

A REPORT ON

TRACKING OF THE DISTRICT ASSEMBLIES COMMON FUND

A PILOT STUDY OF FOUR DISTRICT ASSEMBLIES

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ACCRA
AUGUST 2003

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ACRONYMS

ADP	-	African Development Programme
CBA	-	Centre for Budget Advocacy of ISODEC
CEDEP	-	Centre for the Development of People
CSO	-	Civil Society Organization
CAGD	-	Controller and Accountant General's Department
DA(s)	-	District Assembly (ies)
DBO	-	District Budget Officer
DACF	-	District Assemblies Common Fund
DC	-	District Council
DCD	-	District Coordinating Director
DCE(s)	-	District Chief Executive (s)
DFID	-	Department for International Development
DFO	-	District Finance Officer
DPO	-	District Planning Officer
EU	-	European Union
FoN		Friends of the Nation
GAPVOD	Ghana Association of Private Voluntary Organizations in Development	
GDP	-	Gross Domestic Product
GETFund	-	Ghana Education Trust Fund
GPRS	-	Ghana Poverty Reduction Strategy
HIV/AIDS	-	Human Immune Virus/Acquired Immune Deficiency Syndrome
IGFs	-	Internally Generated Funds
ILGS	-	Institute of Local Government Studies
ISODEC	-	Integrated Social Development Centre
ICT	-	Information Communications Technology
JSS	-	Junior Secondary School
KVIP	-	Kumasi Ventilation Improved Project
MFEP	-	Ministry of Finance and Economic Planning
MLGRD	-	Ministry of Local Government and Rural Development
MMDAs	-	Metropolitan, Municipal and District Assemblies.
MP(s)	-	Member of Parliament(s)
MURAG	-	Muslim Relief Association of Ghana
NALAG	-	National Association of Local Authorities of Ghana
NDC	-	national Democratic Congress
NGO(s)	-	Non-governmental Organization(s)
NPP	-	New Patriotic Party
NRCD	-	National Redemption Council Decree
PNDC	-	Provisional National Defence Council
PNDCL	-	Provisional National Defence Council Law
PWD	-	Public Works Department
QUIPPS	-	Quality Improvement Programme for Primary Schools
RCC(s)	-	Regional Coordinating Council(s)
SMEs	-	Small and Medium Scale Enterprises

EXECUTIVE SUMMARY

(i). Introduction

A number of Civil Society Organizations led by the Integrated Social Development Centre (ISODEC), decided to conduct a study entitled “Tracking the Disbursement of the District Assemblies Common Fund” on a pilot basis to further participation in the management of public resources and monitoring and evaluation of public expenditure. This is one of civil society’s efforts at public expenditure monitoring and participatory mechanisms for social and public accountability in Ghana. The study is carried out in collaboration with the British Department for International Development and the World Bank offices in Ghana.

(ii). Background of Study

The Ministries of Finance and Economic Planning and Regional Integration in collaboration with DFID and the World Bank convened a three-day workshop in May 2002 in Swedru, Central Region, to:

- a) Share global and Ghanaian experiences related to participatory mechanisms for social and public accountability;
- b) Identify critical issues and approaches for strengthening social and public accountability;
- c) Identify concrete actions and initiatives to be elaborated and undertaken in the next 12 months by civil society organizations.

At the end of the workshop, and in conformity with the aims and objectives of the workshop and to show their commitment, various groups undertook to carry out some action in the next twelve months to further participation in the management of public resources and monitoring and evaluation of public expenditure. The Decentralization Group that was formed at the workshop offered to undertake the tracking of the disbursement of the District Assemblies Common Fund (DACF) to selected District Assemblies. These District Assemblies are:

- a) Savelugu Nanton District Assembly,
- b) Suhum/Krabo/Coaltar District Assembly,
- c) Mphor Wasa East District Assembly, and
- d) Ejisu/Juaben District Assembly

(iii). Objectives of Study

The specific objectives of this study are, therefore, the following:

- To find out the factors used in arriving at the formula for the Common Fund and whether it is fair and equitable.
- To find out if resources allocated by the Administrator of the DACF actually get released in full to the Metropolitan, Municipal and District Assemblies (MMDAs).
- To find out if monies received by the MMDAs are used for the purposes for which they are meant, that is, whether District Assemblies follow guidelines in the utilization of the DACF
- To find out if processes for the disbursements of the monies are transparent and follow laid down procedures.
- To examine the extent to which community members understand issues bordering on the DACF;
- To establish the degree to which community members are involved in the implementation of DACF projects;
- To make recommendations to the appropriate authorities for the improvement in the administration and the efficient use of the DACF.

(iv). Problem Statement

Although the creation of the DACF and the payment of funds into the Fund is a constitutional requirement there have been instances where payments into the Fund have delayed for more than one year, resulting in the failure to disburse monies to the Metropolitan, Municipal and District Assemblies (MMDAs). Also, there have been complaints from the general public and reports of alleged misapplication and financial malpractices in connection with the disbursement and use of the proceeds of the District Assemblies Common Fund by the MMDAs. This has made it imperative for the Fund to be monitored. Moreover, the allocations in the budget to poverty related expenditure priority areas takes into account allocations from the DACF, which makes the need for monitoring allocation and use of the Fund even more relevant and important.

It is in the light of this and the role of the District Assemblies in product and service delivery at the grass-root level that the group decided to track the flow of resources from the central government (the DACF) to the District Assemblies and how these resources are utilised by the assemblies. This would start the monitoring and evaluation process that is vital to the implementation of the GPRS and hopefully bring about more efficient use of public resources at the district level.

(v). Methodology of Study

The methodology of the study comprises the following:

- Data Collection
 - Collection of information on allocations and disbursements of the DACF at central, regional and district level/offices.
 - Key informant interviews at central, regional and district level/offices to gather primary information and verify information provided by various agencies and documents.
 - Observation of physical evidence, including structures.
 - Focus group discussions at community levels.
- Analysis of Data Collected
- Report Writing.
- Roundtable Discussions with various Stakeholders.

Descriptive and exploratory approaches were used in the study. With these approaches, various issues bordering on the disbursement and utilization of the DACF in the chosen districts were easily appraised and documented. The study dwelt very much on primary data, which were collected to substantiate secondary information and also to add fresh/current information. To attain this, intensive investigative discussions were held at the district and community levels. At the district level, discussions were held with the District Chief Executive (DCE), District Coordinating Director (DCD), District Budget Officer (DBO), District Planning Officer (DPO) and District Finance Officer (DFO). Key informant and focus group discussions were also held in some selected communities and with selected focal persons (apart from the core District Assembly staff) in the district capitals. In addition, two roundtable discussions were held with various stakeholders to discuss the draft report of the study.

(vi). Findings of the Study

The findings showed that laid down procedures for the use of the proceeds were largely followed although there are several problems with the administration of the Fund. The study found that there has been a backlog of allocations that have not yet been disbursed. In fact, delays in the disbursements have become a regular feature in the administration of the DACF. Added to this problem is the fact that there are variances in the amounts allocated, disbursed and actually received by the Metropolitan, Municipal and District Assemblies (MMDAs). These differences show in the various sources of data collected and need further

investigations. Some of the shortages are partly attributed to the fact that certain expenditures are incurred on their behalf and the costs deducted at source. There are also concerns about projects with regards to selection, award of contracts, costs and quality of projects. There were also several concerns about the allocation of the DACF to Members of Parliament for project execution in their constituencies.

(vii). Recommendations and Conclusion

The Research Team has made a number of concrete recommendations to the government and other stakeholders to strengthen the financial management and use of the DACF and other public resources by the MMDAs.

The study concludes that the DACF constitutes a significant amount of public resources and is an effective mechanism of bringing infrastructural development to the rural people, particularly the provision of schools and clinics. However, there are problems with the administration and utilization of the Fund, which need to be addressed.

The research team has, therefore, recommended, among others, the following actions:

- Public education on the DACF and its uses;
- Transparency in the disbursements and utilization of the Fund;
- Reconsideration of the allocation of the Fund to Members of Parliament (MPs) and/or steps to improve its usage, particularly transparency and involvement of Assemblies in the selection of projects;
- Flexibility in the guidelines to the allocation, disbursements and utilization of the Fund to cater for peculiarities in the various districts;
- Strengthening of mechanisms for mobilization of internally generated funds (IGF);
- Minimization of political interference in the administration of the DACF;
- Disbursement of an amount on account of the DACF pending the approval and allocation of the Fund to the various districts; and
- Institutionalisation of the tracking of the DACF, using participatory methods.

CHAPTER ONE **INTRODUCTION TO THE STUDY**

1.0 Introduction

The Integrated Social Development Centre (ISODEC), Friends of the Nation (FoN), Muslim Relief Association of Ghana (MURAG), Centre for the Development of the People (CEDEP) and African Development Programme (AFP), in collaboration with the British Department for International Development (DFID) and the World Bank, decided to conduct a study entitled "Tracking the Disbursement of the District Assemblies Common Fund" on a pilot basis to further participation in the management of public resources and monitoring and evaluation of public expenditure. The study forms part of civil society involvement in public expenditure monitoring and participatory mechanisms for social and public accountability in Ghana. The study took place between April and July 2003 but covers the period from January 1999 to December 2002.

1.1 Background to Study

The Ministries of Finance and Economic Planning and Regional Integration, in collaboration with DFID and the World Bank convened a three-day workshop to:

- Share global and Ghanaian experiences related to participatory mechanisms for social and public accountability and to learn emerging concepts in the area of participatory monitoring and evaluation;
- Identify critical issues and approaches for strengthening social and public accountability;
- Identify concrete actions and initiatives to be elaborated and undertaken in the next 12 months by participants in terms of social and public accountability.

The workshop, which was attended by over fifty participants from government agencies, CSOs and donors, deliberated on concepts and practices in social and public accountability, current practices of public expenditure management, and the GPRS and plans towards a National Monitoring and Evaluation System for the GPRS. Resource persons, including donor representatives, emphasized that the effective progress of the GPRS depended on civil society, as the Government was accountable to the people of Ghana and only secondarily to donors. To them, civil society was the beneficiaries of the programmes and projects of the GPRS and was in a privileged position to monitor and evaluate the implementation of the GPRS. They, therefore, called for a unified approach to accounting and reporting to avoid overburdening the system and making it easy for civil society to undertake their monitoring and evaluation role. They spoke on the recent areas of analysis of the management of public resources, listing them as participatory budgeting, demystifying the budget process, expenditure allocations, tracking of expenditure, surveys on quality and delivery of public services and the key outcomes of public expenditures.

At the end of the workshop, and in conformity with the aims and objectives of the workshop and to show their commitment, various civil society groups and individuals undertook to carry out some action in the next twelve months to further participation in the management of public resources and monitoring and evaluation of public expenditure. A group calling itself "the Decentralization Group" that was formed at the end of the workshop, offered to undertake the tracking of the disbursement of the District Assemblies Common Fund in some selected District Assemblies (DACP), and hence, this study. The selected districts are Savelugu/Nanton, Suhum/Kraboa/Coaltar, Mphohor Wasa East and Ejisu/Juaben District Assemblies.

1.2 Objectives of Study

The specific objectives of this study are as follows:

- To find out if the guidelines of the DACF are followed in the allocation and use of the Fund.
- To find out if resources allocated by the Administrator of the DACF actually get released in full to the MMDAs.
- To find out if monies received by the MMDAs are used for the purposes for which they are meant.
- To find out if processes for the disbursements of the monies are transparent and follow laid down procedures.
- To make recommendations to the appropriate authorities for the improvement in the administration and the efficient use of the DACF.
- Any other matters that might be of relevance in the administration and use of the Common Fund.

1.3 Organization of Report

The report is organized in five chapters. The first chapter presents the background to the study, its objectives and scope. This chapter also covers briefly the literature review as well as the problem statement. Chapter 2 covers the methodological process of data collection from the national level to the community level and the tools and methods used at each level. The third chapter deals with the findings and results of the study. Chapter Four discusses the findings of the study, including the recommendations from the focus group discussions and some challenges of the DACF. Chapter Five makes some recommendations for an improvement in the administration and utilization of the DACF, ending with a conclusion.

1.4. Brief History of Local Governance in Ghana

Decentralization refers to the transfer of authority on a geographic basis to local government units or special statutory bodies. This could either be by **de-concentration (delegation)** of authority to field units of the same department, or level of government, or by devolution of authority to local government units or special statutory bodies. Decentralization is a mechanism for bringing government closer to the governed and helps to improve public administration by empowering local authorities to be the planning and decision-making bodies and thereby enhancing the capacity of government to achieve local participation.

The use of local authorities to help govern this country started with the colonial authorities that used the traditional rulers (known as chiefs) to help rule the Gold Coast, Ghana's name under the colonial rule. The pre-independence period, therefore, saw the so-called native authorities, in a system referred to as the indirect rule, as the hub of local government. Various legislations setting up local authorities were enacted. In 1859, municipalities were set up in the coastal towns under the Municipal Ordinance but a Municipal Councils Ordinance was passed in 1953. This was followed by the enactment of the Local Government Act, 1961 (Act 54). Under all these legislations, the local bodies were set up and vested with authority specifically for local matters but operated alongside central government agencies that also existed at the local level. Their main responsibility was to provide municipal services and amenities in their localities. However, to address the weaknesses in the local administrative system and its ineffectiveness, the Local Administration Act, 1971 (Act 359) was passed. This could not be implemented until 1974 after an amendment, the Local Administration (Amendment) Decree 1974, NRCD 258, was made to it. Sixty-five District Councils were set up under this Decree with appointed Councilors. However, this new system was also beset with numerous problems and it never worked well.

The present decentralization system is the most serious attempt so far in Ghana's history. It was introduced in 1988, when the Provisional National Defence Council (PNDC) initiated some reforms in local government. The Local Government Law, 1988 (PNDCL 207) was enacted to give legal backing to the new local government system. The 1992 Constitution of Ghana made decentralization mandatory and provided that Ghana put in place "...a system of local government and administration which shall, as far as practicable, be decentralized" (Section 240 (1) of the 1992 Constitution). The Constitution tasked Parliament with enacting appropriate laws to ensure that functions, powers, responsibilities and resources are at all times transferred from central to local government authorities in a coordinated manner. Thus, in 1993, Parliament enacted a new law, the Local Government Act, 1993 (Act 462) to replace PNDCL 207, though basically the same in character.

The Local Government Act, 1993 (Act 462) retained the 110 Metropolitan (3), Municipal (4) and District (103) Assemblies that had been set up by PNDCL 207. A Metropolitan, Municipal or District Assembly is the pivot of administrative and developmental decision-making at the local level that is assigned with deliberative, legislative and executive functions. The Assembly is responsible for bringing about integration of political, administrative and development support to achieve a more equitable allocation of power, wealth and geographically dispersed development in the country. The Assembly is also the planning authority in the district. The Assembly is given the authority to prepare and implement development plans and to draw up budgets for implementing the development plans. They are expected to mobilize resources, develop local infrastructure and to promote the development of local productive activities with the help of some central government institutions, also decentralized, to operate as part of the District Assemblies. In sum, it is the responsibility of these local authorities to ensure development, peace and security in their various jurisdictions in a participatory manner at every level of governance.

The Local Government Act, 1993 (Act 462) provides for the transfer of 86 statutory functions of state to local government bodies with jurisdiction over geographical areas. This Act also provides for the establishment of sub-district and unit committees and the resources to create access to political authority for the majority of Ghanaians. The District Assembly's substructures include the Sub-metropolitan, urban/town/zonal/area councils and unit committees. The 1992 Constitution also provides for the establishment of Regional Coordinating Councils (RCC) in the ten administrative regions as part of the arrangements for the decentralized system in Ghana. In principle, the RCC is a purely administrative and coordinating body rather than a political or policy-making body but the Regional Minister obviously wields a lot of power in the region.

The Government of Ghana has emphasized its commitment to pursue a vigorous and progressive deepening of decentralisation and devolution of power. The decentralisation policy provides an opportunity to involve more people and more institutions in the formulation and delivery of development policy for poverty reduction and growth. It is expected to maximise the use of human resources, optimise equity and provide a basis for accountability and transparency. It is worth noting that a Presidential Oversight Committee on Decentralization was to be set up in 2002 to ensure that functions, powers, responsibilities and resources are at all times transferred from Central Government to local government units in a coordinated manner. Due to the prominent role of the DAs in bringing about development to the rural folks several communities are clamouring for new districts, a situation that could be exploited for political gains.

However, the District Assemblies face considerable problems including limited capacity and lack of appropriate skills on financial management and budgeting as well as the implementation of programmes and projects in their jurisdictions. This situation is exacerbated by inadequate supervision and weak oversight functions. Furthermore, the local

revenue base of most district assemblies is very weak and most of them look up to the Central Government for funding for both service delivery and the provision of infrastructure.

1.4.1 Fiscal Decentralization

Section 240 (2, c) of the Local Government Act, 1993 (Act 462) provides that each local government unit shall have a sound financial base with adequate and reliable sources of revenue. Despite this requirement, the MMDAs have a limited number of sources of revenues for carrying out their activities, which include the DACF, grants, transfers, ceded revenues and external credits, land rates and minerals royalties, and other internally generated funds (IGFs). The Sixth Schedule of Act 462 lists the revenue sources of local government bodies to include entertainment duty, casino revenue, betting tax, business registration charges, gambling tax, rates and levies, fees, licenses, as well as taxes chargeable on the income of certain categories of self-employed persons. There are also miscellaneous receipts such as stool land revenue, fees for dislodging of latrines, collection of sand and stone, and others. However, the IGFs do not yield much revenue, not even for the recurrent expenditure and so most districts depend almost entirely on the DACF and other grants from the central government.

1.4.2 The District Assemblies Common Fund

Decentralization can lead to severe imbalances in the regional distribution of wealth and development, as the resources of local authorities are often unequal. This explains why, and in view of the problems most of the District Assemblies face in generating their own revenues to meet their financial commitments and to give effect to the Decentralisation programme, there was the need for the setting up of the DACF. Article 252 of Ghana's 1992 Constitution provided for the setting up of a DACF to serve as a mechanism for the transfers of resources from the central government to the local authorities (the MMDAs). The Article provides that 5% of Ghana's total revenue should be paid into the Fund for distribution to these local level authorities, mainly to undertake development projects and some specific programmes. To operationalize this constitutional provision Parliament enacted the District Assemblies Common Fund Act (Act 455) in July 1993 to provide further legislation and detail on the administration of the Fund. This Act defines total revenue as "*all revenue collected by or accruing to the Central Government other than foreign loans, grants, non-tax revenue and revenues already collected by or for District Assemblies under any enactment in force*". In effect, it is only tax revenue collected by, for or on behalf of central government that is covered by this definition. The distribution of the Fund is based on a formula by the Administrator and approved by Parliament and used by the Administrator of the Fund for such allocation. In 2001, the New Patriotic Party (NPP) administration promised to increase the allocation to 7.5% of total tax revenue but this has since not been implemented.

Article 252 of the Constitution provides for the appointment of the Administrator of the Common Fund by the President but with Parliamentary approval. The Administrator has a 4-year term of office but is eligible for re-appointment. A number of other government agencies are also involved in the administration and supervision of the use of the Fund. It is the MMDAs that actually utilise the funds. The President also has the responsibility of appointing the staff of the Common Fund although he/she can delegate this power to the Minister of Local Government and Rural Development or the Administrator. The Ministry of Finance and Economic Planning (MFEP) and Local Government and Rural Development (MLGRD), and the Controller and Accountant General's Department (CAGD) are involved in the disbursement and supervision of the Fund.

Section 7 of the District Assemblies Common Fund Act, 1993 (Act 455) stipulates the following functions for the Administrator:

- Propose a formula for allocation of the Fund to the MMDAs to be approved by Parliament;

- Administer and distribute the Fund based on the approved formula;
- Report on utilization of funds to the MLGRD.

The Administrator must propose the sharing formula within six months of his/her appointment and within 3 months after the end of each financial year. However, the Ministers of both the MoFEP and MLGRD, in consultation with the Administrator, shall determine aspects of approved budgets of districts that can be financed from the Fund.

1.4.2.1 Guidelines for the use of the funds

In deciding the basis for the distribution of the DACF to the MMDAs Parliament identified four basic factors as criteria. These are:

- The Need factor: This is to address the imbalance in development and infrastructure among the districts. The level of need is determined from the GDP per capita.
- The Equalizing Factor: This factor is aimed at ensuring that districts have a minimum allocation from the Fund.
- The Responsiveness Factor: This is a rewarding factor for assemblies that have done well in revenue collection in terms of per capita revenue collected.
- The Service Pressure Factor: This factor serves to compensate for population pressure on facilities.

As the formula is approved annually, there have been changes in the weights placed on these factors. This is also necessary as the circumstances of the districts can change over time. The table below shows the trends in the formula for the allocation for the study period but also showing the current year:

Table 1: Formula for the Allocation of the DACF (1999–2003) (Percentage)

Factor	1999	2000	2001	2002	2003
The Need Factor	35	35	40	50	50
The Equalizing factor	30	30	30	35	35
The Responsiveness Factor	20	20	15	5	5
The Service Pressure Factor	15	15	15	10	5
The Poverty Factor					5
Total	100	100	100	100	100

The recent trend is shown in Table 1 above. To respond to the Ghana Poverty Reduction Strategy, this current formula has been made more pro-poor with more attention being paid to health, education and water and sanitation (the need factor). Much less attention is now being given to the responsiveness factor. The DACF ceiling is set based on budget revenue projections for the year and after the approval by Parliament of the formula the district allocations are announced. However, the districts must submit supplementary budgets proposing the use of funds before the allocations are released to them. When the Assembly approves of projects they are then awarded on the advice of the District Tender Board. The General Assembly must provide the final approval before the contract is awarded. Projects are monitored by project monitoring teams but project consultants may prepare payment certificates for payment. The signatories to payment certificates are the District Coordinating Director and the District Finance Officer.

Section 87 (1) of the DACF Act, 1993 (Act 455) states that a *District Assembly may incur all expenditure necessary for, or incidental to the carrying out of any of its functions conferred upon it under this Act or any other enactment, or by the instrument by which it is established, provided that the expenditure is included in the approved budget of the District for the relevant year.* The section goes further to state that “(2) For the avoidance of doubt all

monies received by a District Assembly from the DACF shall be expended only on projects, which form part of the approved development plan for the District". Thus, the proceeds of the DACF must be used not only according to the guidelines of the DACF but also according to the district's development plan which must have been prepared in line with central government policy, now the GPRS. The proceeds must, therefore, be used only for the following types of expenditure:

- Basic infrastructure for district administration;
- Health;
- Education;
- Water and sanitation;
- Poverty alleviation - revolving fund disbursed by a selected bank for credit to self-employed and Small and Medium Enterprises (SMEs).

1.4.2.2 The Reserve Fund

An amount equal to 10% of the share of each assembly's share of the Fund shall be retained as a Reserve Fund to provide resources for the following expenses:

- Five per cent of this Fund is shared equally to the 200 Members of Parliament (MPs) for their constituency projects. This is the MPs share of the Common Fund. It was initially paid into the DACF of the relevant constituencies but since 1999 it has been lodged in a separate account. The DA is, however, expected to exercise oversight over the use of the funds allocated to each MP.
- Two and half per cent is allocated to the ten RCCs to be used for their statutory role of monitoring, coordinating and evaluation of the performance of the Assemblies. While 50% of this allocation is shared equally to all the RCCs, the other 50% is shared proportionally to the regions using the number of districts in each region as a basis.
- 1.25% is allocated for activities on sanitation.
- 0.625% is allocated for maintenance of rural/feeder roads.
- 0.625% is allocated for rural health, housing and extension of telecommunications to rural areas and for contingencies. This is meant to be used as counterpart funding of projects co-financed with donors and to fund emergencies.

1.4.2.3 Control of Assembly Resources

Out of the four pieces of legislation that regulate financial administration in Ghana, the Financial Memorandum as provided by the Local Government Act, 1961, Act 54 and the Local Government Act, 1993 (Act 462) provide the regulations for the control of financial transactions at the District Assemblies. Local Government inspectors are responsible for the internal controls of the Assembly's financial transactions but the Auditor-General also audits the accounts of the Assembly from time to time.

The DACF Act, 1993 (Act 455) permits the Administrator to invest all or any portion of the monies in the Fund pending their distribution. However, the Minister for MLGRD must give approval of this after consultations with the Minister for Finance and Economic Planning. The Administrator is required to keep proper books of accounts and records in relation to the accounts of the Fund in a form approved by the Auditor-General who shall also audit such books at the end of each financial year. In addition to this, the administrator is required to submit a report on his/her activities to Parliament within six months after the end of the financial year. The report to Parliament must include the manner in which he/she has distributed the monies lodged in the Fund and the report of the Auditor-General on the accounts. Audit reports on the DACF have shown several common improprieties including the following:

- Misapplication of funds;
- Non-deduction of 5% withholding tax on contract payments;
- Questionable payments for uncompleted projects;
- Overdue loan repayments; and
- Goods paid for but not delivered.

These are serious abuses of the DACF that need to be addressed promptly and not wait until the Auditor-General's report comes before Parliament two or more years for debate and recommendations.

1.4.2.4 Trends of the DACF

A review of earlier studies of the DACF has shown that the statutory requirement of setting aside 5% of all tax revenue for the DACF has broadly been followed. In some cases, for instance, in 1995 and 1996, the allocation even exceeded the required amount. The system of disbursing the DACF is based on quarterly payment in arrears by the MoFEP; thus, the Assemblies will be three months behind in the execution of their programmes. However, there have been further delays in the allocation and disbursements of the Fund to the District Assemblies. In addition to these delays, there are instances where provision for contingencies is used for non-emergency purposes. A study by Armah (2002) showed that in 1994 the RCCs allocated 2.5% of contingency to sources not lawfully provided for and that the total misapplication for 1994 to 1996 was approximately ₦4.7 million to ₦6.9 million. In this report the Administrator was considered the key source of misapplication. The discretionary allocation from the contingency fund creates opportunity for patronage¹.

1.5 The Problem Statement

In addition to the generally slow decentralization process, there are three major problems facing fiscal decentralization in Ghana. In the first place, there is a lack of reliable and timely flow of funds to the districts; which hampers development, especially in the less endowed ones. The ability of the MMDAs to generate their own resources for development projects and improved service delivery is hampered by huge leakages in the revenue collection and accounting processes. Table 2 below illustrates the seriousness of the leakages and the need for better monitoring, not only of the use of public resources but also of the generation of such resources. One wonders where these leakages have come from and why these Assemblies could not collect these amounts at the appropriate time. It is quite tempting to blame it on lack of supervision, fraudulent practices as well as refusal of taxpayers to pay the relevant taxes. Whatever the reason, it is obvious that some monitoring of revenue collectors and finance officers by their supervisors and the general public could bring about positive results in revenue generation.

Secondly, there are structural problems related to the reluctance of central government agencies to decentralize the ministries and their proper integration at the district level; including payments for contracts executed at the district level. Finally, the generally poor capacity of district assembly members and officials, local CSOs and large segments of the population in general in dealing with budget issues has always been used as an excuse for withholding funds due to the District Assemblies. As a result, District assemblies are plagued by high volumes of anecdotal complaints of alleged misuse of public resources, alleged political interference, etc., which require remedial action.

¹ The contingency fund has now been renamed the Reserve Fund and used for purposes which were considered unlawful in 1994-96.

Table 2: Examples of Increased Revenue Collection by MMDAs since 2001

District Assembly	Revenue prior to 2001	Current collection (2001-2002)
Bolgatanga	₵1.9 million a week	₵9.2 million a week
Kintampo	₵8.0 million (in September 2002)	₵22.0 million (in October 2002)
Ahanta West	₵400,000.00 a week	₵2.5 million a week
Maame Drobo	₵6.0 million a month	₵37.0 million a month

Source: MLGRD Report on Decentralization, 2002.

The implementation of the DACF has faced several problems that have in turn affected the performance of the District Assemblies. It has become common knowledge that the budgetary allocation of resources to various sectors of the public sector and especially at the local authority level is not a good indicator of the quality and quantity of goods and services delivered by these sectors. This is especially the case in countries where central government agencies are very reluctant to relinquish their power over local authorities and transfer resources to them. In a country like Ghana, where corruption and political interference in the activities of the local authorities are alleged to be very high, resources meant for these authorities may never reach them or where they are received, the use of the resources could be subject to a lot of abuse. There is the problem of the failure and/or refusal of some MMDAs to follow the guidelines for the use of the Fund. The Regional Coordinating Councils (RCC) and the central government were also alleged to be issuing directives for the MMDAs to release monies for activities not directly their responsibility. At the roundtable discussions, the RCCs sought to justify this, explaining that it is a necessary part of administration and involves activities like the Farmers' Day Celebrations or visits of certain key personalities from the Central Government.

However, the main problem of Ghana's DACF has been the frequent delays in the disbursement of the Fund to the District Assemblies. There have been instances where payments into the Fund have delayed for more than one year, resulting in the failure to disburse monies to the MMDAs in spite of the fact that the creation of the DACF and the payment of funds into the Fund is a constitutional requirement. Thus, complaints on the part of the Assemblies centre on the delays in releasing their shares to them or even, in some cases, the failure to release their full allocation to them.

There are even complaints about the government and the MLGRD allegedly interfering with the disbursement of the Fund. This obviously affects their budgeting, especially if they have to divert funds from budgeted projects to unbudgeted expenditures and contracts remain unpaid for long periods. Also, there have been complaints from the general public and media reports of alleged misapplication and financial malpractices in connection with the disbursement and use of the proceeds of the DACF. This has made it imperative for the Fund to be monitored.

Yet, with the implementation of the GPRS, decisions on the utilisation of GPRS funds, including the HIPC Account, and sectoral expenditure on services and infrastructure would lie with the Assembly. The Ghana Poverty Reduction Strategy (GPRS) requires monitoring of its implementation. Moreover, allocations in the budget to poverty related expenditure priority areas take into consideration contribution of the MMDAs from the DACF. The GPRS states that effective management necessitates both ex ante and post facto monitoring and evaluation of all programmes and projects. However, the effectiveness of such monitoring and evaluation, especially by civil society, can only result from the ready availability of the necessary information from both the national and local levels of government. This, therefore,

makes the need for monitoring of the allocation and use of the Fund even more relevant and important.

Thus, it is crucial that civil society takes steps to ascertain and to track the flow of resources not only from the central government to the metropolitan, municipal and district assemblies but also local revenue generation by these Assemblies. It is more imperative that we monitor where and how the allocated sums are spent. It should be possible to trace the flow of resources from the origin (the Consolidated Fund) to its destination (the District Assembly) and determine the location and scale and anomalies (if any) in the received resources. Expenditure tracking highlights both the use and abuse of public money as well as give insights into the concepts of capture, cost efficiency and accountability.

It is in the light of this and in view of the importance of the PRSP and the role of the District Assemblies in implementing it that a group of participants at the Swedru workshop decided to undertake this project to track the flow of resources from the central government (the DACF) to the District Assemblies and how these resources are utilised by the assemblies. This would start the monitoring and evaluation process that is vital to the implementation of the GPRS and bring about more efficient use of public resources at the district level.

The DACF is selected because district assemblies are the agencies that are in close relationship with the people at the grassroots and their activities most directly impact the lives of the poor and people at that level. Furthermore, the Fund is the single most significant source of funding for the majority of MMDAs and it is released from the Consolidated Fund, into which every Ghanaian contributes. Besides, the Fund has been created because most of the Assemblies cannot generate enough revenue on their own to meet the development needs of their constituents. The efficient use of the Fund is, therefore, in the best interest of all Ghanaians no matter whether they stand to gain personally from it or not.

CHAPTER TWO **THE METHODOLOGY OF THE STUDY**

2.0 Introduction

The methodology of this study basically involved the following:

- An identification of the scope, purpose and key actors involved in the allocation, disbursement and use of proceeds of the DACF.
- The design of an appropriate instrument for the study.
- The determination of a sample for the study.
- Data collection.
- Focus groups discussions.
- Analysis of the data collected.
- Report writing.
- Dissemination of the draft report, involving roundtable discussions.

Data Collection involved:

- Collection of information on allocation and disbursement of the Fund to the selected districts;
- Key informant interviews, secondary data collection and verification of information from available documents.
- Observation of physical evidence, including structures.
- Focus group discussions at the community level.

2.1 The Collection of Data

A questionnaire (see appendix 3) was designed for the collection of information from the relevant agencies involved in the allocation and disbursement of the DACF. A one-to-one in-depth interview was also carried out. The study basically involved the collection of data on DACF allocations and the dates of such allocations, disbursements and receipt of the funds disbursed. The reason for collecting the information from different sources was to verify their accuracy. The researchers also investigated the use of the funds by the District Assemblies.

At the national level, the agencies involved in providing information included:

- The Office of the Administrator of the DACF,
- The Ministry of Local Government and Rural Development,
- The Controller and Accountant Generals' Department.

These agencies were contacted for information. In some cases, the heads or their schedule officers were interviewed to verify the accuracy of relevant data and information. In all cases, the actors cooperated well with the researchers and provided them with the needed information.

At the regional and district levels, the following institutions were contacted and interviewed:

- The four Regional Coordinating Councils.
- The four District Assemblies (core staff).
- Members of Parliament from the relevant districts.

The study dwelt very much on primary data, which were collected to substantiate secondary information and also to add fresh/current information. To attain this, intensive investigative discussions were held at the district and community levels. At the regional level, discussions

were held with representatives of the Regional Coordinating Council (RCC), mainly the Regional Budget Officer and the Regional Economic Planning Officer. However, this was not done in all cases. At the district level, discussions were held with the District Coordinating Director (DCD), the District Budget Officer (DBO), the District Planning Officer (DPO) and the District Finance Officer (DFO). At the assembly level, the Team verified actual receipts from the Fund as well as sample projects carried out with these resources.

An attempt was made to interview the Members of Parliament from the study districts to confirm the allocations they received and the projects they funded with these allocations as well as their views about the use of the DACF in general, including measures to improve upon its administration. However, this was not possible in most cases as the Members of Parliament were difficult to meet in some cases while in other cases they claimed they could not remember the amounts they received or the projects they funded. In one particular case, the MP failed to meet the researcher in spite of serious efforts on the part of the latter, including appointments agreed to with him.

This was then followed by focus group discussions at each District Assembly to ascertain the public awareness and perception of the usefulness of the Fund as well as its efficiency in providing infrastructure and improved service delivery in the districts. Descriptive and exploratory approaches were used in the study. With these approaches, various issues bordering on the disbursement and utilization of the DACF in the chosen districts were easily appraised and documented. The focus group discussions were initially planned to involve representatives from the following organizations totaling ten in all. In some cases, this number was not obtained.

• Police Force	1
• Local NGOs	1
• International NGOs	1
• Staff of District Assembly	2
• Educationist	1
• Health personnel	1
• Unit Committees	1
• Market women	1
• GPRTU	1
Total	10 persons.

Some community members, including opinion leaders joined the focus group discussions. Community chiefs also participated in the groups out of concern for the development of their communities. However, in many of the communities, there were no international non-governmental organizations (NGOs) and, hence, their views have not been captured in the report.

2.2 The Sample.

Due to personnel, time and resource constraints and the fact that this is a pilot study the Team limited itself to four district assemblies. The study was conducted in the following District Assemblies:

1. Mphor Wasa East District Assembly (Daboase) in the Western Region;
2. Suhum/Kraboa/Coaltar District Assembly (Suhum) in the Eastern Region;
3. Savelugu/Nanton District Assembly (Savelugu) in the Northern Region;
4. Ejisu Juaben District Assembly (Ejis) in Ashanti Region.

The specific districts were selected because of proximity to the various researchers and cost implications as well as ongoing related work in these districts.

2.3 Data Analysis

The data collected was analysed in terms of the timeliness of the allocations, disbursements, receipts of the funds and the consistency of the amounts allocated by each agency with the amount actually received by the four District Assemblies. Particular attention was given to accuracy and consistency of amounts released and amounts actually received, timeliness of releases and efficiency of use of funds. The adherence to laid down procedures by both the central government and district assemblies as well as prioritisation at the assembly level were also examined.

2.4 Study Period

The study covers the period from January 1999 to December 2002. Thus, all transactions for this four-year period that took place during the period were examined as well as those that took place outside the period but for that period. The period covers two years of the NDC government's tenure and two years of the NPP's tenure of office, which gives a good basis for comparison but has the advantage of not being interpreted as targeting a particular political party.

2.5 Limitations of the Study

As the study is a pilot study it was more or less testing the methodology and the instrument used for the data collection. It is, therefore, possible that it might have failed to get all the relevant information. There were also some difficulties in coordinating the research team as members were from different organizations.

We realized that most of the District Assemblies gave us the allocated figures as the actual amounts received. This was not what was expected and was, thus, a limitation. However, this limitation was addressed by collecting the data from other agencies, particularly the CAGD in Accra. The problem with this second approach is that the figures were end-of-year totals, which could have included arrears from previous years.

We succeeded in meeting only two MPs. This was a major weakness of the study as our failure to meet them could have also impacted the conclusions on the need for MPs' share of the Common Fund, as we relied on the views of those we talked to and the outcome of the focus group discussions. Some of the Assemblies did not keep proper records of the transactions involving the DACF. This was particularly serious with the MPs, which is one of the reasons for suspicions by their constituencies and the call for an abolition of the practice of allocating the DACF to them. Even the MPs we met did not have adequate documentation of their allocations and utilization of the funds, although this information could have been obtained from the District Assemblies. Even with the District Assemblies themselves, information on the projects undertaken with the proceeds of the Common Fund was lacking or inadequate. At the roundtable discussions they requested that they be allowed to submit the information afterwards for incorporation into the report. They were disgusted at the failure of some Assembly staff to provide the researchers with the necessary information.

CHAPTER THREE **FINDINGS OF THE STUDY**

3.0 Introduction

The records at the Office of the Administrator, the Controller and Accountant General's Department, the District Assemblies and from the one-to-one interviews as well as the focus groups discussions showed major weaknesses in the administration of the DACF. These weaknesses included the delays in allocations and disbursements to the Assemblies, lack of transparency in selection of projects and contract awards, and political and central government interference and directives on the use of the proceeds of the Fund.

3.1 Major Findings

A major and the most important finding of the study is that for the four-year period the Ministry of Finance has never released the full allocation to the Administrator of the Common Fund. As shown in Table 3 below, for 1999, 2000, 2001 and 2002 the statutory amount, that is 5% of tax revenue was ₦154.5 billion, ₦220.7 billion, 327.8 billion and ₦406.6 billion respectively. These amounts are definitely higher than the actual allocations of ₦126.2 billion, ₦192.3 billion, ₦296.7 billion and ₦109.7 billion for 1999, 2000, 2001 and 2002, respectively. The situation before the study period was much better than this as the allocations were either exactly the statutory amount or sometimes even above 5% tax revenue. More worrying is the fact that the government is not even able to disburse the amount that it declared as the transfer to the DACF, which suggests that there might have been some diversions to other uses. Furthermore, the MLGRD has no means of verifying and/or challenging the MoFEP on the amounts declared as the statutory allocation of 5% of total tax revenue to the Fund.

Table 3: Releases of the DACF (Billion cedis): 1999-2002

Year	Total Revenue collected	5% of Revenue	Actual Releases	Variances	Percentage of variance
1999	3,116.9	154.5	126.28	25.22	16.32%
2000	4,414.7	220.7	192.3	28.40	12.87%
2001	6,556.9	327.8	296.7	31.10	9.49%
2002	8,132.0	406.6	109.7	296.90	73.02%

Source: Generated from Data of the Controller and Accountant General's Department.

Secondly, there are several delays throughout the disbursement process, starting from the submission of the proposed formula to Parliament, getting Parliamentary approval, making the allocations, and finally disbursing the monies to the various MMDAs and even the receipt of the money by the Assemblies. In addition to what came out from our review of the records, the district assemblies and the focus groups expressed concern about this delay. As at the time of the study, the MMDAs had just received an installment payment for the first quarter of the 2002 Financial Year. Furthermore, the study found that there are wide gaps between the Release Date by the MoFEP, the Transfer Date by the Controller and Accountant General's Department (CAGD) and the Payment Date by the Bank of Ghana. The gaps, especially between the transfer date (CAGD) and the payment date, give cause for concern. It is heartening, however, to note that these gaps have drastically narrowed since 2001.

Table 4: Disbursements of DACF to the MMDAs (Billion cedis)

Period	Release Date (MoFEP)	Transfer Date (CAGD)	Payment Date (BoG)	Amount
1999				126.23
1999 Total				126.23
2000				
First Qtr	10/07/2000	18/07/2000	12/09/2000	52.75
Second Qtr	21/09/2000	05/10/2000	19/03/2001	52.75
Third Qtr	29/11/2000	18/12/2000	18/05/2001	52.75
Fourth Qtr	15/06/2001	26/07/2001	26/07/2001	19.43
Fourth Qtr	15/06/2001	26/07/2001	23/08/2001	14.65
2000 Total				192.33
2001				
First Qtr	06/08/2001	17/08/2001	07/09/2001	74.15
Second Qtr	31/12/2001	31/12/2001	04/02/2002	74.15
Third Qtr	06/05/2002	15/05/2002	16/05/2002	74.15
Fourth Qtr	20/08/2002	11/09/2002	18/09/2002	74.23
2001 Total				296.68
2002				
First Qtr	06/05/2002	15/05/2002	16/05/2002	17.75
First Qtr	10/12/2002	16/12/2002	23/12/2002	25.00
First Qtr	24/12/2002	31/12/2002	08/01/2003	66.97
2002 Total				109.72

Source: Controller and Accountant General's Department, Accra.

It is clear from the table that there are wide gaps between the date that the MoFEP announces the allocations and the date that the allocations are transferred into the Fund by the CAGD as well as gaps between these dates and the dates that BoG actually credits the District Assemblies.

The following causes for delays of DACF have been identified:

- The lack of funds or too many competing demands on the resources, e.g. paying debt savings into the HIPC account to meet donor conditionalities when DACF is also due.
- The formula for disbursement must be approved every year and so a delay in getting the proposed formula for allocation approved by Parliament definitely leads to delay in disbursement. The 2003 formula was approved in May.
- The government's fiscal and monetary policy concerns sometimes also lead to delays as government deliberately decides to control money supply by withholding disbursements.
- Some District Assemblies fail to submit supplementary budgets and reports on the use of previous allocations on time. Since these are required for new disbursements a failure or delay results in delays in subsequent disbursements.

The late release of the fund was identified to be a major drawback on the district's development effort as most of the MMDAs depend on the Fund for development projects, poverty alleviation loans and service delivery. Apart from it having the potential of unnecessarily increasing the cost of DACF projects, it also throws the budget of the Assembly out of gear and makes planning an exercise in futility.

The other major finding is that the DACF is far in arrears. Since 1999 the disbursement of the DACF is gradually falling behind schedule and reached its climax in 2002. At the time of compiling this report (April 2003) the disbursement for the allocations of the first quarter of 2002 was still being made in installments. In fact, the government has decided to convert the arrears into a loan to be spread over a period of five years, like the Ghana Education Trust Fund (the GETFund), another statutory transfer that has fallen behind schedule.

All the same, it is clear that huge sums of state resources have been transferred to the District Assemblies over the years, as shown in the table above.

3.2 Findings from the Pilot Districts

The major findings of the study from the District Assemblies and concerning the District Assemblies include the following:

- a). In general, the Common Fund is seen as a suitable mechanism for providing resources to the district to provide basic infrastructure in the field of education, health and water that hitherto had been neglected. Indeed, physically, it has caused an incremental access of people living in the district to governmental resources and services.
- b). Documentation on the DACF and projects undertaken with the Fund is either not available or not easily accessible. For example, information on projects implemented in some districts for some periods including costs of projects and dates of award of contracts was not available or deliberately withheld from the researchers. This raises eyebrows and may need further investigation. At the roundtable discussion held in Kumasi, the representatives of the Assemblies promised to send more detailed and full information on projects undertaken with the DACF to the researchers but none of the four districts has sent any such information.
- c). The formula for disbursing the DACF is viewed by both community and assembly officials to be in favour of the already developed and resource endowed districts in the country which has an implication of further deepening the development gap between the poor and rich districts in the country. This was reinforced by the disbursement of the HIPC account to the MMDAs in 2002 when the Metropolitan Assemblies got the highest, followed by the Municipal Assemblies, while the 103 District Assemblies received an equal share.

However, the trend, as displayed in Table 1, shows that the formula has become more pro-poor over time. This was confirmed by the Administrator, who disputed the assertion that the formula is not pro-poor. He argued that, since it is intended that the less endowed districts gain more than the better-endowed districts, the reciprocal of the allocation quotients is what is used for the Need Factor. This is why the Need Factor carries 50% of the weights utilized. He added that it is also important to encourage the District Assemblies to improve upon the mobilization of internally generated revenue. All the same, the formula could be made more pro-poor by de-emphasizing the equalizing factor.

- d). Except in the case of the Mphohor Wasa East District Assembly, the amounts received by the District Assemblies were lower than what was allocated and what was disbursed to them. There seems to be no pattern in this as the differences (as shown in the appendices) varied from district to district. This is a case where we could not secure an explanation and probably needs further investigation by the MLGRD or the Administrator's office, as there could be many reasons for the disparities, not ruling out unofficial diversions. As shown in Appendix X, the figures for actual receipts by the Assemblies as contained in their returns to the CAGD are much lower than the figures furnished by the Assemblies to the researchers. This may need further investigation.

e). There was very little knowledge among community members about the guidelines, disbursement, volume and utilization of the Common Fund. The implication of this is the inability of community members to demand accountability from the authorities in charge of the disbursement of the Common Fund in the district.

f). Generally, the selection of projects was based on the guidelines for the use of the Fund. However, community members were not often consulted in the selection of DACF projects, which in most cases led to the implementation of projects that were disparate from their felt needs. This can have serious implications for the cost and sustainability of projects should such a situation persist, especially with the current inflationary trends. However, it was explained at the roundtable discussions that the selection of projects was based on the Medium term Development Plan, which was arrived at through a consultative process.

g). There was a general lack of transparency in tendering procedures and contract administration. The implication of this has been the inflation of project costs and the inability of Assembly members to monitor projects in their communities to ensure quality.

h). Political patronage was seen as a major risk factor that could jeopardize the disbursement and efficient utilization of the District Assemblies' Common Fund at both the district and community levels. Unfortunately, some participants at the roundtable discussions found nothing wrong with this, arguing that people who helped the ruling party to come to power needed to be compensated.

i). It is not possible for the District Assemblies to know in advance how much or when to expect their allocation of the Fund. They, therefore, cannot plan for any projects and there are inconsistencies in information giving by the Ministry of Finance on the release of the DACF and the date and time an advice would be received from the bank. The assembly gets information about their allocation through circulars from the administrator of the District Assemblies Common Fund as well as advisory notes from the bank, although some Assemblies admitted making personal visits and calls to the administrator's office for information.

j). There are consistent interventions and directives from the central government on the utilization of the DACF by the MMDAs, which could jeopardize the attainment of its objectives, as the Assemblies do not have the chance to implement their own priority projects. The Administrator disputes this assertion, arguing that the Central Government issues guidelines to ensure that the total development of the districts conforms with the set goals of the government and that this cannot be interpreted as consistent intervention. Besides, when central government finds out that the DAs are not conforming to laid down procedures it has to intervene, as we are not operating a federal system of government. This was supported at the roundtable discussions.

k). In some districts, particularly Mpohor Wasa East, there were a number of projects that were started in 1999 and 2000 that had not yet been completed and there was no sign that work was ongoing.

m). The assembly assesses the quality of projects undertaken with the DACF through the monitoring and evaluation system by a monitoring and evaluation team from the District Assembly. In addition, the District assemblies have Local Government Inspectors who serve as the Internal Audit unit of the Assembly. The assembly sets aside monies from the DACF for emergencies. These contingencies are itemized in the trial balance prepared for the month.

3.3 Funds Deducted at Source

The amounts received by the District Assemblies agreed with the figures released from the office of the Administrator of the Common Fund. However, the DAs released the amounts that were contained in the Administrator's letters of allocation instead of providing the researchers with amounts they actually received. These figures did not agree with the figures released from the MoFEP. One of the reasons for this discrepancy is the fact that some releases for the year were made in subsequent years. However, the main reason is that a number of deductions were made from the disbursements of the Common Fund at source. For instance, the deductions made from the allocations of the Ejisu District Assembly in 1999, 2000, and 2001 were 15.3%, 12.5% and 2% respectively (see Appendix 4). The following are the general deductions usually made from the Assemblies' allocations:

- Human Capacity Building (2%): This is withheld for the training of Assembly members and staff. Although the Institute of Local Government Studies (ILGS) is set up for this type of training, it does not necessarily benefit from all of this allocation. Some of the people we interviewed felt that it is only the core staff that benefit from the training but this was disputed by the Administrator who also argued that, even if it true, it is done with the hope that they will pass on the knowledge acquired to the rest of the staff. Besides, the staff is usually selected on the recommendation of the Assemblies.
- Bulk purchases: Some deductions are made from the allocations of the DACF for certain bulk purchases. For example, a deduction was made by the Common Fund Administrator for the supply of sanitation equipment to the Assemblies as far back as 1999. Since then, no sanitation equipment has been received by most of the Assemblies. Indeed, the DCEs in the Western Region had called on the Administrator of the Common Fund in 2001 to refund, without delay, these monies (Daily Graphic, September 5, 2001). The current Administrator has started refunding the deductions to those districts that have not received their equipment.
- An annual contribution to NALAG, which is also deducted at source.
- Other deductions are decided upon ex tempore. For example, the district assemblies, which opted for the Sister City Programme, were required to contribute a substantial amount of money towards the conference of the programme held in 2003. This money was to be deducted from source and applied to the districts concerned.

3.4 Earmarked Funds from the DACF

In addition to these deductions at source, directives and/or guidelines as to how to utilize the funds accompany the releases. The Assembly's entitlement is divided into two categories of expenditures: the category that is determined by the Central Government and the rest, which can be used as the Assembly deems fit. The first category, which could also be described as earmarked funds, is allocated as follows:

- Productivity improvement and employment generation fund (or the Poverty Alleviation Fund) (20%): This percentage is allocated for providing micro finance credit to micro-, small- and medium-scale enterprises in each district.
- Self-help projects (10%): An amount equivalent to 10% of each Assembly's allocation must be devoted towards providing support for community initiated projects.
- District Education fund (2%): Each Assembly is required to use 2% of its annual allocation to provide scholarships, bursaries or repayable loans to needy students in its jurisdiction.
- Establishment and strengthening of substructures of the Assemblies (5%): To enhance the decentralization process and facilitate participation at the district level, 5% of each Assembly's allocation must be used to provide offices, furniture and

equipment for the Assemblies' substructures, that is, the area councils, zonal councils and unit committees.

- District Response Initiative (1%) – HIV/AIDS
- Malaria Prevention (1%).

With these mandatory expenditures, the Assembly is left with only 59% of the DACF to use on their own priority areas, which include addressing the needs of the vulnerable groups in society and promoting income generation by the Assembly. Specifically, the law requires that the targeted expenditure areas belong to the following broad areas:

- Economic ventures – energy, markets, industry, agricultural services, roads, streets, bridges and culverts, ICT, private sector support and counterpart funding.
- Social services – education, health, electrification, water supply, housing, sports and recreation.
- Administration – human resource management, accommodation, office facilities and equipment as well as project management.
- Environment – sanitation, drainage systems, waste management and environmental protection.

3.5 Projects undertaken by the Districts with the DACF

This subsection looks at the projects undertaken in each of the four districts during the period of study with resources from the DACF.

3.5.1 Mpohor Wasa East District Assembly

- Construction of No 6 classroom block at Abrozeruram (₵52,500,000.00)
- Purchase of two air-conditioners (₵12,705,000.00)
- Cladding of pavilion at Abukrom (₵71,025,475.00)
- Extension of electricity to Daboase DC JSS (₵41,000,000.00)
- Rehabilitation of 1.No 3 unit classroom concrete block at Envinabrim (₵25,000,000.00)
- Rehabilitation of DCE's bungalow (₵12,000,000.00)
- Rehabilitation of DCEs bungalow (₵8,000,000.00)
- Provision of building materials for construction of school block at Ahomakroamua (classrooms, office and store) (₵70,000,000.00).
- Contribution to QUIPPS school blocks at Prato No.1, Sekyere Hemang and Ekutase (₵80,000,000.00; ₵80,000,000.00; ₵84,604,000.00, respectively).
- Electrical installation in the nurse's quarters at Daboase (₵10,969,300).
- Construction of Toilet at Sekyere Krobo (₵9,700,000.00)
- Computerization of Finance Office (₵48,000,000.00).

3.5.2 Suhum Kraboa/Coaltar District Assembly with the DACF

- A number of toilets for various communities
- A number of Market projects.
- A number of School projects

3.5.3 Ejisu Juaben District Assembly

- The purchase of a tractor for refuse collection.
- The Poverty Alleviation Fund, which drew criticism for the way it is disbursed.
- A hospital built for the Onwi electoral area.
- A town council project, also for the Onwi area.
- An allocation for the building of a model school in Ejisu, which was alleged to be disparate from the communities' felt needs (yet to be built).

3.5.4 Savelugu Nanton District Assembly

- The poverty alleviation package,
- District Administration Block (Annex)
- Library Complex
- Four staff Quarters
- Three 3-Unit Classroom Blocks
- Rehabilitation of community centre

Participants at the Savelugu/Nanton District Assembly also revealed that part of the Common Fund is used to co-fund some projects under the Urban 5 and EU programme, including the following projects:

- 10 new toilets constructed and 4 old ones rehabilitated.
- 10 stores 50 stalls in Savelugu
- 10 stores, 20 stalls in Diare
- 2 Nurses Quarters in Diare 2 at Pong Tamale and 1 in Savelugu

The Finance officer claimed that he could not trace the dates of disbursements. Similarly, the Planning officer could give us a list of the projects for only one year, that is, 2001 because he was not at post between 1999 and 2000.

3.6 The MP's Share of the Common Fund

The MPs Common Fund was created as a source of funding for the MPs to implement projects for their constituents as a supplement to what the District Assembly was doing. The MPs are expected to use their share of the Fund, which constitutes 5% of the DACF, to initiate and finance projects in their respective constituencies and districts. The allocations for each MP are shown in the table below. Like the main allocation to the MMDAs there were delays in the allocations and disbursements of the Fund to MPs, as well as actual payments into the appropriate Accounts.

Table 5 Allocations of the DACF to Members of Parliament (Millions of cedis)

Period	Date of Allocation	Date of Disbursement	Date of Receipts	Amount
1999				
First Qtr	07/06/99	26/07/1999	23/09/1999	10.31
Second Qtr	22/11/99	08/12/1999	13/12/1999	10.31
Third Qtr	23/02/2000	20/03/2000	31/03/2000	10.31
Fourth Qtr	09/05/2000	16/05/2000	27/05/2000	7.63
1999 Total				38.57
2000				
First Qtr	09/08/2000	14/08/2000	12/09/2000	13.19
Second Qtr	02/11/2000	10/11/2000	19/03/2001	13.19
Third Qtr	14/05/2001	06/07/2001	31/07/2001	13.19
Fourth Qtr	11/07/2001	13/09/2001	15/10/2001	8.52
2000 Total				48.08
2001				
First Qtr	07/09/2001	29/10/2001	29/10/2001	18.54
Second Qtr	04/02/2002	13/02/2002	04/02/2002	18.54
Third Qtr	16/05/2002	20/06/2002	16/05/2002	18.54
Fourth Qtr	18/09/2002	02/10/2002	18/09/2002	18.54
2001 Total				74.15

2002				
First Qtr	06/05/2002	23/12/2002	08/01/2003	22.99
2002 Total				22.99
Grand Total				183.79

Source: Office of the Administrator of the Common Fund²

The Savelugu/Nanton and Suhum/Kraboa/Coaltar District Assemblies have two MPs each while the Mpohor Wasa East and the Ejisu/Juaben District Assemblies have one each. Allocations from the DACF to Members of Parliament were the same for all of them, so those districts with two MPs received double that of those with one. There were reservations about the method of deciding project areas and beneficiaries as well as the procedures for procurement of materials for community projects, which are often done single-handedly by the MP. The majority of Assembly staff and participants at the focus group discussions expressed dissatisfaction with the disbursement of the MP's share of the DACF and recommended it be scrapped. The research Team could not meet most of the MPs for their opinion during the study. However, at the roundtable discussions of the draft report it became clear that the MPs did not take kindly to this recommendation. They argued that Ghana's democracy is such that the electorate does not understand the role of MPs and expects them to bring development to the constituency. To meet this expectation, the MPs needed resources and that is why it was necessary to allocate some of the DACF to them. In some cases, the focus groups recommended that the MPs' share be maintained but cautioned against the potential misuse and the need for monitoring by the Assembly of the use of the Fund by the MPs. The Administrator indicated that some steps had been taken to ensure that the MPs share of the Fund is used according to the guidelines and checking abuses, including passing all payments through the Assembly accounting system.

3.6.1 Mpohor Wasa East District Assembly

The MP from the Mpohor Wasa East District Assembly undertook a number of projects with his share of the Common Fund. These included the following:

- Supply of building materials to various communities for school buildings.
- Payments to artisans for community projects.
- Payment of school fees for "needy children".
- Purchase of cocoa spraying machines for some communities.
- Payments for apprenticeships for girls in some communities.

3.6.2 Savelugu/Nanton District Assembly

The projects provided by one of the MPs (Hon. Mary Boforo) from her share of the Common Fund included:

- Food processing centers in nine (9) communities
- Streetlights in Diare, Savelugu and Pong Tamale
- Assisting the district to put up a Fire Service Station in Savelugu, which is at window level.
- Contribution towards the building of a mosque.

Efforts to talk to the second MP failed after several attempts as he failed to keep to all the appointments that our researcher had made with him.

² There are some problems with a few dates due to recording errors.

3.6.3 Ejisu/Juaben District Assembly

Although the Research Team could not meet the MP for Ejisu Juaben the core Assembly staff and the participants at the focus group discussions were satisfied that the MP of the district uses his share of the Fund to implement projects of socio-economic importance. At Juaben, participants at the focus group discussion confirmed the award of scholarships to needy but brilliant students and the roofing of schools by the MP. At Onwi, the MP was said to have used his share of the Fund for the provision of bulbs for street lighting. Given the benefits the community members received from the MP's share of the Common Fund, they unanimously held the view that the Fund be maintained and if possible increased.

3.7 Issues Arising from the Focus Group Discussions

The focus group discussions in a number of communities in the study area revealed the following issues:

- a) While some communities had never heard of the DACF and do not know of any projects that DACF was used for, others had heard of the DACF, particularly those communities that benefited from projects funded from the DACF. However, the majority of participants do not really have an insight as to what it really entailed or how much their assemblies received as their allocation from the Common Fund.
- b) Some participants felt that the District Assembly Common Fund is helping the community by the increase in the infrastructure in the community while others; particularly those who had not benefited from DACF projects did not see the contribution of the Fund to the development of the district.
- c) While some participants have ever participated in a dialogue on the development of their districts others have never participated in any dialogue on the development of the District. Others said they have never contributed to promoting or opposing of any law or policy in the district as there has not been an imposition of laws or policies that directly affect the community and also because the assembly has not openly consulted the communities in decision-making. However, the general feeling was that there is no dialogue with the Assembly authorities on infrastructure development and law/decision making, despite several efforts to oppose some policies by way of advocacy. The focus group in Suhum particularly complained about the huge sums of money collected from the Suhum lorry park without any improvement in the station. They added that whenever an organised group sends a petition or proposal to the DA, there was no response at all from the Assembly.
- d) Most communities have never been bold enough to object to any of the Assembly's policies even if it is not in their favour. Assembly members who are the representatives of the people do not also encourage participation by the people because they have not cultivated the participatory culture in the decision-making process.
- e) There were several complaints about discrimination in the distribution of DACF projects in some districts with some participants calling for something to be done about it.
- f) There were also complaints about the lack of transparency in the award of contracts. Some assembly members expressed lack of confidence in the District Tender Board, adding that the lack of transparency in the contract tendering system in some districts, to a large measure, leads to high contract costs. The communities also complained about lack of contract details making it difficult for them to monitor projects in their areas. There was a case in one District Assembly where a KVIP financed from the DACF, which was said to cost ₦5.1 million ended up at ₦10.2 million upon completion. The focus groups felt that communities should be empowered to monitor and question in matters of project execution and take part in certifying contracts for payments.

CHAPTER FOUR **DISCUSSION OF FINDINGS**

4.0 Introduction

This chapter presents a brief discussion of the findings of the study and the issues that were raised at the focus group and roundtable discussions. The discussion portrays the views of the Research Team on some of these issues.

4.1 Delays and shortfalls in disbursements of the DACF

The DACF is set up under Ghana's Constitution, which provides for an allocation of not less than 5% of total revenue to it. The DACF Act reinforces this requirement and gives more detail. The Constitutional requirement provides that the allocation be made at the end of every quarter and so it is usually at the end of the quarter that the MFEP determines the amount available for allocation. However, the study found that the agencies responsible for the administration of the Fund have not been able to meet this constitutional requirement.

This major key finding confirms what has been circulating in various circles, that is, that these delays and shortfalls in the releases of the DACF have various adverse effects on the performance of the district assemblies. Various explanations have been offered for these delays and shortfalls. The approval of the formula by Parliament on an annual basis is necessary to cater for changing circumstances in the economy, changes in government policy and the new developments. However, the process also causes undue delays in the allocation and disbursements of the DACF. In the absence of an Administrator, no proposed formula can be submitted to Parliament for approval. The load of work on Parliament could be another source of this kind of delay. This could work to the advantage of the MFEP as it has a backlog of disbursements to make for various reasons. Even when the formula has been approved by Parliament, there could still be delays in the disbursement of the Fund to the Administrator by the MFEP. This second kind of delay has taken between one to three months. This could be attributed to lack of political commitment to the decentralization process or cash flow problems and other more pressing financial demands. However, the allocation is based on actual tax revenues collected and declared by the MoFEP. There should not, therefore, be any excuses for undue delays in the release of monies to the MMDAs. We have decentralized and there should be no turning back and so everything should be done to ensure success.

Sometimes, the Administrator is also unable to disburse the allocations to the District Assemblies, even after the Ministry has released the monies. This delay takes between one and three months and is attributed to the delays in the submission of supplementary budgets and relevant reports by District Assemblies. The implications of these delays are obvious and should as much as possible be avoided. For instance, such delays can contribute to increases in the cost of project execution especially in periods of high inflation. There was evidence of such delays and how they affected projects in each of the pilot districts. The delays undermine the liquidity position of districts as a good number of them depend almost wholly on the Common Fund.

It is important to note that participants (the constituents who are supposed to benefit from the DACF) requested that the government take whatever steps were necessary to ensure that disbursements were done on schedule. Delays in the allocation and disbursement of the Fund obviously frustrate the efforts of the Assemblies to bring development and improved service delivery to their constituents. Such delays should, therefore, be avoided as much as possible.

The respondents at the District Assemblies and the focus group discussions also demanded an increase in the allocation to the Fund as the Fund brought infrastructural development to the rural areas, something that would have taken a long time, if at all, to come from the

central government. The significance of the DACF cannot be over-emphasized, especially in the deprived districts. Government should, therefore, consider increasing the allocation to the Fund, at least to 7.5% as it promised when it assumed power in 2001.

The differences in the amounts allocated from the amounts actually received give cause for alarm, especially as they do not seem to follow any pattern. While it is possible that some District Assemblies quoted the amount as per the allocation letter as amount actually received, as appears to be the case of Mphor Wasa East where there is hardly any difference between amounts allocated and amounts received (see Appendix III), there are wide gaps in the differences in some districts which need to be investigated further as there could be some malfeasance and/or suppression of some monies actually received. In one case, the difference between the amount allocated and the amount received exceeded one billion cedis (see Appendix VII). The situation even gets more disturbing when one looks at the returns submitted to the Controller and Accountant General's Department at the end of the year. Of course, it is also possible that there are problems with record keeping in some districts, leading to these differences. The Administrator and the Ministry of Local Government and Rural Development need to investigate this further.

It also came to light that some districts award contracts in anticipation of the Fund and this can contribute to accumulation of deficits when disbursements do not come on time. This has happened in some cases where DCEs suspect that they will be removed or even during the handing over to a new government. This practice is irregular and must be stopped. The RCC in the Northern Region, particularly complained about this practice and recommended that this should be avoided and discouraged and that contracts should only be awarded when the funds are released to avoid the occurrence of variations, which in most instances, are unjustifiable. This practice needs to be criminalized so that those involved in future can be prosecuted.

4.2 The MPs' Share of the DACF

In most of districts, the core Assembly staff and the participants in the focus group discussions called for the abolition of the system whereby MPs are allocated a share of the Common Fund for projects in their pet communities. They felt there was no need for the MPs to play the function of the district assembly, a situation that led not only to duplication but also to the politicisation of projects and programmes and some biases on the part of the MP. They argued that the MP is a member of the Assembly and should, therefore, participate in deciding on the priorities of the constituents at the Assembly rather than engaging in the implementation of projects. MPs should be obligated to pass their action plans through the Assembly for approval.

There were others who wanted the practice continued because it empowers the MP to initiate certain projects for the benefit of the Constituency. However, these people also cautioned against the potential misuse of the MPs' share and discrimination in the selection of communities to benefit from projects. It is, therefore, clear that Parliamentarians need to review their decision to allocate resources to themselves, select and execute projects single-handedly and still exercise their oversight role on the use of state resources. The principle of checks and balances seems to have been jeopardized and our MPs need to review this system. The practice is particularly worrying, as it has also been stretched to cover other statutory Funds such as the GETFund. It is worth mentioning here that some participants at the focus group discussions also emphasized the need for effective collaboration and coordination between MPs, the Assembly and the community in general.

Related to the complaints about the allocation of the Fund to MPs was the call for District Assemblies to, in consultation with schools, identify real needy students and provide the support for them and not leave such sensitive decisions to individual MPs. The definition of

“needy” is a subjective term and could be easily abused. In any case, the guidelines of the DACF require the District Assembly to put aside 2% for such scholarships and bursaries. Any needy students should pass their applications through their Assemblies whereby the relevant committee can carry out the necessary investigations before approval. However, participants at the roundtable discussions sought to justify the allocation of the DACF to MPs, and even the partisan nature of the selection of projects. The Research Team does not accept their justification as their roles and responsibilities are clearly spelt out in the Constitution. These roles do not include the execution of programmes and projects.

4.3 Participation in the Decisions involving the Use of the DACF

For District Assemblies to enjoy the full benefits of the DACF there must be very good plans drawn by all stakeholders, including civil society, who would also be involved in the execution and monitoring of these development plans. Some participants at the focus group discussions claimed that DACF projects are imposed on the community. There was the case in one District where the community’s priorities were the improvement of schools, drains and access roads in the community but the Assembly insisted on providing the community with a market, which was vehemently refused by the community. To date, the amount of ₦60 million allotted to the project is still lying idle due to the disagreement between the District Assembly and the community.

However, the Assembly’s strict compliance with guidelines on the utilization of the DACF, which are periodically issued by the MLGRD, could be a contributory factor. The districts should be allowed to provide inputs to the guidelines for utilization of the fund and such guidelines should not necessarily be the same for all districts since each district has its own peculiar problems. Although the MTDP would have gone through a consultative process, this would have been too broad and the selection of specific projects might need further consultation, especially when the entire MTDP cannot be executed due to resource constraints. Community leaders should, therefore, be involved in the identification of projects that are immediately needed. Projects should not be imposed on communities; otherwise the fruits of decentralization would not be fully enjoyed.

The degree to which community members have knowledge of the DACF is generic, as they did not know about its size, utilization and disbursement. Even the Assembly members who are charged with the responsibility of disseminating information about the DACF to their electorates lacked rudimentary knowledge about the guidelines, utilization and disbursement of the DACF. With this poor knowledge about the DACF, community members are not in a position to demand any accountability from the Assembly regarding the utilization and disbursement of the Fund in the district, a situation rather unacceptable for participatory democracy. Most of the participants at the focus group discussions could not even identify projects financed from the DACF in their localities. For those who could identify them, they expressed a significant degree of dissatisfaction with the quality of some DACF projects.

The focus group discussions also recommended that Assembly members be properly oriented to become proactive and effectively participate in local government, especially with regards to utilization of the DACF and the execution of projects. They further recommended that the community should be educated on the DACF to know its sources and also be able to identify projects that have been initiated with DACF and monitor them. In fact, they recommended that the MLGRD should mandate the District Assemblies to hold a public budget-hearing forum on the DACF so that the community can also monitor the Fund and question their public officials when things are done on the contrary.

In some districts, participants expressed the need to improve the poor relationship that exists between the District Administration officials and the District Assembly members as it led to decisions being taken at assembly meetings with no body to implement them due to this

situation. This recommendation is welcome as the District Assembly, which comprises the elected representatives of the people, is the highest authority in the District. The assembly staffs are employees of the Assembly and should be subject to control by the Assembly. In any case, closer collaboration is key to high performance in the district and better living standards of the people due to improved service delivery.

The gaps between the Metropolitan, Municipal and the District Assemblies as far as the DACF is concerned should be bridged. This is obviously a call for the revision of the formula for allocation, as it tends to favour the bigger and more endowed local authorities. Although there may be population pressures on the bigger districts they also have better and more reliable sources of internally generated revenues.

The body responsible for administering the Common Fund should be independent from the government as the general feeling was that this would reduce the delays and interference in the administration of the Fund. It should also be given the necessary resources to carry out its monitoring role more effectively.

Finally, to motivate assembly members to be more effective and efficient, some monies, however small, should be paid to them as allowances for holding various positions in the Assembly. This came out in the second roundtable discussion as it was admitted that society was making too many demands on the Assembly members without giving them the necessary resources to do their work. This is, however, problematic, as some districts cannot generate adequate funds for the recurrent expenditure.

4.4 Role of the MLGRD

The role of the MLGRD in monitoring assemblies on the use of the Common Fund is very important, but currently very weak, as the study reveals. It is necessary to check on the use of the Fund and the quality of the projects undertaken from the Fund. The Office of the Administrator could have supplemented the MLGRD's monitoring activities but the Administrator lacks the capacity and field staff to do the monitoring and carry out field visits. The District Assemblies also submit half-yearly reports on the use of the Fund. However, some Assemblies do not submit timely reports and supplementary budgets, which sometimes delay the release of funds to them. This situation is often blamed on the lack of personnel and capacity, and a solution needs to be found to address the problem.

Some of the districts do not have proper documentation of the DACF, especially some of the MPs projects. It is not clear whether this is deliberate or inadvertent but whatever the case proper records must be kept on the use of the Fund, like all other public funds generated or used by the Assemblies. Furthermore, a majority of the people were of the view that there was political interference from the government at the central level, as the allocations come with instructions on their use, some of which sometimes contradict the guidelines of the Fund.

4.5 Use and Misuse of the DACF

District Assembly officials identified political interference as the main factor militating against the efficient utilization of the Common Fund. This assertion was also confirmed during the focus group discussions in the various communities where communities expressed dissatisfaction about the way some DCEs use their office to implement projects that have not been decided on by the Assembly. There have also been allegations of awarding DACF projects to unqualified people and the non-monitoring and proper evaluation by the District Assembly of such projects and how the Fund in general is utilized.

However, quality of projects was generally not satisfactory as contracts are given to party affiliates (e.g. Chemical sellers, teachers), who in turn sub contract the projects to workers of PWD and other contractors. There is no proper supervision of projects and there is no coordination between contractors and beneficiary communities. Contract awards are not open to community people/public for effective supervision. There are instances where some MMDAs have used the development fund for recurrent expenditure, which is a contravention of the laws guiding the use of the DACF.

Also, the RCCs fail to submit returns on the use of the Fund on a timely basis and to recover loans that were unlawfully granted. They have also not effectively used their allocation of the Fund for the monitoring of the use of the Fund by the MMDAs. However, the RCCs claim that their role in the decentralization process is not very clear and that the resources given them are not adequate for them to play their monitoring and coordinating roles effectively.

4.5.1 The Poverty Alleviation Fund

There were many problems with the administration of the Poverty Alleviation Fund (PAF), which is created from the Common Fund. The low rate of recovery of loans for poverty alleviation is a serious problem as the revolving fund gets eaten up every year. The second problem was the inability of several people to access poverty alleviation loans. Moreover, allocations of the Fund is alleged to be discriminatory in some districts and does not reflect the needs of the District, hence, the need to identify the developmental needs of the district before allocations are done. This explains in part the low repayment and non-payment of credit provided from the PAF. Some of the community members also indicated that the loan was exiguous and had a cumbersome application process. *"The applicants are asked to deposit monies at the bank before accessing the credit, which most poor people are not able to afford. In some cases, the credit is not given at all after this condition has been met. When given, it is always too small to be put into any productive activity thus leading to low repayment rate. In fact, it is high time the Assembly changed the way it handles the poverty alleviation fund".*

Due to the importance of the PAF, the second roundtable discussion had a lengthy discussion on it, particularly the failure of beneficiaries to repay the loans they take, making the Fund ineffective. Participants admitted that the problem of nonpayment was inherited from the previous regime and initially the NPP government tried to recover the monies but has also fallen into the same trap. Some suggestions were made for improving this Fund, which takes a maximum of 20% of the DACF:

- Some participants recommended that the Assemblies target a few people to be given substantial monies to undertake SME ventures or family/community factories so as to provide employment opportunities for others rather than spread it thin making the loans inadequate for serious business. Others also suggested that the Assemblies could buy some machinery for small groups to operate such as gari processing machines so that they can pay from the incomes they generate.
- However, others felt that it would be necessary to categorize the beneficiaries and provide amounts required by each applicant rather than just giving a fixed amount to everybody. While ₦500,000 could be adequate for somebody it may be inadequate for another person whose business requires more investment.
- It was also recommended that the Assemblies educate the potential beneficiaries on the need to repay the loans and what to use the Fund for so as to benefit fully from it. The Assemblies must be willing to invest in the training of the beneficiaries of the Fund.
- Another recommendation was to organize the beneficiaries into groups so as to take advantage of collective responsibility and peer pressure to pay back.

- The use of Rural Banks as the disbursing agents and a requirement for beneficiaries to provide guarantors will help recovery although this would eliminate the poor who may find it difficult to secure guarantors.

CHAPTER FIVE **RECOMMENDATIONS AND CONCLUSIONS**

5.1 Recommendations

Based on the findings of the study, the Research Team draws attention to the weaknesses in the system with the hope that the recommendations on how to address the lapses will be accepted in good faith so as to ensure the efficient use of public resources transferred to the districts and to enhance public accountability.

To address the problem of the delay in disbursements the MLGRD has already recommended that a minimum allocation of 50% be made as an advance pending the determination of the actual allocation to all districts to enable them function. The research team views the recommendation as a step in the right direction and should be adopted. At the roundtable discussion, the Administrator indicated that the recommendation was already being implemented for the first quarter of 2004 due to the delay in getting the formula approved. Other possible remedies include having the MFEP release an advance every quarter based on the previous year's allocation, pending approval by Parliament and sanctioning officials who fail to submit supplementary budgets and reports on time (rather than District Assemblies).

We also support the MLGRD's recommendation that an allocation be made from the Fund to the Office of the Administrator, about 0.05% for its operational costs. The Administrator, however, recommends a much higher recommendation, that is, 0.5% of the Fund. This is necessary if the Administrator is expected to carry out his/her role of monitoring the use of the allocations from the Fund efficiently. This has been received favourably by the government. Furthermore, the announced increase of the allocation to the Fund from 5% to 7.5% has delayed and does not appear due in the near future. The delay is blamed on the delay of an audit that has been commissioned to make recommendations to plug loopholes and improve upon management of the Fund at the DAs. It is important that the necessary steps are taken to implement this increase to ease the financial burden District Assemblies are currently facing. Lack of capacity is another excuse for delaying the recommended increase but the government should be willing to invest in the Assembly's human resource development.

We recommend some flexibility in the guidelines attached to the DACF. Assemblies should be given the complete autonomy to decide on how the fund should be used, more especially if they prepare their Medium Term Development Plans in tandem with the government's focus, that is, the Ghana Poverty Reduction Strategy (GPRS). Monitoring with respect to its utilization should, however, be strengthened to ensure that it is properly used by officials. Ministerial directives and regulations, which make most of the DACF earmarked, should be minimized, as it gives no meaning to decentralization. In addition to these requirements, most assemblies have to provide counterpart funding for partner projects such as EU, VIP and SIF, leaving virtually nothing for the Assembly's own set priorities. Admittedly, it is the Assemblies that lobby for these projects, which should be in line with the Assembly's set priorities.

Allocations of the Fund should not only end at the district level. Each district must also engage in a transparent and participatory way of allocating their share of the DACF to its Area/Town Councils, etc. The criteria should be evolved to further define the share of the various Area/Town Councils in the districts so that each Area/ Town Council can obtain a fair share of development projects and properly monitor the utilization of the Common Fund under its jurisdiction. However, this would require the strengthening of the capacities of these units of government in the district.

Various concerns have been raised about the MPs' share of the Common Fund, including the discretion of MPs to solely select individuals and communities to benefit from the Fund, which is sometimes based on political considerations and the fears of possible abuse. Moreover, MPs belong to the Legislature, which should involve itself in enacting laws, and not implementing policies. There are even concerns about the Legislature enacting laws that favour members. We agree that steps have been put in place to reduce possible abuse, such as their inability to withdraw cash from their accounts on their own. However, the Assembly, which includes the MPs, has adequate procedures for deciding on projects and the disbursements of funds for such projects. It is, therefore, unnecessary for MPs to have allocations.

Assembly members should be educated to know their roles and responsibilities in the disbursement and utilization of the District Assemblies Common Fund. Once inducted into office they should be informed about the DACF allocations from the DACF Administrator. Issues pertaining to the Common Fund should also be made known to the ordinary community members. Each district should publish information on DACF on their notice boards so that various stakeholders can make contributions towards its use as well as monitoring project execution. Also, any Assembly member whose area is to benefit from a particular DACF project should by law be on the tender board in deciding on the contract to be awarded. This will help assembly members to know the details of the contract and, therefore, be in the position to monitor the projects. Finally there should be a policy statement allowing citizens/public access to information on the common fund.

From time to time, Assemblies should publish their DACF expenditure pattern in the national newspapers to allow for proper monitoring of districts at the local, district and national level. Forums should be created on an annual basis to enable the Assemblies brief community members on how the Common Fund was utilized. This will go a long way in ensuring accountability and transparency in the utilization of the DACF. However, we do not recommend the expensive way of putting posters by project sites. It would not be surprising to find out that some of the costs of these posters are unjustifiably high relative to the cost of the projects.

While taking steps to ensure that the DACF is efficiently and equitably administered we also recommend that an effort should be made to reduce the total dependence of some DAs on the DACF as a source of funding for its development. This would involve increasing the internally generated funds through a number of efforts, which include:

- A database for revenue mobilisation
- The involvement of substructures and local groups in revenue collection
- An establishment of revenue targets and the monitoring of performance.
- Increased supervision of revenue collectors and recording of transactions.
- Provision of incentives and logistics for revenue staff.
- Improvement in the quality of basic service delivery to the public so as to encourage people to pay local levies.
- Improvement in accounting practices and internal auditing to reduce leakages in revenue collection.
- Tax education campaigns.
- Training and upgrading of revenue staff.
- Frequent transfer of revenue staff within the district.
- Allocation of the DACF should cater for participatory monitoring and evaluation, including the training of local level stakeholders.

Finally, we recommend that the whole process of involving CSOs in the tracking of DACF and other public funds be institutionalized and become part of the decentralization policy so

as to ensure efficient and equitable use of public resources at the district level. The tracking of the flow of the DACF and the use of the resources transferred to MMDAs should, therefore, be made a normal part of the decentralization policy and an annual affair. The methodology is appropriate and easy to use as it involves the collection of data from existing documents at various government agencies for study and analysis. Institutionalization in this case would require specific instructions to the Assemblies to make information on the Fund easily accessible and give full cooperation to CSOs who wish to monitor the use of the Fund. It should even be possible to grant some money to one CSO in each district to monitor projects funded from the DACF. Some CSOs and donors are also willing to support CSO involvement in the monitoring of the use of the Fund and other central government transfers to the districts.

5.2 Conclusion

There is no doubt that the DACF constitutes a large chunk of state resources to the work of the District Assemblies and that the benefits of the transfers of such resources are immense. The Fund has served a good purpose in bringing infrastructural development to the districts, something that might have taken very long, if at all, to come from the central government. However, there have been several problems with the allocation, disbursement and utilization of the Fund, which need to be addressed. Concerns about delays in disbursements, shortages in disbursements, misuse by MMDAs, discrimination in the selection of projects (mainly on partisan basis), and quality of projects have been expressed by the Ghanaian public and confirmed by this study.

It is therefore, essential that steps are taken to ensure that the administration of the DACF is efficient and achieves the lofty aims for which it was set up. The Constitution provides for it and prescribes the rules for its administration. Parliament has reinforced these rules by enacting a specific law, the District Assemblies Common Fund Act, 1993 (Act 255). Every effort should, therefore, be made to transfer the funds on a timely basis and the MMDAs should ensure efficient utilization of the funds they receive in a participatory and transparent manner.

It is expected that the authorities will take the findings and recommendations of the study as a contribution from civil society groups to the monitoring and evaluation of state resources seriously. The recommendations are worth implementation to ensure effective and timely utilization of the DACF and will most likely benefit the majority of Ghanaians, particularly the rural poor. Parliament should view the findings and recommendations in an impassionate, non-partisan manner and enact the appropriate laws and/or amendments to enhance the administration of the Fund.

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The 1992 Constitution of Ghana.

The Local Government Act, 1993, (Act 462)

The District Assemblies Common Fund Act, 1993 (Act 255).

LI 1446. Local Government (Bongo District Assembly) (Establishment) Instrument, 1988.

APPENDICES

APPENDIX I OFFICES VISITED

1. Office of the Administrator of the District Assemblies Common Fund, Accra.
2. Ministry of Local Government and Rural Development, Accra.
3. The Controller and Accountant General's Department, Accra.
4. The Ministry of Finance and Economic Planning, Accra.
5. The Regional Coordinating Council, Kumasi.
6. The Regional Coordinating Council, Tamale.
7. The Regional Coordinating Council, Koforidua.
8. The Regional Coordinating Council (Economic Planning Office), Takoradi.
9. The Savelugu Nanton District Assembly, Savelugu.
10. The Suhum/Kraboa Coaltar District Assembly, Suhum.
11. The Mphophor Wasa East District Assembly, Takoradi.
12. The Ejisu Juaben District Assembly, Ejisu.

APPENDIX II
Allocations of the DACF to Mpohor Wasa East District Assembly

Period	Date of Allocation	Date of Disbursement	Date of Receipt	Amount
1/1999	02/09/1999	05/09/1999	16/10/1999	258,610,072
2/1999	02/12/1999	06/12/1999	13/12/1999	258,610,072
3/1999	04/02/2000	20/03/2000	04/04/2000	258,610,072
4/1999	09/05/2000	17/05/2000	27/05/2000	194,509,778
Annual Total				970,339,994
1/2000	09/08/2000	12/09/2000	28/09/2000	347,244,753
2/2000	19/02/2001	07/04/2001	31/07/2001	347,244,753
3/2000	18/05/2001	13/07/2001	07/08/2001	347,244,753
4/2000	23/08/2001	13/09/2001	20/09/2001	224,336,567
Annual Total				1,266,070,826
1/2001	07/09/2001	29/10/2001	13/01/2001	440,630,753
2/2001	04/02/2002	11/02/2002	05/12/2001	440,630,753
3/2001	16/05/2002	11/06/2002	25/06/2002	440,630,753
4/2001	18/09/2002	02/10/2002	26/10/2002	440,630,753
Annual Total				1,762,523,012
1/2002	08/01/2003	07/02/2003	10/02/ 2003	532,903,169
Annual Total				532,903,169
Grand Total				3,998,933,862

Source: The Office of the Administrator of the DACF and Mpohor Wasa District Assembly.

APPENDIX III
Receipts of DACF Disbursements by the Mpohor Wasa East District Assembly

Date of Disbursement	Amount Allocated	Amount Received	Difference
1999			
Qtr 1	258,610,072	258,610,072	
Qtr 2	258,610,072	258,610,072	
Qtr 3	258,610,072	258,610,072	
Qtr 4	194,509,778	192,509,772	2,000,000
Annual Total	970,339,994	968,339,994	2,000,000
2000			
Qtr 1	347,244,753	347,244,753	
Qtr 2	347,244,753	347,244,753	
Qtr 3	347,244,753	347,244,753	
Qtr 4	224,336,567	224,336,567	
Annual Total	1,266,070,826	1,266,070,826	
2001			
Qtr 1	440,630,753	440,630,753	
Qtr 2	440,630,753	440,630,753	
Qtr 3	440,630,753	440,630,753	
Qtr 4	440,630,753	440,630,753	
Annual Total	1,762,523,012	1,762,523,012	
2002			
Qtr 1	532,903,169	519,245,106	
Annual Total	532,903,169	519,245,106	
Grand Total	3,998,933,862	3,996,933,862	2,000,000

Source: Office of the Administrator and the Mpohor Wasa East District Assembly

APPENDIX IV
Allocations of the DACF to the Savelugu/Nanton District Assembly

Period	Date of Allocation	Date of Disbursement	Date of Receipt	Amount
1/1999	07/06/1999	10/09/1999	23/09/1999	288,444,194
2/1999	02/12/1999	06/12/1999	31/12/1999	288,444,194
3/1999	23/02/2000	28/02/2000	31/03/2000	288,444,194
4/1999	09/05/2000	17/05/2000	30/08/2000	214,587,464
Annual Total				1,079,920,046
1/2000	09/08/2000	12/09/2000	30/11/2000	413,596,166
2/2000	19/02/2001	07/04/2001	31/07/2001	413,596,166
3/2000	18/05/2001	13/07/2001	15/10/2001	413,596,166
4/2000	23/08/2001	13/09/2001	20/11/2001	267,202,725
Annual Total				1,507,991,223
1/2001	07/09/2001	29/10/2001	13/01/2002	505,414,968
2/2001	04/02/2002	11/02/2002	05/03/2002	505,414,968
3/2001	16/05/2002	11/06/2002	25/06/2002	505,414,968
4/2001	18/09/2002	02/10/2002	26/10/2002	505,414,968
Annual Total				2,021,650,872
1/2002	08/01/2003	27/02/2003	10/02/2003	650,314,550
Annual Total				650,314,550
Grand Total				5,259,876,691

Source: The Office of the Administrator of the DACF and Savelugu/Nanton District Assembly.

APPENDIX V
Receipts of DACF Disbursements by the Savelugu/Nanton District Assembly

Date of Disbursement	Amount Allocated	Amount Received	Difference
<u>1999</u>			
Qtr 1	288,444,194	146,643,750.00	141,800,444
Qtr 2	288,444,194	230,755,355.00	57,688,839
Qtr 3	288,444,194	259,599,774.00	28,844,420
Qtr 4	214,587,464	186,118,274.50	25,469,189
Annual Total	1,079,920,046	823,117,153.50	256,802,893
<u>2000</u>			
Qtr 1	413,596,166	267,358,247.00	146,237,919
Qtr 2	413,596,166	234,906,056.00	178,690,110
Qtr 3	413,596,166	233,862,384.00	179,733,782
Qtr 4	267,202,725	495,303,728.00	(228,101,003)
Annual Total	1,507,991,223	1,231,430,415.00	276,560,808
<u>2001</u>			
Qtr 1	505,414,968	N/A	
Qtr 2	505,411,968	N/A	
Qtr 3	505,411,968	N/A	
Qtr 4	505,411,968	N/A	
Annual Total	2,012,650,872		
<u>2002</u>			
Qtr 1	650,314,550	N/A	
Annual Total	650,314,550		
Grand Total	5,259,876,691		533,363,701

Source: Office of the Administrator of the DACF and the Savelugu/Nanton District Assembly

APPENDIX VI
Allocations of the DACF to the Suhum/Kraboa/Coaltar District Assembly

Period	Date of Allocation	Date of Disbursement	Date of Receipt	Amount
1/1999	07/06/1999	19/06/1999	16/07/1999	252,921,279
2/1999	02/12/1999	06/12/1999	13/12/1999	252,921,279
3/1999	23/02/2000	17/03/2000	17/03/2000	252,921,279
4/1999	09/05/2000	11/05/2000	18/05/2000	188,299,987
Annual Total				947,063,824
1/2000	09/08/2000	12/09/2000	23/09/2000	342,862,994
2/2000	19/02/2001	07/04/2001	14/05/2001	342,862,994
3/2000	18/05/2001	13/07/2001	15/08/2001	342,862,994
4/2000	23/08/2001	13/09/2001	17/09/2001	221,505,743
Annual Total				1,250,094,725
1/2001	07/09/2001	29/10/2001	20/11/2001	506,117,303
2/2001	04/02/2002	11/02/2002	04/03/2002	506,117,303
3/2001	16/05/2002	11/06/2002	18/06/2002	506,117,303
4/2001	18/09/2002	02/10/2002	14/10/2002	506,117,303
Annual Total				2,024,469,212
1/2002	08/01/2003	27/02/2003	12/02/ 2003	823,879,171
Annual Total				823,879,171
Grand Total				5,045,506,932

Source: The Office of the Administrator of the DACF and Suhum/Kraboa/Coaltar District Assembly.

APPENDIX VII
Receipts of DACF to Suhum/Krabo/Coaltar District Assembly

Period	Amount Allocated	Amount Received	Difference
1999			
Qtr 1	252,921,279	252,921,279	-
Qtr 2	252,921,279	202,337,023	50,584,256
Qtr 3	252,921,279	227,629,151	25,292,128
Qtr 4	188,299,987	169,469,988	18,706,383
Annual Total	947,063,824	852,357,441	94,706,383
2000			
Qtr 1	342,862,994	286,576,694	56,286,300
Qtr 2	342,862,994	300,005,120	42,857,874
Qtr 3	342,862,994	291,433,545	51,429,449
Qtr 4	221,505,743	193,817,525	27,688,218
Annual Total	1,250,094,725	1,071,832,854	178,261,871
2001			
Qtr 1	506,117,303	495,994,957	10,122,346
Qtr 2	506,117,303	495,994,957	10,122,346
Qtr 3	506,117,303	492,794,957	13,322,346
Qtr 4	506,117,303	495,994,957	10,122,346
Annual Total	2,024,469,212	1,980,779,828	43,689,384
2002			
Qtr 1	823,879,171	804,401,588	19,477,583
Annual Total	823,879,171	804,401,588	19,477,583
Grand Total	5,045,506,932	3,857,014,307	1,188,492,625

Source: Office of the Administrator and the Suhum/Krabo/Coaltar District Assembly

APPENDIX VIII
Allocations of the DACF to the Ejisu Juaben District Assembly

Period	Date of Allocation	Date of Disbursement	Date of Receipt	Amount
1/1999	07/06/1999	19/09/1999	16/10/1999	281,905,711
2/1999	02/12/1999	06/12/1999	13/12/1999	281,905,711
3/1999	23/02/2000	17/03/2000	04/04/2000	281,905,711
4/1999	09/05/2000	11/05/2000	27/05/2000	209,748,891
Annual Total				1,055,466,024
1/2000	09/08/2000	12/08/2000	23/08/2000	396,971,068
2/2000	19/02/2001	07/04/2001	14/05/2001	396,971,068
3/2000	18/05/2001	13/07/2001	07/08/2001	396,971,068
4/2000	23/08/2001	13/09/2001	20/09/2001	256,462,124
Annual Total				1,250,094,725
1/2001	07/09/2001	29/10/2001	13/01/2002	1,255,140,629
2/2001	04/02/2002	11/02/2002	05/03/2002	1,255,140,629
3/2001	16/05/2002	11/06/2002	25/06/2002	1,255,140,629
4/2001	18/09/2002	02/10/2002	26/10/2002	1,255,140,629
Annual Total				5,020,562,516
1/2002	08/01/2003	27/02/2003	10/02/ 2003	805,073,729
Annual Total				805,073,729
Grand Total				8,328,477,597

Source: The Office of the Administrator of the DACF and Ejisu/Juaben District Assembly.

APPENDIX IX**Total Transfers to the Ejisu Juaben District Assembly (1999-2002)**

Period	Amount Allocated	Amount Received	Difference
1999			
Qtr 1	281,905,711		
Qtr 2	281,905,711		
Qtr 3	281,905,711		
Qtr 4	209,748,891		
Annual Total	1,055,466,024	1,135,000,000	(79,533,976)
2000			
Qtr 1	396,971,068		
Qtr 2	396,971,068		
Qtr 3	396,971,068		
Qtr 4	256,462,124		
Annual Total	1,447,375,328	1,588,000,000	(140,624,672)
2001			
Qtr 1	1,255,140,629		
Qtr 2	1,255,140,629		
Qtr 3	1,255,140,629		
Qtr 4	1,255,140,629		
Annual Total	5,020,562,516	5,021,000,000	(437,484)
2002			
Qtr 1	805,073,729	459,875,000	
Annual Total	805,073,729	459,875,000	395,198,729
Grand Total	8,328,477,597	8,203,875,000	124,602,597

Source: Office of the Administrator of the DACF and the Ejisu/Juaben District Assembly, 2003.

APPENDIX X**Differences in Information Received from Different Sources****District Assemblies Common Fund Allocations for the 1999 – 2002****Table 1: Office of the Administrator of the DACF**

Assembly	1999	2000	2001	2002
Mpohor Wasa East	970,339,994	1,266,070,826	1,762,523,012	532,903,169
Suhum/Kraboa/Coaltar	947,063,824	1,250,094,725	2,024,469,212	823,879,171
Ejisu Juaben	1,055,466,024	1,447,375,328	5,020,562,516	805,073,729
Savelugu/Nanton	1,079,920,046	1,507,991,223	2,021,650,872	650,314,550
Total for the Period				

Table 2: District Assemblies (Information provided to Researchers)

Assembly	1999	2000	2001	2002
Mpohor Wasa East	968,339,994	1,266,070,826	1,762,523,012	532,903,169
Suhum/Kraboa/Coaltar	852,357,441	1,071,832,854	1,980,779,828	804,401,588
Ejisu Juaben	1,135,000,000	1,588,000,000	5,021,000,000	459,875,000
Savelugu/Nanton	823,117,154	1,231,430,415		
Total for the Period				

Table 3 Controller and Accountant General's Office (Returns from Assemblies)

Assembly	1999	2000	2001	2002
Mpohor Wasa East	789,900,000	1,105,875,885	1,130,435,003	1,293,454,414
Suhum/Kraboa/Coaltar	505,842,558	475,415,041	1,263,346,475	1,484,784,871
Ejisu Juaben	720,606,373	894,780,439	1,754,325,566*	5,261,652,849*
Savelugu/Nanton	717,000,000	1,092,323,287	1,261,999,991	1,483,311,184
Total for the Period				

*The two figures included other grants, that is, salaries, ceded revenue, NGO funding, etc.

Source: Controller and Accountant General's Department, Accra.

APPENDIX XI
INSTRUMENT FOR COLLECTING DATA
TRACKING THE DISTRICT ASSEMBLIES COMMON FUND

A group of Civil Society Organizations, with the permission and support of the Ministry of Local Government and Rural Development, is undertaking a pilot study on the flow of the District Assemblies Common Fund to the districts as well as its use by the beneficiary institutions. This is part of efforts to encourage participatory monitoring of the use of public resources by CSOs.

It is our hope that the findings of the study would be useful to all stakeholders of the decentralized system in Ghana and provide a basis to improve upon the disbursement and use of the Fund. We would, therefore, be most grateful if you and your staff will give us all the cooperation that is needed for a successful study. Your responses and all information provided shall be treated as confidential information and you would not be quoted without your permission.

Attached is a copy of a letter from the MLGRD indicating the permission and support of the study and our request for your cooperation.

Thank you.

1. Name of Interviewer.....
2. Date of Interview
3. Institution:
4. Address:.....
5. Tel. No.....E-mail address.....
6. Interviewee/Contact Person:.....
7. Position:.....

A. Office of the Administrator of the DACF

1. Please, furnish the following information about the allocation of the District Assemblies Common Fund to the District Assembly for the period 1999 to 2002:

Date of Allocation	Date of Disbursement	Amount	Quarter/Year
			1/1999
			2/1999
			3/1999
			4/1999
			1/2000
			2/2000
			3/2000
			4/2000
			1/2001
			2/2001
			3/2001
			4/2001
			1/2002
			2/2002
			3/2002
			4/2002

1a. Any additional disbursements:

2. What were the factors taken into consideration in arriving at these allocations to the district?
3. Are there factors other than those provided for by law that were used in making the allocations of the Common Fund?
- 3a. State them
4. What are some of the factors that could lead to any backlog in the disbursement of the Common Fund?
- 4a. Why?
5. Is there any way of improving the current situation?
- 5a. How can this be done?
6. Do you have any internal mechanisms in place for monitoring and evaluation of the allocation, disbursement and use of the Common Fund?
- 6a. If yes, please describe them
7. How do you use this system?
8. What are some of the weaknesses in the administration of the Common Fund?
9. Do you get all the 5% of tax revenue as provided for by law?
10. Do you allocate everything that you get as you get it?
- 10a. If no, what do you do with the rest of the allocation? ...
11. What would you recommend for improving the administration and use of the Common Fund?
12. What accounts for the delays in the disbursements of the Fund to beneficiaries?
13. Are you putting some of the monies aside for emergencies?
.....
14. How are you doing this? DAs can source assistance from this fund for emergencies.....

C. Controller and Accountant General

1. Please, could you indicate below the disbursements from the DACF that were made to the..... District Assembly for the period 1999 - 2002.

Date of Disbursement	Date of Receipt	Amount Released	Quarter/Year
			1/1999
			2/1999
			3/1999
			4/1999
			1/2000
			2/2000
			3/2000
			4/2000

			1/2001
			2/2001
			3/2001
			4/2001
			1/2002
			2/2002
			3/2002
			4/2002

1.a. Do these figures agree with the figures released from the office of the Administrator of the Common Fund?

1.b. If no, what accounts for the disparities?

Explain further

1c. Do these figures agree with the figures released from the office of the Minister for Finance?

1d. If no, what accounts for the disparities?

Explain further

2. What were the factors taken into consideration in arriving at these allocations to the district?

3. Are there factors other than those provided for by law that were used in making the allocations of the Common Fund?

3a. State them

4. What are some of the factors that could lead to any backlog in the disbursement of the Common Fund?

4a. Why?.....

5. Is there any way of improving the current situation?

5a. How can this be done?

6. Do you have any internal mechanisms in place for monitoring and evaluation of the allocation, disbursement and use of the Common Fund?

6a. If yes, please describe them

7. How do you use this system?

8. What are some of the weaknesses in the administration of the Common Fund?

9. Do you get all the 5% of tax revenue as provided for by law?

10. Do you allocate everything that you get as you get it?

10a. If no, what do you do with the rest of the allocation?

11. What would you recommend for improving the administration and use of the Common Fund?

12. What accounts for the delays in the disbursements of the Fund to beneficiaries?

D. District Assembly (DCE/DCD/DFO):

1. What was your total allocation of the District Assemblies Common Fund for each of the years from 1999 - 2002?

1999
2000.....
2001.....
2002.....

2. How do you get information about your allocation?

3. Do you know in advance your allocation (so as to be able to plan)?

4. Please, indicate below the allocations from the DACF that were actually received by your District Assembly for the period 1999 - 2002.

Date of Disbursement	Date of Receipt	Amount Received	Quarter/Year
			1/1999
			2/1999
			3/1999
			4/1999
			1/2000
			2/2000
			3/2000
			4/2000
			1/2001
			2/2001
			3/2001
			4/2001
			1/2002
			2/2002
			3/2002
			4/2002

5. Do these figures agree with the figures released from the office of the Administrator of the Common Fund?

5a. If no, what accounts for the disparities?

6. Do these figures agree with the figures released from the Ministry of Finance?

6a. If no, what accounts for the disparities?

7. Please, provide a list of the projects and programmes undertaken with the proceeds of the DACF for the period 1999 - 2002 (Indicate original cost and cost at completion).

Project	Date of contract	Date of Commencement	Date Completed	Original Cost	Cost at completion

Attach a supplementary list of projects and programmes where they exceed the space provided.

8. Was the selection of the projects based on the guidelines for the use of the Fund?
.....

9. If no, what special circumstances led to your abandoning the guidelines?

10. How do you assess the quality of quality of projects undertaken with funds from the Common Fund?

11. Are you putting aside any of the monies from the Fund for emergencies?

12. How are you doing this?

11. What conditions promote or constrain the efficient implementation of the DACF?

12. What are the risk factors that could jeopardize the attainment of the objectives of the DACF?

13. What are your views about the method of allocation of the Fund to the districts?
.....

14. Should the current situation where MPs are given an allocation of the DACF be continued?

14a. Why?

15. Do you think the Fund is adequate or it should be increased?

16. What would you recommend for the improvement of the disbursement and utilization of the DACF?

E. Members of Parliament:

1. Please, indicate the amounts of monies you received as your allocation of the District Assemblies Common Fund for the period from 1999 to 2002:

Date of Disbursement	Date of Receipt	Amount Received	Quarter/Year
			1/1999
			2/1999
			3/1999
			4/1999
			1/2000
			2/2000
			3/2000
			4/2000
			1/2001
			2/2001
			3/2001
			4/2001

			1/2002
			2/2002
			3/2002
			4/2002

2. Please, provide a list of the projects and programmes that you used your share of the District Assemblies Common Fund for?

Project	Date of contract	Date of Commencement	Date Completed	Original Cost	Cost at completion

3. Was the selection of the projects and programmes based on the guidelines of the DACF?

.....

4. If no, what special circumstances led to your abandoning the guidelines?

5. Is there any system in place for monitoring and evaluation of the DACF?

.....

6. Are you satisfied with the use of the Common Fund in the District?

6a. Could you, please, explain?

7. Are you satisfied with the use of the Common Fund in your Constituency?

7a. Could you, please, explain?

8. Are you satisfied with the way the DACF is administered?

9. Do you have recommendations for the improvement of the administration of the Common Fund?

F. Focus Group Discussions

1. Do you know anything about the District Assemblies Common Fund?

.....

2. How much did your district receive as its share of the DACF in the last year?

3. What are some of the projects the District Assembly used the Common Fund for?

.....

4. Do you see the district's share of the Common Fund as contributing to the development of the district?

5. Have you ever participated in any dialogue on the development of the District?
6. Has your organization ever contributed to the promoting or opposing specific laws/policies, including the DACF, in the district?
- 6a. Explain
7. How do you assess the quality of the use of the Common Fund in your district?
8. What conditions promote or constrain the efficient implementation of the DACF?
9. What are the risk factors that could jeopardize the attainment of the objectives of the DACF?
10. What are your views about the method of allocation of the Fund to the districts?
11. Should the current situation where MPs are given an allocation of the DACF be continued?
12. Why?
13. Do you think the Fund is adequate or it should be increased?
14. What would you recommend for the improvement of the disbursement and utilization of the DACF?

APPENDIX XIII

PARTICIPATING ORGANIZATIONS

- a) The Ghana Association of Private Voluntary Organizations for Development and African Development Programme, Accra
- b) Friends of the Nation, Takoradi.
- c) Muslim Relief Association of Ghana, Accra/Tamale.
- d) CEDEP/KNUST, Kumasi
- e) The Centre for Budget Advocacy of ISODEC, Accra.