

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

REPORT OF THE COMMITTEE ON LOCAL
GOVERNMENT AND RURAL DEVELOPMENT

ON THE

**2017 ANNUAL BUDGET ESTIMATES OF
THE MINISTRY OF LOCAL GOVERNMENT
AND RURAL DEVELOPMENT**

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REPORT OF THE COMMITTEE ON LOCAL GOVERNMENT AND RURAL DEVELOPMENT
ON THE ANNUAL BUDGET ESTIMATES OF THE MINISTRY OF LOCAL GOVERNMENT
AND RURAL DEVELOPMENT FOR THE 2017 FINANCIAL YEAR

1.0 INTRODUCTION

The Budget Statement and Economic Policy of the Government of Ghana for the 2017 Financial Year was presented to Parliament Thursday, 2nd March 2017 by the Minister for Finance, Hon. Ken Ofori-Atta, in accordance with Article 179 of the 1992 Constitution.

The Speaker referred the Draft Budget Estimates of the Ministry of Local Government and Rural Development to the Committee on Local Government and Rural Development for consideration and report to the House pursuant to Orders 140(4) and 181 of the Standing Orders of Parliament.

1.1 Deliberations

The Committee met on 15th March 2017 and considered the Draft Estimates of the Ministry. Present at the meeting were the Hon. Minister for Local Government and Rural Development, Hajja Alima Mahama, the Chief Director, Mr. Charles K. Dondieu and other officials of the Ministry. The Committee is grateful to the Hon. Minister and her team for their inputs and clarifications.

1.2 Reference Materials

The Committee was guided by the following documents during its deliberations:

- I. The 1992 Constitution of the Republic of Ghana;
- II. The Standing Orders of Parliament;
- III. The Budget Statement and Economic Policy of the Government of the Republic of Ghana for the 2016 Financial Year;
- IV. The Budget Statement and Economic Policy of the Government of the Republic of Ghana for the 2017 Financial Year;
- V. Local Governance Act, 2016, Act 936

1.3 Mission and Vision of the Ministry

The Vision of the Ministry is to achieve a sustainable, equitable economic growth and poverty reduction through citizen participation and accelerated service delivery at the local level within a decentralised environment.

Flowing from the above Vision is the Mission of the Ministry which is to ensure good governance and equitable development of Metropolitan, Municipal and district Assemblies (MMDAs) through the formulation of policies, programmes and projects and ensuring efficient monitoring and evaluation.

2.0 REVIEW OF PERFORMANCE FOR 2016

2.1 Financial Performance for 2016

A total amount of GH¢228,655,075 was approved for the Ministry for the 2016 Financial Year out of which GH¢200,758,406.72 was expended leaving a balance of GH¢27,896,668.28. The amount released represents about 88% of the approved amount. The breakdown of the expenditure is presented in the table below:

Table 1: Financial Performance by Economic Classification

ITEM	Appropriated amount A GH¢	Expenditure B GH¢	Variance C (A-B) GH¢	% Expenditure D (B/A*100)
Compensation	14,331,681.00	14,408,672.00	(76,991.00)	101
Goods and Services	9,376,194.00	2,255,678.39	7,120,515.61	24
Assets	-	-	-	-
Donor	204,947,200.00	184,094,056.33	20,853,143.67	90
Total	228,655,075.00	200,758,406.72	27,896,668.28	88

2.2 Local Level Development Management

The Ministry has developed a strategy to improve revenue mobilization, utilization and management. Internally Generated Funds (IGF) has been incorporated into

FOAT and is now a performance indicator. Guidelines for assets management have also been developed and are being implemented. The Bus Rapid Transit (BRT) has also been rolled out and are providing quality bus services along the Amasaman-Accra-Tudu corridor whiles the Kotokuraba and Kejetia markets are at various stages of completion. In addition, Street Naming and Property Addressing (SNPA) system is also about 41% complete.

2.3 Environmental Sanitation

The Ministry indicated that Model Bye-Laws on sanitation had been developed for MMDAs with two (2) Special Courts on Sanitation established within AMA and KMA. The Ministry has also prepared a draft Bill for the establishment of Plastic Waste Recycling Fund to help manage the plastic menace in the country. A new faecal waste treatment plant has also been constructed in Accra in collaboration with Sewage Systems Ghana Ltd as part of measures to improve liquid waste management in the country. This has resulted in the decommissioning of the "Lavender Hill". The Mudor waste treatment plant has also been rehabilitated and this has increased the capacity to 18,000m³ per day. Dredging of approximately 10km and the construction of 12 No Emergency Priority Drains within the GAMA in an effort to minimise flooding in the capital is currently ongoing.

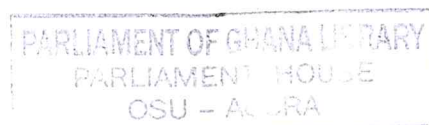
2.4 Births and Deaths Registration

The Ministry informed the Committee that the Births and deaths Registry has completed the computerisation of all its Regional Registries as part of measures to scale up community population registration. Sixteen (16) Registration Centres were also established with coverage of about 30 rural communities in six (6) Regions. This has improved registration of births and deaths from 40% and 10% before 2014 to 69% and 25% in 2016 respectively.

3.0 OUTLOOK FOR 2017

3.1 Decentralization

The Ministry intends to pursue strategies aimed at resolving district boundary disputes in the country to ensure co-existence and improve revenue mobilization



by the affected MMDAs. This includes the Implementation of the Benin Committee's Report on District Boundary Disputes. The Ministry will also seek to review relevant legislations to provide for the election of MMDCEs.

3.2 Local Level Development and Management

The Ministry intends to implement the following activities under the above Programme in 2017:

- ❖ Provide formal training for 1,500 youth in technical and vocational education;
- ❖ Train 450 Technical Instructors on TVET Reforms by August 2017;
- ❖ Complete the construction and rehabilitation of 101 feeder roads and also rehabilitate 67 small Earths Dams in rural communities under the Ghana Social Opportunities Project;
- ❖ Provide inputs (fertilizers, seedlings, etc) to at least 4,000 farmer groups and other actors along the agriculture value chain under the Social Investment Fund (SIF)/Integrated Rural Development Project (IRDP); and
- ❖ Expand the Community Population Registration Programme in 30 communities by establishing Registration Centres in 26 communities.

4.0 BUDGETARY ALLOCATION FOR THE 2017 FISCAL YEAR

Table 2: Breakdown of the 2017 Budgetary Allocation by Expenditure Item

ITEM	GOG (GH¢) A	Donor (GH¢) B	Total (GH¢) C	% Donor D (B/C*100)
Compensation	18,000,000.00	-	18,000,000.00	-
Goods & Services	29,707,865.00	54,504,567.00	84,212,432.00	65
Assets	1,600,000.00	218,018,267.00	219,618,267.00	99
Grand Total	26,537,186.00	272,522,833.00	321,830,698.00	85

Source: *The Budget Statement and Economic Policy of the Government of Ghana for the 2017 Financial Year*

Table 3: Breakdown of Allocation by Programme

PROGRAMME	Compensation	Goods & Services	Assets	Total (GH¢)
Mgt & Admin	2,226,082.00	7,077,865.00	1,100,000.00	10,403,947.00
Decentralisation	-	8,381,703.00	125,056,300.00	133,438,003.00
Local Level Devt & Mgt	11,574,716.00	47,360,604.00	74,508,074.00	133,443,394.00
Environmental Sanitation & Mgt	-	19,392,260.00	18,953,893.00	38,346,153.00
Births and Deaths Registry	4,199,202.00	2,000,000.00	-	6,199,202.00
Total	18,000,000.00	84,212,432.00	219,618,267.00	321,830,698.00

Source: The Budget Statement and Economic Policy of the Government of Ghana for the 2017 Financial Year

5.0 OBSERVATIONS AND RECOMMENDATIONS

5.1 Increased Allocation for Compensation

The Committee observed a significant increase in the allocation for compensation between the 2016 and the 2017 allocations. Whereas the total expenditure for compensation for 2016 was Gh¢14,408,672.00, the allocation for 2017 is Gh¢18,000,000.00, an increase of Gh¢3,591,328 or 25% over the 2016 expenditure. The Committee was informed that the increase was as a result of a realignment which brought the Community Developments Institutes under the budget for Headquarters. The Ministry indicated that the Assemblies and the Regional Coordinating Councils hitherto provided for staff of the Institutes.

5.2 Counterpart Funding for District Development Fund (DDF)

The Committee noted outstanding arrears of US\$40,000,000.00 being counterpart funding for the District Development Fund (DDF). It was further noted that no provision was made in the 2017 Budget Estimates to cater for the arrears. Failure to provide for the counterpart fund implies the Ministry would not be able to draw down on the donor support under the DDF.

The Committee was informed by the Ministry of Finance that the arrears of US\$40,000,000.00 will be provided for under the District Assemblies Common Fund (DACF) in line with the existing practise. The Committee is of the view that this arrangement is not equitable given that Assemblies that fail to meet the performance criteria for the DDF would be denied the benefit of the monies set aside as allocation for counter funding. The Committee therefore recommends that the Ministry and the Ministry of Finance should reconsider the source of financing the Government's obligation towards the DDF.

5.3 Roll-out of Bus Rapid Transit (BRT)

The Committee was informed that the Ministry has allocated Gh¢1,700,000.00 for the roll-out of the BRT along the Adenta-Madina-Accra Corridor. The Ministry indicated that the amount is to be used for the stakeholder engagement before the roll-out and also for signage and other road fittings and fixtures along the corridor. The Committee raised concerns about likely duplication of roles and responsibilities with other sector agencies and therefore called for collaboration with other Ministries such as Roads and Highways and Transport to ensure the efficient implementation of the programme.

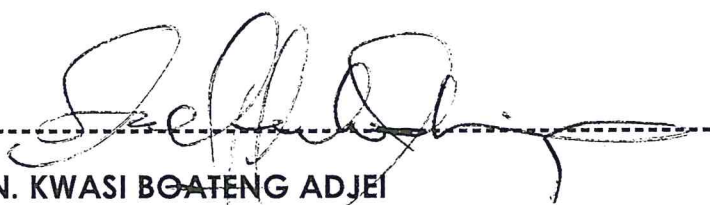
5.4 Donor Support

The Committee noted that the budget for the Ministry is heavily dependent on donor support. Analysis of the estimates shows that the donor component represents 85% of the total budget of the Ministry with 99% of the allocation for Assets is to be funded from donor sources. The Committee was informed that the donor support for the DDF will end in 2017 and this may negatively impact the Ministry's ability to realise its objectives after 2017. The Committee is therefore urging the Ministry to liaise with the Ministry of Finance to explore other sources of funding to support its activities.

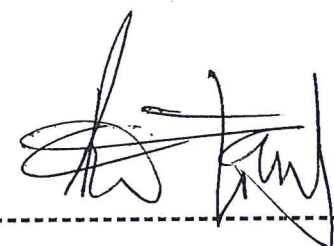
6.0 CONCLUSION

The Committee has thoroughly examined the Draft Budget Estimates of the Ministry of Local Government and Rural Development for the 2017 financial year and accordingly, recommends to the House to adopt its Report and approve the sum of **Three Hundred and Twenty One Million, Eight Hundred and Thirty Thousand, Six Hundred and Ninety Eight Ghana Cedis (GH¢321,830,698.00)** to enable the Ministry implement its planned programmes and projects for the ensuing year, 2017.

Respectfully submitted.



HON. KWASI BOATENG ADJEI
VICE CHAIRMAN OF THE COMMITTEE



CAMILLO PWAMANG (MR)
CLERK TO THE COMMITTEE

16th MARCH, 2017

