Regional Services (RCCs)	17,382,184.00	6,950,000.00	-	24,332,184.00
MMDAs	406,282,540.00	8,356,588.00	-	414,639,128.00
TOTAL	425,478,534.00	16,356,588.00	-	441,835,122.00

11.0 OBSERVATIONS AND RECOMMENDATIONS

11.1 The Committee observed that the total budgetary allocations to the Local Government Service and the Regional Coordinating Councils were part of the allocations for the Ministry of Local Government and Office of Government Machinery respectively in the 2015 fiscal year.

11.2 The Committee further observed that Local Government Service is now established as a cost centre in the 2016 fiscal year to cater for the resource needs of the Local Government Service Secretariat, the RCCs and MMDAs.

- 11.3 The Local Government Service was allocated at total amount of **GH¢9,433,770.00** for the 2015 fiscal year and this was made up of Donor component of **GH¢5,822,914.00** and GoG of **GH¢3,615,855.00**.
- 11.4 Mr. Speaker, as at September 2015, only about **GH¢2,940,825.00** was released by the Ministry of Finance to the Service and only about **GH¢2,628,716.00** constituting **28%** of the allocations approved by Parliament for 2015 fiscal year.
- 11.5 The Committee considered the situation as not encouraging and for that matter a drawback on the decentralization programme.
- 11.6 Furthermore, an amount of **GH¢500,000.00** was allocated to the LGSS to undertake its investment activities in the year under review. No money was released for investment activities as at September, 2015
- 11.7 The Committee noted that the investment figure of **GH¢500,000.00** (for 2015) which has not been released to the Service has further been reduced by half to **GH¢250,000.00** for the 2016 fiscal year notwithstanding the fact that the Service is young and is faced with office accommodation challenges.
- 11.8 The Committee therefore wishes to urge the Ministry of finance to seriously take a second look at the investment needs of the Local Government Service in the event of a review of the budget in the course of 2016.
- 11.9 Mr. Speaker, the Committee observed that the Regional Coordinating Councils play a vital role in the monitoring and evaluation of activities of MMDAs in the various regions, unfortunately, not much is being given to

the RCC to enable them coordinate and monitor the performance of MMDAs.

11.10 The Committee observed that **GH¢24,332,184.00** was allocated to RCCs for the year 2016. On the average, each RCC is receiving about **GH¢2.4 million** for all its activities covering compensation of employees as well as goods and services. No allocation was made for investment.

11.11 The Committee considered the amount to be inadequate to enable the RCC undertake any effective monitoring and evaluation as well as maintain security, law and order in some districts with protracted conflicts.

11.12 Mr. Speaker, your Committee further noted that an amount of **GH¢414,639,128.00** was allocated to all the 216 MMDAs in the country for the year 2016. This means that on the average, each MMDA is receiving about **GH¢1.9 million** to cater for compensation of employees as well as goods and services.

11.13 The Committee is of the view that the whole concept of decentralization is premised on the understanding that resources are better utilized by the people at the local level.

11.14 The Committee therefore wishes to recommend to the Ministry of Finance to consider increasing allocations to MMDAs in future to enable them serve as true engine of balanced growth and development in the country.

11.15 The Committee undertook a tour of five regions in the Northern half of the country and observed that most of the new Districts visited did not have District development plans due to lack of human and material resources needed to draw the plan.

11.16 The Committee therefore wishes to urge the Local Government Service Secretariat and the RCC to ensure that both new and old MMDAs without District development plans are provided with the requisite human and material support to enable them come out with such plans.

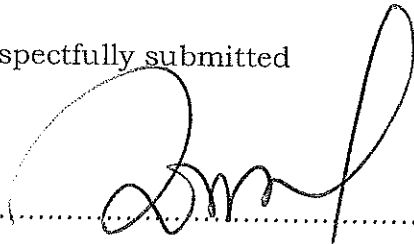
11.17 Mr Speaker, the Committee observed with worry the frequent rate at which personnel of MDAs are transferred. The Committee noted that, this is a major problem affecting the smooth running and the institutional memory of MDAs.

The Committee is therefore urging the LGSS to curtail this phenomenon and insulate administrative officials from political influences especially in the area of transfers.


12.0 CONCLUSION

12.1 In conclusion, the Committee wish to state that decoupling Local Government Service Secretariat, the RCC and MMDAs from the budget of the Ministry of Local Government and Rural Development and Government Machinery is a giant step towards fiscal decentralization and as such, the Committee wishes to recommend to the House to adopt its report and approve the total sum **Four Hundred and Forty-One Million, Eight Hundred and Thirty-Five Thousand, One Hundred and Twenty-Two Ghana Cedis (GH¢441,835,122.00)** for the Local Government Service for the year 2016.

Respectfully submitted



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(HON. DOMINIC AZIMBE AZUMAH)
CHAIRMAN, COMMITTEE ON LOCAL
GOVERNMENT AND RURAL DEVELOPMENT



.....
(INUSAH MOHAMMED)
CLERK TO THE COMMITTEE

DECEMBER, 2015