

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

ON

THE 2018 BUDGET ESTIMATES

OF

THE LOCAL GOVERNMENT SERVICE

DECEMBER 2017

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REPORT OF THE COMMITTEE ON LOCAL GOVERNMENT AND RURAL DEVELOPMENT ON THE 2018 BUDGET ESTIMATES OF THE LOCAL GOVERNMENT SERVICE

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, 15th November, 2017 presented to Parliament the Budget Statement and Economic Policy of the Government of Ghana for the 2018 fiscal year. In accordance with Order 140(4) of the Standing Orders of the House, the Rt. Hon. Speaker referred the Annual Draft Estimates of the Local Government Service to the Committee on Local Government and Rural Development for consideration and report.

The Committee met on Wednesday 13th December, 2017 and considered the Annual Estimates of the Service. The Committee is grateful to the Hon. Minister for Local Government and Rural Development, Hajia Alima Mahama, her Deputy, Hon. O.B. Amoah, the Head of Local Government Service, Dr. Nana Ato Arthur, Officials from the Service and the Ministry of Finance for their invaluable contributions and inputs during the consideration of the Estimates.

2.0 REFERENCE DOCUMENTS

In considering the Estimates, the Committee referred 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 2018 Fiscal Year;
- iv. The Medium Term Expenditure Framework (MTEF) for 2018-2021-Programme Based Budget Estimate for the Local Government Service for 2018;
- v. The Budget Statement and Economic Policy of the Government of Ghana for the 2017 Fiscal Year;
- vi. The 2017 Annual Estimates of the Local Government Service;
- vii. Report of the Committee on Local Government and Rural Development on the 2017 Annual Estimates of the Local Government Service.

3.0 VISION OF THE SERVICE

The Local Government Service (LGS) is established by Act 656 (2003) and further entrenched in the Local Governance Act 936 (2016) “to secure the effective administration and management of the decentralized local government system in the country”.

The membership of the Local Government Service comprises persons holding non-elective public office in the:

- Offices and Departments of the District Assemblies
- Offices and Departments of the Regional Coordinating Councils (RCCs)
- Offices of the Sub-Metropolitan, District, Urban, Town and Area Councils
- Office of the Head of Local Government Service; and
- Other persons as may be employed for the Service

The vision of the Service is to support Local Governments 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.

4.0 POLICY OBJECTIVES

The policy objectives of the Service are as follows:

- Ensure effective implementation of the decentralization policy and programmes;
- Strengthen policy formulation, development planning and M&E processes for equitable and balanced spatial and socioeconomic development;
- Improve the policy environment and institutional capacity for effective human capital development, and employment policy management;
- Improve availability of quality data for policy formulation, analysis and decision-making; and
- Enhance labour productivity across all sectors.

5.0 CORE FUNCTIONS

The core functions of the Office of the Head of the Local Government Service are to:

- Provide technical assistance to RCCs and MMDAs to enable them to effectively perform their functions;
- Conduct organizational and job analysis for RCCs and MMDAs;
- Conduct management and job analysis for RCCs and MMDAs;
- Conduct management audits for RCCs and MMDAs in order to improve the overall management of the Service;
- Design and co-ordinate management systems and processes for RCCs and MMDAs;
- Assist the RCCs and MMDAs in the performance of their functions under Act 462, Act 480, and any other enactment, etc.

6.0 2017 PERFORMANCE

6.1 Financial Performance

6.1.1 Total Allocation to the Ministry

In the year under review, an amount of Five Hundred and Six Million, Six Hundred and Eleven Thousand, Two Hundred and Fifty-Two Ghana Cedis (GH¢506,611,252) was approved from a combination of Government of Ghana (GoG) and Donor sources for the operations of the Local Government Service. The breakdown of the allocation in terms of programmes and sources of funding are provided in Table 1.

Table 1: 2017 Approved Budgetary Allocation

ITEM	GOG (GH¢)	DONOR (GH¢)	TOTAL (GH¢)
COMPENSATION OF EMPLOYEES	461,659,640.00	-	461,659,640.00
GOODS AND SERVICES	23,728,255.00	19,223,358.00	42,951,613.00
ASSETS	2,000,000.00	-	2,000,000.00
TOTAL	487,387,895.00	19,223,358.00	506,611,252.00

Source: Budget Statement and PBB of MLGRD, 2017

6.1.2 Expenditure

The breakdown of the expenditure returns of the Local Government Service for the year 2017 (as at September 2017) is provided in Table 2.

Table 2: Expenditure and Releases as at September 2017

ITEM	GoG		DEVELOPMENT PARTNERS	
	BUDGET (GH¢)	ACTUAL (GH¢)	BUDGET (GH¢)	ACTUAL (GH¢)
Compensation of Employees	461,659,640.00	333,995,194.54 (72.34%)	-	-
Goods and Services	23,728,253.00	14,888,736.00 (62.74%)	25,815,000.00	20,593,358.00 (79.77%)
CAPEX	2,000,000.00	-	-	-
Total	487,387,895.00	338,740,729.96	25,815,000.00	20,593,358.00

6.2 Programme Performance

Some of the achievements of the Service during the period under review were as follows:

- A management retreat was organized to enable the new Head of Service meet Regional Coordinating Directors and Senior Management of the OHLGS to review the implementation of 2016 activities at all levels of the Service. This was followed by familiarization tours to all the 10 Regions where meetings were organised and discussions held with heads of departments and units of RCCs and MMDAs. It also offered the new head the opportunity to appreciate the challenges of administrative decentralization.
- The OHLGS reviewed the key areas and indicators of the Performance Management Contracts (PMC) for OHLGS, RCCs and MMDAs to inform the implementation of the 2018 contracts. Meanwhile, monitoring and verification of the implementation of the 2016 PMC for the 10 RCCs and 216 MMDAs have been undertaken and reports submitted. The 2016 Annual Evaluation reports on the Performance Management Contracts are in the process of being published.
- LGS-HRMIS data from the three levels was consolidated and refresher training was organized for IT staff in all the 10 RCCs and 216 MMDAs. Current staffing list for the Local Government Service was updated with data from MMDAs and RCCs.
- The Service continued the setting up of departments and the development of operational manual completed for the Waste Management Department while those of Environmental

Health Sanitation Unit (EHSU) and the Urban Roads Department (URD) are in draft. Regional interviews for the selection of heads of four Departments (DWD, URD, TD, SW&CD) have been conducted awaiting final selection by the end of 3rd quarter, 2017

- The Service compiled staff rationalization inventory (data) in selected MMDAs (targeted at Transport Department, Central Administration Department, Legal Department, Trade & Industry Department, Physical Planning Department and Budget & Rating Department).
- The Service procured two Toyota Land Cruiser vehicles to support the implementation, monitoring and evaluation of activities and programmes of the Service for improved service delivery and human resource management at all levels.
- The Service developed and validated an Information Technology (IT) Policy to be disseminated and implemented in 2018
- A virtual private network (VPN) has been set up as an alternative to NITA Network to enhance the use of the GIFMIS application.
- A total of 13 staff (10 females and 3 males) was sponsored in Human Right Based Approach (HRBA) Development Planning, Results Based Management and Women in Management courses under the DANIDA Fellowship Course (DFC)
- The Service trained 107 MIS officers and officers performing IT functions (males 95 & Females 12)
- The Service trained 183 newly recruited Environmental Health Officers (males 76 & Females 107)
- The Service promoted 106 Assistant Directors of Agriculture to Deputy Directors (males 96 & Females 10)
- The Service promoted a total of 27 staff to head various Regional departments of the Service as Regional Head of Budget and Regional Head of Planning.

7.0 OUTLOOK FOR 2018

In 2018, the Service intends to undertake the following activities:

- Continue the inter Service and sectoral collaboration and cooperation system, meetings and public education on Act 936, L.I. 1961, LGS Protocols;
- Continue the implementation of performance management system at all levels;
- Continue the implementation of OHLGS communication strategy;
- Procure eleven (11) Pick-Ups for the RCC budget divisions;
- Monitor & evaluate LGS activities annually;
- Continue with the setting up of departments (preparation of operational manuals, equipment and logistics) for the MMDAs;
- Promote and maintain peace, law & order throughout the Regions and MMDAs;
- Organise national commemorative events in the Regions and MMDAs;
- Sign 2018 performance contract agreements (RMs with RCDs);
- Undertake inspection of DACF, GoG/Development Partner Projects and produce quarterly monitoring Reports;
- Review 2018 Annual Action Plan and Composite Budget quarterly and prepare 2019 Annual Action Plan and Composite Budget.

8.0 2018 BUDGETARY ALLOCATION

For the implementation of the above programmes and activities, a total sum of **Six Hundred and Thirty-One Million, Sixty-Eight Thousand, Six Hundred and Forty-Two Ghana Cedis (631,068,642.00)** was allocated to the Service for the 2018 fiscal year. The breakdown

of the allocation in terms of cost centres, programmes and sources of funding are provided in Tables 3 and 4.

Table 3: 2018 Budgetary Allocations

ITEM	GOG (GHC)	DP (GHC)	TOTAL
Compensation of Employees	558,434,698.00	0.00	558,434,698.00
Goods and Services	29,395,430.00	41,238,514.00	70,633,944.00
CAPEX	2,000,000.00	0.00	2,000,000.00
Total	589,830,128.00	41,238,514.00	631,068,641.00

Source: 2018 Budget and Economic Policy of the Government of Ghana

Table 4: Allocations to the Service by Programmes

Programme	Compensation (GHC)	Goods & Services (GHC)	CAPEX (GHC)	TOTAL
Management & Administration (OHLGS)	23,556,873.00	1,800,000.00	2,000,000.00	27,356,873.00
Decentralization	52,522,043.00	22,823,672.00	-	75,345,715.00
Regional Services (RCCs)	-	1,516,475.00	-	1,516,475.00
MMDAs Transfer	482,355,782.00	44,493,796.00	-	526,849,578.00
Totals	558,434,698.00	70,633,891.00	2,000,000.00	631,068,641.00

Source: MTEF 2018-2021, p.3

Table 5: Budget Analysis

Classification	2017 Allocation	2018 Allocation	Difference in Allocation	% Change
Compensation of Employees	461,659,640.00	558,434,698.00	96,775,058.00	21
Goods and Services	49,543,253.00	70,633,944.00	21,090,691.00	43
CAPEX	2,000,000.00	2,000,000.00	0.00	No change
Total	506,611,251.00	631,068,641.00	124,457,391.00	24.5

Source: 2017 & 2018 Budget and Economic Policy of the Government of Ghana

9.0 OBSERVATIONS AND RECOMMENDATIONS

9.1 Non-Release of Funds

The Committee noted that non-release of funds particularly GoG portion for Goods and Services and Capex affected the implementation of planned programmes of the Service, particularly the Regional Coordinating Councils (RCCs). The Committee noted that only 62.7% of GoG's component of the Goods and Services budget was released with 37.3% yet to be released as at September 2017. The Committee further observed that in 2017, although an amount of GH¢2,000,000.0 was allocated to the Service for Capex under GoG to enable the Service procure vehicles for the RCCs to monitor projects and programmes in the MMDAs, nothing was released. The Service has accordingly compelled to roll-over the activity to 2018.

It was explained that the amount allocated for Capex could not be released because of the Government's policy that placed a temporary embargo on the purchase of new vehicles by MDAs. In the view of the Committee, the RCCs as coordinating entities really required vehicles to enable them become functional and effective in the monitoring of Government projects and programmes at the local level. The Committee therefore urges Government and the Ministry of Finance as a matter of urgency to give a special dispensation to enable the Service procure the vehicles for the RCCs in 2018.

9.2 Staffing Requirement for the Creation of 39 Additional MMDAs

The Committee was informed that 28 existing Districts have been elevated to Municipal status, while 39 new MMDAs are being created. The Legislative Instruments for the new Assemblies, the Committee was informed, are currently before Parliament. The Service indicated that a provision has been made for the recruitment of about 1,029 staff in the 2018 budget for the new MMDAs. As a result, the Compensation budget of the Service for 2018 has increased by 21% from the 2017 level as shown in Table 5.

The Service further stated that it had signed a Memorandum of Understanding (MOU) with the Youth Employment Agency (YEA) for the recruitment of about 5,000 personnel on temporary basis to augment the staff strength of the MMDAs. The Committee was assured that in the implementation of the MOU, the newly created Assemblies will be given the first priority to ensure their smooth take off.

9.3 Revenue Mobilisation

The Committee observed that the Service intends to deploy technology as well as develop innovative strategies to support the Assemblies in revenue generation. This, the Committee believes, will go a long way to make some of the Assemblies self-sufficient and as a result be weaned off Government subvention. Although the Assemblies have various forms of rates, penalties, fees and charges, it is difficult to collect these revenues to augment what Central Government provides. As a result, the Assemblies have not been able to carry out development projects because of inadequate financing.

The Committee was informed that the high cost of undertaking valuation of properties by the Land Valuation Division has prevented the MMDAs from charging the required property rates which constitute a significant proportion of the revenue generated by the Assemblies. The Committee therefore requested the Ministry of Local Government and Rural Development to take the matter up with the Ministry of Lands and Forestry and develop modalities for undertaking the valuation of properties in the MMDAs.

The Committee was also informed, that the Service intends to establish a Revenue Mobilisation Units as well as Internally Revenue Review Committees in all MMDAs to spearhead the mobilising of revenue by the Assemblies.

The Committee encourages the Service to provide training in revenue mobilisation for their revenue staff, establish database on revenue sources and enforce the bye-laws and prosecute of defaulters.

9.4 Street Naming and Property Address System

The Committee was worried about the seemingly lack of coordinating in the street naming exercise by MMDAs, the digital addressing system under the Ghana Post GPS and the property Address system currently on going. The Service informed the Committee that the street naming exercise by the MMDAs is still on going and at various stages of completion. It was further indicated that a national committee has been established to coordinate the street naming exercise and incorporate it in the digital and property addressing system being undertaken.

9.5 Devolved Services – Education and Health

When the Service was asked when education and health services would be devolved as part of the decentralisation process, the Committee was informed the processes towards complete devolution of education and health services is currently on going. With respect to education, the Service indicated that a policy document has been drafted that sought to devolve education provision and management at the lower level (i.e. nursery, primary and JHS) to the MMDAs. The Service was awaiting Cabinet approval to begin the implementation of the policy. On health, the Service was still negotiating with the Ministry of Health and the Ghana Health Service on the modalities.

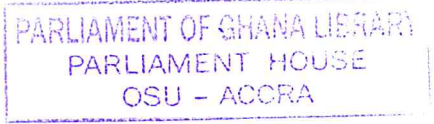
9.6 Performance Contracts for Regional and District Coordinating Directors (RCDs and DCDs)

The Committee was informed that in 2017, the Service could not sign the performance contracts with respective RCDs and DCDs. The performance contracts were instituted by the Service based on an agreed Key Performance Indicators (KPIs) by which the Service would hold the directors to in the performance of their functions. The Service explained that the contracts could not be sign in 2017 due to the transition process that occurred.

The Committee urged the Service to complete all the processes in order to sign the contracts in 2018. The Committee believes that signing of performance contracts with the agreed KPIs will go a long way to increase efficiency and improve service delivery at the local level.

10.0 CONCLUSION

The Committee, having thoroughly considered the estimates recommends to the House to adopt its report and approve the total sum of **Six Hundred and Thirty-One Million, Sixty-Eight Thousand, Six Hundred and Forty-Two Ghana Cedis (Gh¢631,068,642.00)** for the Local Government Service for the implementation of their planned activities for the 2018 fiscal year.



Respectfully submitted

A handwritten signature in black ink, appearing to read "Benjamin Sekyere Yeboah", written over a horizontal dotted line.

HON. BENJAMIN SEKYERE YEBOAH

Vice Chairman to the Committee

A handwritten signature in black ink, appearing to read "Camillo Pwamang", written over a horizontal dotted line.

CAMILLO PWAMANG

Clerk to the Committee

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