

UNIVERSITY OF CAPE COAST

EFFECTS OF THE DISTRICT ASSEMBLY COMMON FUND (DACF) ON
SOCIO-ECONOMIC DEVELOPMENT IN GHANA: A CASE STUDY OF
TANO-SOUTH DISTRICT ASSEMBLY IN THE BRONG AHAFO
REGION OF GHANA

VIDA OWUSU-AMPONSAH

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REGION OF GHANA

BY

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Administration Degree in General Management.

MAY 2017

DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature: Date:.....

Name: Vida Owusu-Amponsah

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature:Date:

Supervisor's Name: Dr. Camara K. Obeng

ABSTRACT

The District Assembly Common Fund (DACF) is an important component of the operationalisation of the decentralisation agenda in Ghana. Over the years, the fund has increasingly become the main source of funds for the Metropolitan, Municipal and District Assemblies (MMDAs). The effect of the fund on the development of the Tano-South District Assembly is the focus of this study. Using both primary and secondary data, the effect of the fund on socio-economic development is studied. The key finding of the study is that the Fund has had a positive effect on the socio-economic development of the District. Other findings include; delay in disbursement of funds from the central government, the decline of IGFs by the assembly as a percentage of total revenue, low participation of citizens in the choice of projects the fund should be used for. Also, there is a lot of deduction at source so the funds that finally get to the assembly is inadequate to effect the needed change. The study recommends that IGF mobilisation should be improved, there should be a timely disbursement of funds and local participation in the decision making processes of the assembly should be strengthened.

KEY WORDS

Disability fund

District Assembly Common Fund (DACF)

Metropolitan, Municipal and District Assemblies (MMDA)

Perception

Socio-economic development

Tano-South District Assembly

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DEDICATION

I dedicate my dissertation work to God for seeing me through this work, to my adorable husband, Mr. Joseph Afful Adams and my wonderful daughter, Marilyn Grace H. Adams.

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CHAPTER ONE

INTRODUCTION

The District Assembly Common Fund (DACF) is an important component of the operationalisation of the decentralisation agenda in Ghana. Over the years, the fund has increasingly become the main source of funds for the Metropolitan, Municipal and District Assemblies (MMDAs). The effect of the fund on the development of the Tano-South District Assembly is the focus of this study. Using both primary and secondary data, it came to light that the District Assembly Common Fund has had a positive effect on the socio-economic development of the District.

Background to the Study

In order to promote democratic governance for human development, many countries in the world have progressively turned towards the practice of decentralization (Work, 2002). For instance, decentralisation has been initiated by governments across sub-Saharan Africa as an approach that will bring service delivery closer to consumers and improve the responsiveness of the central government to public demands. This strategy was geared towards minimising poverty by improving the efficiency and quality of public services and empower local units to feel more involved and in control. Such countries as Ghana, Uganda, Kenya, South Africa and Burkina Faso are decentralising decision-making power, resources and responsibilities to lower levels of government (Rondinelli, 1989).

The decentralisation policy in Ghana was adopted to promote greater efficiency by giving power to the lower level of government other than allowing the central government alone to hold all authority and to carry out all

functions and responsibilities. The three main reasons for the approval of decentralisation are efficient use of resources, rendering of quality service and the dispersal of legitimate political power (Lauglo, 1995).

The history of decentralisation in Ghana can be traced to the colonial periods (1878 – 1951) when the colonial administration ruled indirectly through the native political institutions (that is, the chiefs), by constituting the chief and elders in a given district as the local authority, with powers to establish treasuries, appoint staff and perform local government functions (Aryee, 2000 cited in Crawford, 2004).

In the bid to strengthen decentralisation in the country, the Local Government Law (PNDC Law 207) was enacted in 1988 which saw the creation of 110 districts with non-partisan district assemblies comprising two-thirds elected and one-third appointed members. The stated aim of the PNDCL 207 was to “to promote popular participation and ownership of the machinery of government by devolving power, competence and resource/means to the district level” (Crawford, 2004). After the adoption of the 1992 constitution, the Local Government Act 1993 (Act 462) was enacted to replace the PNDCL 207 law. This further created some departments which were to be decentralised under the district assemblies mandated to render services in the governance and management of the local areas (Government of Ghana, 1993).

The Local Government Act 1993 (Act 462) stipulated some specific functions to be performed by District Assemblies in Ghana which are as follows;

1. Ensure the overall development of the district;

2. Formulate and execute plans, programmes and strategies for effective mobilisation of resources necessary for the overall development of the district;
3. Promote and support productive activities and social development in the district and remove any obstacles to initiative and development;
4. Initiate programmes for the development of basic infrastructure and provide municipal works and services in the district;
5. Be responsible for the development, improvement and management of human settlements and the environment in the district;
6. Be responsible for the maintenance of security and public safety in the district in co-operation with the appropriate national and local security agencies
7. Ensure ready access to courts in the district for the promotion of justice;
8. Initiate, sponsor or carry out such studies as may be necessary for the discharge of any of the functions conferred by the Act or any other enactment;
9. Perform such other functions as may be provided under any other enactment.

There is no doubt that for effective and efficient implementation of the above functions, there is the need for strong financial support. The traditional sources of funds for the local authorities over the years are the following:

1. Identified Licenses, Rates and Taxes
2. Interest on investment
3. Shared Revenues
4. Profits from trading activities and projects

5. Loans and overdraft facilities subject to approval of Ministers of Local Government and Finance
6. Local and foreign grants

Currently, District Assemblies obtain funds from several sources which includes; Donor funds (20 percent), Internally Generated Funds (19 percent) and 61 percent Central Government Transfers (NDPC, 2009; Botchie, 2000). Central government transfers include District Assembly Common Fund (DACF), Ceded Revenue, the GETFund and District Development Fund (Crawford, 2004). It is however worth noting that, DACF is the most important source of funding for District Assemblies. The DACF forms between 80 to 90 percent of an assembly's annual expenditure (Banful, 2007).

Notwithstanding the above traditional sources of funds for development in the various districts most districts were not financially sound due to difficulties in collecting these revenues. The inadequacy of these traditional sources of fund led to the introduction of the concept of "Ceded Revenue" by the Local Government Act, 1993 (Constitution of the Fourth Republic, 1992).

By that arrangement, a percentage of the monies collected by the Central Government Agency, then Ghana Revenue Authority are distributed to the District Assemblies (DAs) by a formula proposed by the Ministry of Local Government and Rural Development. Even though the DAs were expected to be self-sufficient through the "Ceded fund" and the traditional sources of finance, most were finding difficulties in getting enough money for salaries, wages and development projects. Thus to address these financial deficiencies among the DA's, the District Assembly Common Fund (DACF) was

established by the 1992 Constitution. Section 252 of the constitution provides the following:

1. There shall be a fund to be known as the District Assembly Common Fund.
2. Subject to the provision of this constitution, Parliament shall annually make provision for the allocation of not less than five percent (5%) of the total revenue of Ghana to the District Assemblies for development and the amount shall be paid in quarterly instalments.
3. The monies accruing to the DAs under the Common Fund shall be distributed among all the DAs on the basis of a formula approved by Parliament.
4. There shall be appointment by the president with approval of Parliament, a District Assembly Common Fund Administrator.
5. Parliament shall by law prescribe the function and tenure of office of the Administrator in such manner as well to ensure the effective and equitable administration of the DACF.

It has been argued that the introduction of the DACF is one innovative and people-centred measure ever introduced into the country's local government system. The rationale behind the DACF concept is to ensure the central pooling of resources so that both the financially advantaged and disadvantaged districts would be fairly financed to enable them carry through the building of the requisite infrastructure and logistics to improve the standard of living of the rural folks (Ahwoi, 1992).

The percentage of the nation's revenue allocated to District Assemblies by Parliament is currently 7.5 percent (Adu, 2007; Suzan-Hermina, 2014). The formula encapsulates needs, equalisation, responsiveness and service pressure in the districts, though the weight of each factor may vary yearly (Suzan-Hermina, 2014). Crawford (2004) notes that, government determines 75 percent of the items or activities that DACF is used for whilst District Assemblies determine only 25 percent of these items and activities.

Statement of the Problem

The various Metropolitan, Municipal and District Assemblies (MMDA) are the critical institutions of administrative and developmental decision-making at the local level. With the huge responsibility and functions (deliberative, executive and legislative) placed on these decentralised institutions of state, it is imperative that the needed financial resources are provided for these institutions to execute their mandates effectively (The common fund newsletter, 2014). The local government system provides the opportunity for local communities to determine their tastes and preferences. Thus, they determine which programmes and projects are most needed in enhancing their socio-economic development.

In Ghana, the DACF is the revenue sharing system being implemented by Central Government to address the issue of fiscal and resource imbalance at the local level. The Fund created under Article 252 of the 1992 Constitution of Ghana, is a formula-based system of financial transfers for local development from the Central Government. The Fund is to promote fiscal decentralisation. Also, the Fund is expected to complement the Internally Generated Funds

(IGFs) of the assemblies and not to be the main source of revenue for the assemblies (“The common fund newsletter”, 2014).

However, over the years, the DACF has become the main source of funding for most assemblies. They depend heavily on the Fund to execute their programmes and activities and the Tano-South district assembly is no exception. The Tano-South assembly’s IGFs is woefully inadequate to execute the programmes and activities outlined by the assembly. Challenges that impede revenue mobilisation include; poor road network, abject poverty, poor monitoring for revenue collectors and lack of motivation for revenue staff. For example, in 2014, the assembly’s own IGF was less than 4 percent of total revenue collected. However, the Assembly spent over 90 percent of the GH¢524,408.00 approved and disbursed from the District Development Facility (DDF) on capacity building (Tano-South District Assembly, 2014).

The Assembly has high poverty levels and only about 40 percent of the people in the Tano South District have access to potable water. Health facilities in the District are also limited (Budu, 2013). Thus, DACF is a very critical and essential revenue stream for the Assembly to undertake developmental programmes and projects to alleviate the poverty levels in the District.

Although the intended purpose of the DACF is commendable, its allocation, disbursement and usage has not been efficient and leaves much to be desired. This is however not the case in all the assemblies. However, no academic study in recent times has been done to assess the effects of DACF on socio-economic development in the Tano-South district assembly to highlight the current state of affairs.

Purpose of Study

The purpose of the study is to assess the effects of DACF on the socio-economic development in the Tano-South District Assembly from 2009 to 2015. This will highlight the current state of affairs and the usage of the Fund on the socio-economic development of the Assembly.

Research Objectives

Based on the issues raised in the statement of the problem, the study seeks to achieve the following primary and specific research objectives. The primary research objective of this study is: assess the effect of the DACF on socio-economic development in the Tano-South District. The following specific research objectives guided the achievement of the primary research objective stated above. To:

1. Explore how the Tano South District Assembly has used its share of the Common Fund.
2. Investigate the number of developmental projects funded with District Assembly Common Fund.
3. Investigate whether the Disability Fund has been instituted out of the Common Fund as required by law.
4. Examine people's perceptions of the use of DACF.
5. Examine the challenges of the DACF in financing the development of the district.

Research Questions

Based on the above primary and specific research objectives, the primary research question for this study is what are the effects of the District Assembly Common Fund (DACF) on socio-economic development in the

Tano-South District? The specific research questions that will address the primary research question above are presented below:

1. How has the Tano South District Assembly used its share of the Common Fund?
2. How many developmental projects have been executed with the use of District Assembly Common Fund in Tano South District?
3. Has Disability Fund been instituted out of the Common Fund as required by law?
4. What are people's perceptions of the use of the DACF?
5. What are the challenges in using the District Assembly Common Fund to finance development in the district?

Significance of the Study

As indicated earlier, DACF was initiated to finance development activities in districts in Ghana. Various researches conducted on DACF in Ghana provide the general idea that, DACF is necessary to supplement the funding of development activities (Crawford, 2004; Botchie, 2000; Banful, 2007). However, the significance of this research is to provide an empirical evidence of the specific impacts of DACF on socioeconomic development by using Tano South District as a case study.

The findings of this research will provide basis for the monitoring and evaluation of the effectiveness of DACF the District. Furthermore, the data gathered about the challenges of DACF will assist policymakers in the Tano South to formulate policies necessary to improve the use of DACF in promoting development which has the potential to contribute to the

achievement of Millennium Development Goal 1 which is to eradicate extreme poverty and hunger.

Finally the study will guide and provide knowledge for future researchers on DACF and socio-economic development.

Delimitation

Geographically the scope of the research is limited to the Tano-South District of Brong-Ahafo Region of Ghana. A case study has the advantage of presenting an in-depth analysis of the Tano-South District Assembly thus, bring out the effects of the DACF on socio-economic development in a detailed manner.

The perception of residence about the use of the DACF for its intended purpose was restricted to the assembly members. The assembly members who are the local representatives of the people are those directly expected to be involved in planning the development agenda of the community. Thus, their awareness or perception about the fund is very indicative about how the larger community perceive the use of the DACF by their leaders.

The term socio-economic activities embrace a lot of activities. However, this research work will be based on only education, health delivery system, social facilities and other infrastructural developments.

The time period of the study was limited to seven (7) years (2009-2015) due to the availability of data from the assembly. As a result of poor record keeping and the intensive use of paper, the assembly was unable to provide reliable data on all the indicators requested prior to 2009. Thus, for reliability and consistence of data, the study was restricted to a period of 7 years from 2009-2015.

Limitations

The use of a case study in this research has some limitations. A case study has the disadvantage of generalisation. Given the unique characteristics of the Tano-South District, replicability of the findings of the study may not necessarily apply to other districts in Ghana.

There was a challenge of getting the key informants to conduct the interviews. The informants were heads of the various divisions of the assembly that work on the DACF. Due to their time schedules, it was difficult to get them seated individually for the interview. It took several weeks of planning, scheduling and rescheduling to successfully arrange all the interviews and to conduct the interviews.

A longer time period for the study could have been adopted. Data over a 10 year period or more would have provided more insight into the trends and patterns that have developed over time. A shorter time period had restricted the possible deductions that could be made from how the assemblies have used the Fund over the period.

The impact of the Fund on development and living standards of members of the district using more rigorous quantitative analysis would have provided more insight into how the Fund is impacting on the development plans of the assembly and its trickling down effect on members of the district.

Organisation of the Study

The study is structured into five main chapters. The rest of the study is organised as follows: Chapter two embodies the literature review. Both theoretical and empirical literature is reviewed on the concept of decentralisation, fiscal decentralisation and its linkages to development at the

local level. The theoretical literature provides the fundamental understanding of the theoretical concepts for the research, while the empirical literature considers related studies that have been done.

Chapter three presents the methodology of the study. The chapter covers the research design, the profile of the study area, the population, target population, the sample size and sampling procedure, instrumentation, data collection and data analysis.

The discussions of the results was done in chapter four. The chapter is divided into two main parts. The first part presents the results of the study. The results are analysed based on the objectives of the study. The second part presents the discussion of the results of the study. Explanations are suggested for the results obtained.

Finally, chapter five will focus on the summary of the study, conclusions and recommendations. The chapter is divided into three sections. The first section presents the summary of the entire study. It summarizes the objectives of the study and methodology used in achieving attaining the objectives. The second section covers the conclusion of the study. This section will present the key conclusions of the study based on the objectives of the study. The final section presents recommendations. This section will highlight any policy suggestion that can improve the judicious use of the DACF.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter is divided into seven sections. The overview of the concept of decentralisation is presented in the first section. The rationale, the evolution and the dimensions of decentralisation are presented. The second section presents the forms of decentralisation. The third section covers decentralisation in Ghana. The fourth section presents an overview of the local government system in Ghana. The fifth section covers the financing of local authorities in Ghana. The various sources of funding for local authorities to administer their assemblies is presented. The District Assembly Common Fund (DACF) in Ghana is covered in greater detail in section six. The final section presents empirical studies on decentralisation, financing local development and the impact of the DACF in Ghana on socio-economic development.

Overview of the concept of Decentralisation

In this section, the different definitions and the rationale for decentralisation and the dimensions of decentralisation are covered.

Some definitions of decentralisation

The concept of decentralisation is difficult to define, somewhat due to the plethora of meanings attached to it and the context in which it is used and the characteristics of the person or institution using it (Rondinelli & Cheema, 1983). Irrespective of the complexity of the word and the myriad of definitions, decentralisation is generally defined as involving the transfer of power, authority, responsibility and resources from the central government to

lower level government institutions in a political, administrative and territorial hierarchy” (Larson & Ribot, 2004; Rondinelli & Cheema, 1983; Agrawal and Ribot, 1999). Some specific definitions of decentralisation are presented below:

Some authors view decentralisation as the transfer of power or authority and resources from a higher governance level to a lower governance level. Decentralization is any act in which a central government formally cedes powers to actors and institutions at lower levels in a political-administrative and territorial hierarchy (Mawhood 1983; Smith 1985 cited in Ribot, 2002). Decentralisation can also be defined as the transfer of authority and responsibility for public functions from the central government to subordinate or quasi-independent government organisation or the private sector (Rondinelli, 1999 cited in Ozmen, 2014). According to Schneider (2003), decentralisation can be defined as the transfer of power and resources away from the central government. He hypothesises three core dimensions of the decentralisation concept: fiscal, administrative and political.

Other authors explain decentralisation as the transfer of administrative and management responsibilities to from the centre to the periphery of the government structure. Decentralisation can be defined as the transfer of responsibility for planning, management and resource raising and allocation from the central government and its agencies to the lower levels of government. There are 3 general types of decentralisation: political, administrative and fiscal. There are also four forms of decentralisation: devolution, delegation, deconcentration and divestment (Work, 2002). Decentralising governance is the restructuring or reorganisation of authority so

that there is a system of co-responsibility between institutions of governance at the central, regional and local levels according to the principle of subsidiarity, thus increasing the overall quality and effectiveness of the system of governance, while increasing the authority and capabilities of sub-national levels (UNDP, 1997).

Other authors view decentralisation as a process. Falleti (2004) defines decentralisation as a process or a set of state reforms. It is a series of political reforms aiming for the transfer of responsibilities, resources and authority from higher level to lower levels of state. Decentralisation does not include the transfer of authority among non-state actors (Falleti, 2004 cited in Ozmen, 2014). The World Bank defines decentralisation as the process of transferring responsibility, authority, and accountability for specific or broad management functions to lower levels within an organisation, system, or programme. It is the transfer of administrative and financial authority and responsibility for governance and public service delivery from a higher level of government to a lower level. The precise dimension or ambition, appellation, level of responsibility, and set of government authorities involved has varied widely by country (World Bank, 2008).

Rationale for decentralisation

Governments engage in decentralisation for different reasons. The rationale for decentralisation can be broadly categorised into economic and socio-political reasons (Lowndes & Sullivan, 2008). The economic theory of decentralisation focuses on allocation, redistribution and stabilisation among government the different levels of government. The economic theory argues that decentralised spending and revenue sources will promote greater

efficiency and welfare at the local level (Tiebout 1956 and 1961; Oates 1968 and 1972; Musgrave 1961). Their arguments are based on the assumptions that; the existence of pure local public goods, the coincidence between the circles of taxpayers and beneficiaries, mobility and no spillovers (Dafflon, 2006).

The socio-political rationale assumes that local units of government provides the citizens with avenues and opportunities to participate in local decision making, and thus can hold their representatives more accountable (Van Assche & Dierickx, 2007). The socio-political rationale can be subdivided into; civic, social and political rationales (Lowndes & Sullivan, 2008). The civic rationale for decentralisation is to provide opportunities for active participation of local communities in local governance. The social rationale for decentralisation is to facilitate a citizen-focused approach to governance. The political rationale is to improve the local democracy since citizens can access neighbourhood governance more easily thus, making local leaders more responsive to citizens' opinions (Lowndes & Sullivan, 2008 cited in Swianiewicz, 2013).

However, the empirical literature does not necessarily affirm the economic theory arguments of decentralisation (Swianiewicz, 2013; World Bank, 2000). The growing interest in and adoption of decentralisation by governments is not necessarily due to economic reasons of efficient allocation of resources and decentralised spending, but for socio-political reasons. According to Swianiewicz, (2013), district councils influence and position in national discourse is very weak thus, there is apathy on the part of citizens to

take part in local level governance. The thinking is why bother if you do not influence national/city politics?

According to the World Bank (2000), the rationale why governments are engaging in decentralisation has more to do with socio-political reasons than economic efficiency, growth, or any other economic rationale. When a country finds itself deeply divided, especially along geographic or ethnic lines, decentralisation provides an institutional mechanism for bringing opposition groups into a formal, rule-bound bargaining process (World Bank, 2000). Countries that practice decentralisation for political rationales include: South Africa, Uganda, Sri Lanka, Ethiopia, Bosnia and Herzegovina, and Colombia (World Bank, 2000).

Decentralisation as a multi-dimensional process-Soufflé theory

The Soufflé theory was proposed by Parker (1995) who argued that there are three components of decentralisation and the right combination of these components will make decentralisation have the right development outcomes on society. He identified these components to be; political, fiscal and administrative. Parker likened the decentralisation process to a soufflé that requires the right combination of milk, eggs and heat to rise. In a like manner, an effective decentralisation process must have just the right combination of political, fiscal and institutional components to deliver improved development outcomes (Parker 1995; Farooq, Shamail, & Awais, 2008).

The political dimension is an essential component of the decentralisation process. It is expected to bring about rural development and increase local participation in development issues. This is because all the programmes of decentralisation require formal government commitment to

initiate the process. However, the main challenge to the furtherance of the decentralisation agenda is political consideration. If the right political environment is not created, decentralisation is unlikely to be on government agenda (Lewis, 1967; Parker, 1995).

Notwithstanding the pivotal role of the political dimension, that alone is not enough to bring about true decentralisation that will enhance the living standards of people. The fiscal and institutional decentralisation is also critical. This is the underlying reason of the soufflé theory; acknowledging the impossibility of designing a single model based on any of the three components that will be the panacea to the bottlenecks of decentralisation. Rather the theory demonstrates the importance of the different components in the decentralisation process and how to draw on the synergy of these components for enhanced developmental outcomes (Parker, 1995). Figure 1, presents a model of decentralisation based on the Soufflé theory of decentralisation.

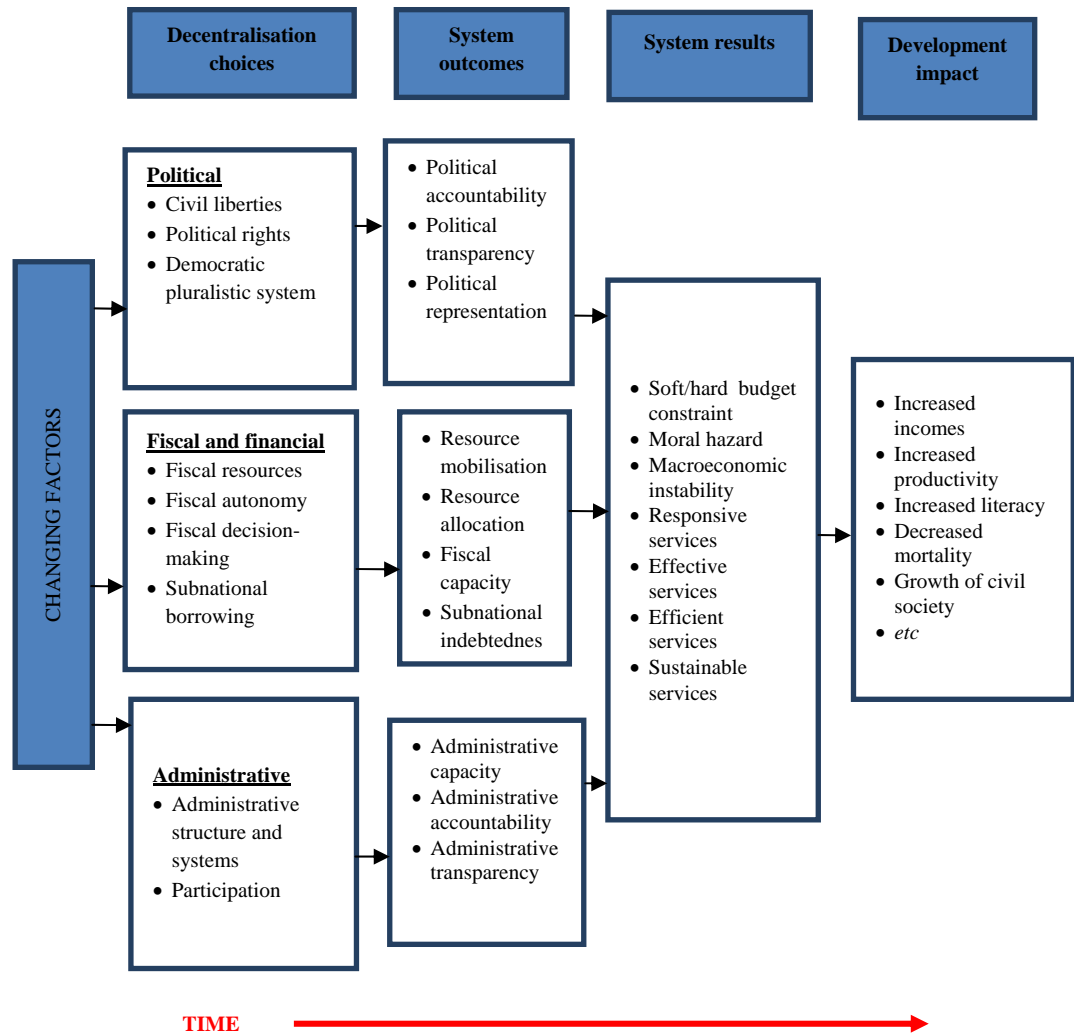


Figure 1: A model of decentralisation based on Souffle theory

Source: Adapted from Parker (1995)

Forms of decentralisation

There are different forms of decentralisation based on the classification approach which adds to the confusion over the appropriate definition of decentralisation (UNDP, 1999). One of the plethora of classification of decentralisation is by Cohen and Peterson. According to Cohen and Peterson (1999), there are six approaches to identifying forms of decentralisation. A summary of their work on the subject is presented below.

1. Classification based on historical origins. According to Cohen and Peterson (1999), when using the historical approach, there are four

basic decentralisation patterns: French, English, Soviet and Traditional.

This approach of classification is analytically weak and simplistic (Cohen & Peterson, 1999).

2. Territorial and functional decentralisation. This approach to classification distinguishes decentralisation on the bases of hierarchy and function. Territorial decentralisation is the transfer of centrally produced and provided public goods and services to local level units in the government hierarchy of jurisdictions. Functional decentralisation also refers to the transfer of central responsibilities to either parastatals under the control of the government or to units outside governmental controls, such as NGOs or private firms. A challenge with this approach to classification of decentralisation is the focus on just territorial and functions of the process and the seemingly silence on the legal basis, structural organisation, division of powers, or administrative, financial, and budgetary procedures. Thus making this classification process rudimentary (Cohen & Peterson, 1999).
3. Problem and valued-centred forms. This approach to classification distinguishes decentralisation on the basis of the problem being addressed and the value of the investigators. The focus of this classification is to establish the linkages of the centre and the periphery on a sector by sector basis. In so doing, idiosyncratic set of forms to address vulnerability of the rural poor and the threat to them by central and local elites seeking their own interest are formulated. The Berkeley Decentralisation Project adopted this approach. The group identified eight forms of decentralisation; devolution, functional devolution,

interest organisation, prefectural deconcentration, ministerial deconcentration, delegation to autonomous agencies, philanthropy and marketization. The weakness of this approach is that it is dependent on the administrative, political, economic, and value rationale of the analyst addressing the problem (Cohen & Peterson, 1999).

4. Service delivery forms. Decentralisation is classified on the bases of administrative structure and functions that are responsible for the production and provision of collective goods and services. In 1962, the United Nations adopted this approach and identified four forms of decentralisation: local level governmental systems, partnership systems, dual systems, and integrated administrative systems. According to Cohen and Peterson, this classification approach is not analytical enough to deal with the increasing diversity of structural and functional designs of governance (Cohen & Peterson, 1999).
5. Single country experience form. This classification is based on the experience of a single country. Under this approach, transferring responsibility, manpower, and resources to central government field offices is not decentralisation. According to this approach, decentralisation only occurs when local level government units are: established by legislation; located within clearly demarcated jurisdictional boundaries within which there is a sense of community, consciousness, and solidarity; governed by locally elected official and representatives; authorised to make and enforce local ordinances related to devolved public sector tasks; authorised to collect legally earmarked taxes and revenues; and empowered to manage their

budgets, expenditure and accounting systems, and to hire their own employees, including those responsible for security (Cohen & Peterson, 1999).

6. Objectives based forms. This approach classifies decentralisation on the basis of objectives: political, spatial, market, and administrative. Cohen and Peterson define Political decentralisation as the transfer of decision making power to citizens or their elected representatives. Spatial decentralisation is the formulation of policies and programmes that result in the development of regional and local growth poles that have potential to become centres of manufacturing and agricultural marketing. Market decentralisation is the creation of conditions that allow goods and services to be produced and provided by market mechanisms sensitive to the revealed preferences of individuals. Market decentralisation is gaining traction since there is a global shift towards economic liberalisation and privatisation. Administrative decentralisation focuses on the hierarchical and functional distribution of powers between central and non-central government units. Thus, three types of administrative decentralisation are identified: deconcentration, devolution, and delegation (Cohen & Peterson, 1999).

Other authors (Kose, 2004; Omzen, 2014; Rondinelli, 1999; Schneider, 2003; World Bank, 2013) classify decentralisation on political, administrative and financial basis. The political dimension involves the transfer of state administration, legislative authority and judicial autonomy to local governments. Political decentralisation aims to give the citizenry the authority of decision making on issues affecting them through their elected

representatives at the local level and thus the citizenry influence public administration and policy formulation (Worldbank.org, 2014; Topal, 2005). Political decentralisation can also be in the form of vertical division of power among multiple levels of government such that each level of government has independent decision making powers (Omzen, 2014).

The administrative dimension involves the transfer of some responsibilities, functions and power of the central government (state) to local administrative bodies and autonomous public institutions (Kose, 2004; Larson & Ribot, 2004). The aim of administrative decentralisation is to redistribute authority, responsibility, and financial resources for providing public services between different levels of government however, the final decision still rest with the central (Omzen, 2014). Under administrative decentralisation, there is the transfer of responsibility for planning, financing and managing certain public functions from the central government to subordinate units or levels of government, semi-autonomous public authorities or corporations, or area-wide, regional or functional authorities (Rondinelli, 1999). There are three major forms of administrative decentralisation:

1. Deconcentration: refers to a central government that distributes the responsibility to provincial organisation within the scope of a particular policy. This transfer function affects the geographical distribution of authority, but does not significantly change the autonomy of the entity that receives the authority (Schneider, 2003 cited in Ozmen, 2014).
2. Delegation: refers to a more extensive form of decentralisation. It transfer political responsibility to local governments or to semi-

autonomous organisations that are not controlled by the central government but are accountable to it (Schneider, 2003 cited in Ozmen, 2014). Under this type of administrative decentralisation, the central governments transfer responsibility for decision making and administration of public functions to semi-autonomous organisations. The main difference between deconcentration and delegation is that the central government exercises its control through a contractual relation that enforces the accountability of local government (Schneider, 2003 cited in Ozmen, 2014).

3. Devolution: refers to the transfer of authority for decision making, finance and management to quasi-autonomous units of local government with corporate status. This system typically involves the transfer of responsibilities for services to municipalities that elect their own mayors and councils, raise their own revenues, and have independent authority to make investment decisions. The local authority has jurisdiction and administrative authority over a well demarcated and legally recognised geographical and territorial boundary. This type of administrative decentralisation underlies political decentralisation (Rondinelli, 1999 cited in Ozmen, 2014). Devolution presents the greatest level of autonomy for the local unit.
4. Privatising: Privatising is described as the transfer of a certain degree of the control of public functions by retaining voluntary organisation and private profit or non-profit organisations (Tatar, 1993 cited in Ozmen, 2014). It requires the state's control and supervision functions to be undertaken by the private sector (Ozmen, 2014)

The fiscal dimension involves intergovernmental fiscal relations where central government or higher levels of government shift some responsibilities, constitutional and statutory powers of expenditure, taxation and budget to lower levels of government for execution of programmes and projects (Ozmen, 2014; Worldbank.org, 2016). Fiscal decentralisation refers to a series of policies designed to increase the financial autonomy of sub-national governments (Falleti, 2004 cited in Ozmen, 2014). If local governments and private organisations are to carry out decentralised functions effectively, they must have adequate revenues transferred from the central government as well as the authority to make expenditure decisions (Rondinelli, 1999 cited in Ozmen, 2014). Fiscal decentralisation can be applied in different forms including (Worldbank.org, 2016):

- a. Self-financing or cost recovery through user charges,
- b. Co-financing or co-production arrangements through monetary or labour contributions
- c. Expansion of local revenues through property or sales taxes or indirect charges
- d. Intergovernmental transfers of general revenues from taxes collected by the central government to local governments for general or specific uses,
- e. Authorisation of municipal borrowing and mobilisation of national or local government resources through loan guarantees.

Under a fiscally decentralised system, there is more effective and productive use of resources because the local authorities can determine consumer preferences more easily and offer goods and services that satisfy

those preferences. Also, local governments are easily held accountable by the citizenry (Durmus, 2006 cited in Ozmen, 2014).

Decentralisation in Ghana

The origins of Ghana's practice of the concept of local participation and for that matter decentralisation has varied timelines. Some authors (Ayee, 2000; Nkrumah, 2000) trace the birth of Ghana's decentralisation to the governance system used by the British colonial authorities to rule their colonies. According to Ayee (2000), the introduction of indirect rule by the British colonial authorities in 1878 through to 1951 captures the concept of decentralisation though from a narrow definition of the word. The indirect rule adopted by the British involved the ruling of the country through already existing local institutions such as the traditional leaders of the people. The traditional leaders were given the authority by the colonial authorities to "establish treasuries, appoint staff and perform local government functions" (Nkrumah, 2000).

The consequence of this system of governance contradicts a fundamental principle of decentralisation which is transferring power and some decision making to the local people and being accountable to them. As noted by Nkrumah (2000), accountability of the traditional leaders rather moved from the people to the colonial authorities. The system of indirect rule brought about upward accountability (British colonial authority) to the detriment of downward accountability (the people) (Nkrumah, 2000).

Post-independence, attempts were made at introducing and streamlining decentralisation at different times. For example, in 1974, the military government of Lt. Col. Acheampong tried deconcentration while

enhancing the central government's grip at the local level. The PNDC's creation of People Defence Committees (PDCs) in 1983 was another attempt at decentralisation. The PDCs, made up of local PNDC activists as self-identified defenders of the revolution, effectively took over local government responsibilities, though often limited to mobilizing the implementation of local self-help projects (Nkrumah 2000), while the deconcentrated ministries played a more significant role. Currently power has been devolved to MMDAs and other decentralised agencies with human and financial resources to plan and execute development plans for the benefit of their inhabitants (Nkrumah, 2000).

The first piece of major legislation on decentralisation was introduced in 1988. The Local Government Law (PNDC Law 207). The legislation saw decentralisation as an alternative development strategy. The components of the law were political decentralisation, administrative decentralisation, and fiscal decentralisation, and decentralised planning. This law also saw the creation of 110 districts and 10 regions (Nkrumah, 2000; MLGRD, 2010).

Since PNDC Law 207, the 1992 constitution made provisions for the implementation of the decentralisation programme. Different Acts, Laws, regulations have been passed all geared towards adding meaning and improving the operationalisation of the decentralisation concept. These laws include; the Local Government Act (Act 462), the District Assemblies Common Fund Act (DACF) (Act 455), the National Development Planning (System) Act (Act 480), the Civil Service Law (PNDCL 327), the Local Government Service Act (Act 656), the Institute of Local Government Studies Act (Act 647), Legislative Instrument (L.I.1589), Legislative Instrument

(L.I.1961) and the individual instruments of the respective Assemblies (MLGRD, 2010). The passage of these laws has helped improve the implementation of decentralisation in Ghana.

As noted by Ahwoi (2010), one of the bottlenecks to the effective implementation of decentralisation is the context in which the word is used in the constitution and its meaning to different stakeholders. According to Ahwoi, the 1992 Constitution uses “decentralisation” several times in the document, however, an analysis of the contexts and subsequent legislation reveals that it is used to mean different things in the different contexts where it is used. These pieces of legislation that have been passed over the years have helped clarify the meaning and intent of the framers of the 1992 constitution.

Overview of the local government system in Ghana

The local government system in Ghana is multi-tiered and as at 2016 comprises of ten regional coordinating councils at the top tier, three Metropolitan Assemblies, 58 Municipal Assemblies and 154 District Assemblies at the second tier making a total of 216 local authorities (NALAG, 2016). For convenience, the researcher will use District Assemblies (DAs) to refer to all the types of assemblies at the second tier. Each assembly’s area of authority typically comprises of one or more constituencies which are constructs of the legislative arm of government. The duties of the DAs include “deliberative, legislative and executive functions” of government within the district. These functions describe all aspects of development in the district including planning, budgeting and provision of public goods and services, and creating the environment for economic activity to thrive.

At the second-tier, the most work is done at the district assembly level where the assembly is empowered to charge licensing fees as well as fees for any service provided within their jurisdiction. The regional Coordinating Councils are mainly responsible for coordinating budget proposal and monitoring districts in the region. The sub-district tiers are the disseminating information from the DAs to the general public and vice versa. This they do mostly through the assembly members for the various zones or areas.

The composition of each District Assembly is a District Chief Executive (DCE), the Member of Parliament representing constituencies with the district, in addition to elected (assembly man or woman) and appointed (appointed by the Central Government) members. The assembly functions through a committee system in which final decisions on the proposals and initiatives of sub-committees are made by an executive committee. Each DCE is appointed by the President of Ghana and is the head of the executive committee.

The Local Government Act establishing the Districts also stipulates that the President of Ghana, should appoint not less than 30 percent of the members of the DA. The other members of the DA are elected by universal adult suffrage which is expected to be non-partisan. Each elected member has a four year term to serve after which the positions become vacant again. The District Chief Executive is the highest position in the assembly and it is an appointed position which is filled by the President (Local Government Act (Act 462), 1993). The structure of the local government system is presented in figure 2.

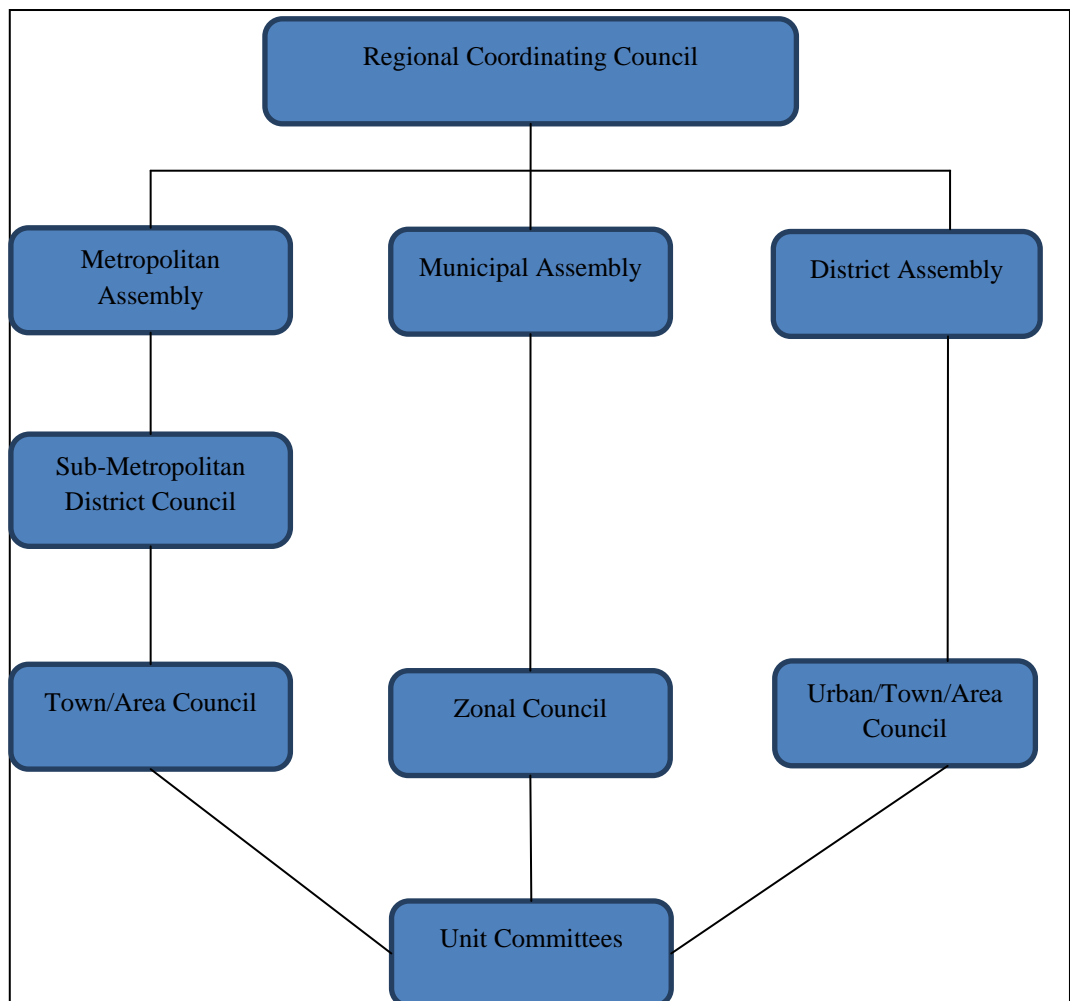


Figure 2: Structure of the local government system in Ghana

Source: Local Government Services Secretariat (LGSS)

Financing local development in Ghana

In order to reduce poverty in Ghana, Metropolitan, Municipal and District Assemblies (MMDAs) in Ghana are given the authority to provide services such as pre- and primary education, social welfare, health clinics, roads, cemeteries, museums and libraries, water and sanitation, refuse collection and environmental protection (Farvacque et al. 2008) . This section reviews how the provision of social amenities in municipalities and districts are financed. The sources of funding for local development in Ghana are from both internal and external sources (Crawford, 2004). Examples of internally

and externally generated funds are Taxes, user fees and charges and central government transfers, donor funds respectively (Dirie, 2005).

In the Tano South District, some of the development projects and activities that are being carried out in the district are roads which provide access to farms, potable water, education, light industrial site to mention but a few (Budu, 2013). He further states that these projects are financed by DACF and donor agencies like German Technical Co-operation (GIZ). The various sources of funds used for local development in Ghana are discussed below;

Internally Generated Fund (IGF)

In the bid to finance local development projects, local authorities collect revenue from the local area which forms part of their sources of fund for development projects. This revenue includes rates, fines, dividends, royalties among others. The collection of the internally generated revenue remains very low and constitutes only 19% of the total revenue base of District Assemblies (Crawford, 2004). This assertion is supported by the National Development Planning Commission in a study conducted in 2009 (NDPC, 2009).

Central Government Transfers

- Ceded Revenue

This is revenue from a number of lesser tax fields that central government has ceded to the District Assemblies. Ceded Revenue is collected by the Internal Revenue Service (IRS) but then transferred to District Assemblies through the Ministry of Local Government and Rural Development (Crawford, 2004). Ceded revenue takes the form of entertainment duties, casino revenue, betting

tax, advertisement tax and others which have contributed quite a substantial sum to local governments.

- District Development Facility (DDF)

The District Development Facility is a performance-based grant system which was initiated as part of the government's efforts to improve the performance of the Metropolitan, Municipal and District Assemblies (MMDAs) in terms of efficiency, transparency and accountability (MLGRD, 2011). The overall goal of the District Development Facility is to ensure an efficient provision of basic community infrastructure and service delivery through judicious use of resources

- Non-Governmental Organizations (NGOs)/Development Partners

According to the Government of Ghana document on the Implementation of the GPRS II, the contribution of NGOs formed 11 percent of the revenue base of District Assemblies' coffers. This is in the form of the various projects undertaken by these NGOs to enhance the development activities of various Assemblies.

The District Assemblies Common Fund (DACF)

Due to the challenges faced by Metropolitan, Municipal and District Assemblies in mobilizing their own revenues to carry out development projects and programmes, 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) mainly to undertake development projects and some specific programmes (King *et al.*, 2003).

According to the Administrator of the fund (2007) the District Assemblies' Common Fund was created to meet five main objectives and these are to;

- Encourage local governance and deepen Government's commitment to decentralization in general and fiscal decentralization.
- Promote sustainable self-help development.
- Complement the internally generated funds of the Metropolitan Municipal/ District Assemblies to undertake development programmes in their areas of jurisdiction.
- Ensure equitable distribution of development resources to every part of Ghana.
- Make up development efficiencies in deprived communities and to support creation and improvement of socio-economic infrastructure in Ghana

The fund is a Development Fund which enables the use of the nation's wealth throughout Ghana to the benefit of all citizens (Government of Ghana, 2015). Since DACF is the focus of this research, it is further discussed as found below.

District Assembly Common Fund (DACF) in Ghana

In pursuant to the tenets of decentralisation, the 1992 Constitution of the Republic of Ghana instituted the District Assembly Common Fund (DACF). The Constitution requires that, the allocation of the fund is determined by Parliament which should not be less than 5 percent of the total revenue of the country. Currently, this percentage has been increased to 7.5 percent (Government of Ghana, 2010). The DACF Act established in

1993(Act 455) defined 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 the District Assemblies under any enactment in force”.

The constitution further states that, the fund should be distributed to all Metropolitan, Municipal and District Assemblies annually and there shall be an Administrator of the fund appointed by the President who shall determine the formula for distribution. Currently, DACF constitute the largest share of district revenue. The total amount released from DACF to all districts since its inception in 1994 amounted to GH¢ 1,024,755,220.00 in 2009 (Administrator of DACF, 2010).

Formula for the Disbursement of Funds

In order to determine the amount to be received by every district as their share of the DACF, five factors are considered in the computation of the districts' shares. These are described as need, responsiveness, service pressure, equality and reserved factors (Banful, 2007). In 2003, a “Poverty” factor was included but discontinued thereafter. The measures comprising each factor considered in the formula have generally changed over time. However, the definition of what each factor is meant to capture has remained the same. The equality factor stipulates which percentage of the DACF allocation is to be distributed evenly between all the districts. This ensures that each district is assured a certain basic amount of DACF grant.

The need factor is meant to measure a district's need for development compared to other districts in the country, the responsiveness factor is incorporated to motivate districts to generate revenue at the district level and

the service pressure factor is a measure of how much use the facilities in a district received. Before the formula is applied, an amount called the Contingency from 1994 to 1999 and later renamed the Reserve is taken from the total DACF allocation. This amount was 5 percent of the allocation in 1994, 10 percent from 1995 to 2004, 20 percent of the total allocation in 2005 and 25 percent in 2006. The DACF office reports that this Reserve amount is used for bulk purchases for the District Assemblies and to support the Regional Coordinating Councils and the office of the DACF Administrator in their monitoring roles.

A proportion of the Reserve fund is distributed evenly between all the members of Parliament for development projects of their choosing in their constituencies. The DACF Administrator suggests the weighting of the factors used in the sharing formula. Throughout its history, the recommendation of the Administrator has been approved for implementation by Parliament. The Service Pressure factor is unique in that it has always been measured solely as the population density of the district.

The definition of each of the other factors has changed over time. In general, there has been a progression to include more measures of welfare into the Need factor as time passed. In 1994, the Need factor was calculated as a transformation of the per capita 1992 Gross Domestic Product (GDP) of the district and the population of the district. However, in 1996, population was dropped as a consideration in the factor and number of health facilities and basic education facilities were considered. In 2000 further refinements were made to the Need factor, by dropping the 1992 GDP per capita variable and including population per doctor and enrolment per teacher as measures to be

considered. In 2002, percentage of the district supplied with safe drinking water was considered in the Need factor.

There was a one-time inclusion measure called Poverty in the 2003 formula. The indicator for this measure was the number of schools in the district in need of major repair. In 2002, percentage of the district supplied with safe drinking water was considered in the Need factor and in 2004, mileage of tarred roads in the district was also added as an indicator. The measures comprising the Responsiveness factor have also changed over time. In 1994, this factor was measured as the revenue per capita of a district in the previous year. In 1996, the percentage increase in revenue per capita was also considered. In 2002, revenue per capita was dropped as a measure of Responsiveness. The following is the formula for sharing the DACF;

- Ninety percent (90%) of each year's allocation of the Fund is shared among District Assemblies according to the approved formula
- Five percent (5%) of the Fund is shared to the two hundred and thirty MPs for constituency projects.
- Two and half percent (2.5%) is shared among the Ten Regional Coordinating Councils (RCC) to be used for supervision in their respective region
- Two percent (2%) is reserved to meet Contingence Expenditures
- The remaining 0.5% is for the DACF office (Sarquah, 2008)

Institutional Arrangements of DACF

The administration, distribution and management of the DACF is the responsibility of the Common Fund Administrators (Sarquah, 2008). The Ministry of Local Government and Rural Government is responsible for

issuing guidelines to Metropolitan, Municipal and District Assemblies regarding how DACF should be used (King et al, 2003).

Legislative framework of the DACF

The 1992 Constitution of the republic of Ghana: Article 252 of the 1992 Constitution of the Republic of Ghana, provides for the establishment of a District Assembly Common Fund (DACF).

The District Assemblies Common Fund Act (Act 455): The DACF is established under an Act of Parliament, Act 455, and refers to the allocation of not less than 5 percent of the total revenue accrued to the country to MMDAs. The fund is distributed to all MMDAs on the basis of a formula approved by Parliament, payable in quarterly instalments and administered by the DACF Administrator (Inanga & Osei-Wusu, 2004).

The DACF Utilisation Guidelines: The Ministry of Local Government and Rural Development (MLGRD) in collaboration with the Ministry of Finance and Economic Planning provides guidelines to determine the category of expenditure of the approved development budget of the district assemblies that must in each year be met out of amounts received by the Assemblies from the fund (Inanga and Osie-Wusu, 2004). The major issues of concern are the deductions and earmarked funds from the DACF (King et al, 2003). This creates an issue of how much funds actually comes to the district. A consequence of these deductions is the assemblies will be restricted in how much of their own projects and programmes they can execute. Some of the deduction include;

a. Funds Deducted at Source

A number of deductions were made at source from the disbursements of the Common Fund. The following are the general deductions usually made from the Assemblies' allocations (King et al, 2003):

- Human Capacity Building (2%): This is withheld for the Institute of Local Government Studies (ILGS) for training of Assembly staff.
- Bulk purchases: Some deductions are made from the allocations of the DACF for certain bulk purchases.
- An annual contribution to National Association of Local Authorities in Ghana (NALAG), which is also deducted at source.

b. 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 expenditure: the category that is determined by the Central Government and the rest, which can be used based on the priorities of the Assembly. The first category, which could also be described as earmarked funds, is allocated as follows (King et al, 2003);

- Productivity improvement and employment generation 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%)
- District Response Initiative: Each district is expected to use 1% of DACF deal with HIV/AIDS issues.
- Malaria Prevention: Another 1% is also required to combat Malaria

c. Broad Priority Expenditure Areas

With these expenditures above, the Assembly is left with only 59 percent of the DACF to use on their own priority areas. Even then, the law requires that these priority areas 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 (King et al, 2003):

- 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 which refers to taking care of the human resource management, accommodation, office facilities and equipment as well as project management

- Environment–sanitation, drainage systems, waste management and environmental protection.

Challenges of the DACF

The DACF which was initiated to provide support to Metropolitan Municipal and District Assemblies is faced with numerous challenges. Some of these problems are discussed below;

- *Delays in the release of the Fund:* There are a lot of bureaucracies involved in the process of disbursing of the DACF which delays the receipt of funds by MMDAs. This process starts from submission of proposed guidelines to Parliament to the receipt of funds by MMDAs. King *et al.* (2003) add that, the release of the percentage of the country's total annual revenue to the fund sometimes delays for more than a year. And since the DACF is usually used for the implementation of projects, the delay in its release hinders the timely execution of development (World Bank, 2004).
- *Central Government Interferences:* The central government often issues commands and directives to MMDAs regarding what the DACF should be used for which does not give MMDAs the chance to implement projects that meet their most pressing needs. The Ministry of Local Government and Rural Development (MLGRP) provides MMDAs with guidelines on what 41 percent of the fund should be used for leaving them with only 59 percent to implement their own projects.
- *Non-predictability of the amount to be received from the Fund:* Another inevitable challenge of the Fund is that it is not possible for

the MMDAs to predict the amount to be received and the time to expect their allocation of the Fund. Thus, they are not able to do any effective futuristic planning and budgeting of projects based on the DACF (World Bank, 2004).

- *Lack of Transparency in MMDAs' use of DACF:* There is 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 local representatives to monitor projects in their communities to ensure quality (King *et al*, 2003).
- *Non-participatory usage of the DACF at the district level:* Usually, community members are not involved in the use of the DACF which often leads to lack of accountability by officials to community members. A study conducted by King *et al.* (2003), revealed that, community members were not often consulted in the selection of DACF projects (King *et al*, 2003).

Empirical studies on decentralisation, financing local development and related issues

Different aspects of decentralisation have been studied by different authors. This section presents some of the studies on decentralisation.

Empirical studies on decentralisation in the World

Charbit (2011) studied governance of public policies in decentralised contexts from a multi-level approach. The study is based on OECD countries. The findings show that multi-level governance challenges occur in institutional frameworks which are very country specific. Decentralisation is an on-going process which may take a long time for the benefits of

accountability and efficient local governments to be realised. Also, people who have benefited from a centralised government structure, may resist the process of decentralisation. A broader stakeholder consultation can avert some of the challenges of people resisting decentralisation. Also, procedural improvements in multi-level governance are a good alternative to big decentralisation changes.

Faguet (2014), identified that decentralisation has an effect on democracy by increasing competition among the political class. Through decentralisation, politicians have improved avenues to enter political power and thus, will be working in the interest of the local people so that they can climb up the political ladder. However, the form of federalism matters. A system that promotes a fine balance between the local and national government structures will enhance cooperation and promote accountability at all levels. Decentralisation can also reduce political instability.

Weingast (2013) traces the implications of incentives created by political and fiscal institutions. The approach explores how various forms of fiscal federalism work in the presence of political officials who, rather than being benevolent social planners, face various forms of political incentives. The study focused on three sets of positive models: self-enforcing federalism, political institutions and political impediments to economic growth. One of the key findings of the study is the tendency of the political class in developing countries to promote centralisation. He noted that in countries with distributed violence potential, the political class use policies and privileges to create rents that go to the powerful so that they have an incentive to cooperate rather than fight. Decentralisation reduces the control of the political class over resources

and thus their power to influence conflicting parties leading to susceptibility to violence.

According to Kyriacou, Muinelo-Gallo and Roca-Sagalés (2015) in their study on how government quality mediates the relationship between fiscal decentralisation and regional disparities, they argue that fiscal decentralisation can reduce income differences across regions but that this potential may not be realised because of governance problems associated with sub-national authorities. This assertion is based on data from 24 OECD countries over the period 1984 to 2006. The results indicate that fiscal decentralisation promotes regional convergence in high government quality settings conversely, it leads to wider regional disparities in countries with poor governance.

Song (2013) examined the quantitative effects of the Chinese fiscal system on the increasing regional income inequality in China, from 1978 to 2007. Also, the evolution of three aspects of fiscal decentralisation including spending decentralisation, revenue decentralisation, and autonomy power and their effects on regional income inequality was examined. Using 1994 as a reference year (new tax reforms bringing about recentralisation), the author did a before and after analysis of how spending, revenue and autonomy power behaved under the two different periods. The results show that, before the new tax reform, spending and revenue decentralisation brought about regional inequality. However, after the new tax reforms, inequality reduced marginally. The autonomy power has mixed effects on regional inequality in the two periods, depending on the targeting of fiscal transfers and the incentives of local governments. In conclusion, fiscal decentralisation may not

automatically increase or decrease regional inequality but how it is promoted will determine its impacts on regional inequality.

In a similar study, Jia, Huo and Zhang (2014), studied the effects of fiscal decentralisation on local expenditure policy in China and analyses how vertical fiscal imbalance shapes these effects. The analysis was based on fiscal dataset at the county level from 1997 to 2006 after the tax-sharing reform in 1994. The situation that persisted after the 1994 reform was a marked vertical fiscal imbalance (a mismatch between expenditure and revenue assignments) at local levels. The estimation results show that expenditure decentralisation increases government spending and leads to a fund allocation with a larger weight on capital construction and smaller weights on education and administration. In contrast, revenue decentralisation has little influence on local government expenditures. The authors show that the differences in the effects of expenditure and revenue decentralisation can be attributed to the distortionary effects caused by the vertical fiscal imbalance at the county level of China's fiscal system

Hanklaand Down (2010), studied the trade-offs inherent in structuring local political institutions. One of the objectives of the study was to analyse the impact of strong, locally elected councils on governance and representation. Four institutional features were analysed, namely; central versus local control, local executive versus local council authority, local council structure, and the role of parties – on service provision and fiscal solvency. The results indicate that local governments need to be elected to improve governance. Also, when local executives are elected, there is the need for effective local council oversight. Furthermore, the structure of the local

council should be more encompassing and not restricted to the local political elite given there is greater representation with large councils and they provide a more robust oversight. Finally, national party involvement in local councils can ultimately promote the territorial integrity of the country. However, where national party involvement is overbearing, it can have the adverse effect of recentralising the political system and shifting accountability of local executives from local citizens to central government (political parties).

Clement (2009) in a study “analysing decentralised natural resource governance: proposition for a “politicised” institutional analysis and development framework”, posited a methodological development of the Institutional Analysis and Development framework to bridge the gap between institutional analysis, power-centred and historical approaches, and discourse analysis. The study was based on afforestation in Vietnam. In his framework, he introduced a politico-economic context and discourse across governance and government levels. He concluded that such a framework where governance is decentralised will help policy makers recommend policies that are not naïve.

Akin, Bulut-Cevik and Neyapti (2015) worked on whether fiscal decentralisation promotes fiscal discipline. They investigated the efficiency and equity implications of a redistributive rule that takes into account both local tax collection efforts and deviation of local incomes from respective targets under alternative fiscal mechanisms. Their findings show that, if the general budget constraint is binding, the proposed transfer rule leads to higher fiscal discipline under fiscal decentralisation than under centralised redistribution. Although the centralised decision yields better income

distribution than fiscal decentralisation, fiscal decentralisation also improves income distribution explicitly when equalisation across regions is targeted explicitly. When localities act strategically, the private sector's utility weight enhances the disciplinary effect of decentralisation.

A study by Tselios and Tompkins (2017), looked at local government, political decentralisation and resilience to natural hazard-associated disasters. The main objective of the study was to investigate whether countries which devolve power to the local level experience reduced numbers of people affected by storms and earthquakes, and have lower economic damage. Using regression analysis and cross-country data from 1950 to 2006, the results of the study shows that, in relation to both storms and earthquakes, greater transfers of political power to subnational tiers of government reduce hazard impacts on the population. On the other hand, a more decentralised system can increase the economic cost of the disaster compared to a more centralised system. With all factors considered, the authors concluded that it seems advantageous to give subnational governments more authority and autonomy in storm and earthquake risk planning. Also, national wealth, political orientation and local representation can mitigate the effect of political decentralisation on disaster outcomes.

Smoke (2015) studied the factors that support and impede decentralisation. According to Smoke, decentralisation is among the most globally ubiquitous public sector reforms. Its expected impact has not been fully realised. It is more complex and diverse than is often recognised by either academics or practitioners. Decentralisation is an inherently integrated process that should be analysed as such rather than the fragmented analysis of

each component-political, administrative and fiscal aspects. Much more attention is given to designing decentralisation than the major challenges that may come up during implementation. Also, the analysis of the political economy dynamics is insufficient and thus, the motivation of stakeholders are not fully known before implementation of decentralisation is embarked on. Studies so far conducted are not thorough and robust enough for generalisation purposes. Therefore, context is needed in adopting and implementing studies on decentralisation. One of the recommendations of Smoke is that political economy considerations need to be more centrally assimilated into decentralisation analysis and policy.

Maharjan (2017), studied “decentralisation: potential and challenges for rural development”. The objective of the study was to identify the potentialities and challenges brought by decentralization for rural development. The conclusion of the study is that decentralisation is like a double edge sword for rural development. It has the potential to create development and equally has the risk to hamper development. The author argues that decentralisation will bring about rural development when local budget is spent to address the needs of rural people, social capital is strong, the rural poor actively participate and local institutions have enough capacity. However, if these elements mentioned above are missing, then rural development will not be realised from decentralisation. To derive the maximum from decentralisation for rural development, the political class should be committed to prioritising the needs of the community, pay attention to the formulation of local budget, enhance the social capital, improve local capacity and encourage community participation.

Empirical studies on decentralisation in Africa

In a study by Okot-Okumu and Nyenje (2011), they examined municipal solid waste management in Uganda under the decentralisation policy. The study aimed to analyse devolved solid waste management and the constraints on achieving sustainable waste management. The results indicate that the national strategy for solid waste management is failing because environmental management is not mainstreamed into local development plans and weak resource mobilisation, due to the lack of fiscal decentralisation and lack of participatory approach to the decentralisation process. Waste management receives less than 10 percent of urban council budgets compared to other policy areas. In conclusion, for effective waste management there is need for genuine decentralisation where urban councils are empowered, have capacity for resource mobilisation and apply participatory planning.

Another study on forest management by Ribot, Lund and Treue (2010), studied the contribution of decentralisation in sub-Saharan Africa to forest management, livelihoods and enfranchisement. The following observations about the effects of decentralisation are made. First, environmental, livelihood and democracy objectives are not always mutually reinforcing, and under some circumstances they may be at odds. Secondly, environmental effects of improved forest management often result in benefits accruing to distant or higher-scale aggregate populations, while local communities carry the costs and finally, poor peoples' use of natural resources to maintain their livelihoods often conflicts with profit and revenue interests of local elites, national commercial interests and governments. Therefore, a negotiated minimum social and environmental standards approach to decentralisation of forest

management may safeguard essential ecological functions and at the same time protect essential livelihood and economic values of forests at all scales of society.

Riedl and Dickovick (2014), worked on party systems and decentralisation in Africa. They looked at “what explains when and to what extent central governments implement decentralisation?” The study was based in four African countries, namely: Ethiopia, Botswana, Ghana and Benin. They found out that divergent outcomes in the many forms of decentralisation in Africa can be explained by two counter-intuitive underpinnings. First, authoritarian regimes may decentralise further than democratic ones, given the incentives to the hegemonic party where such reforms are initiated. Secondly, highly fragmented and deeply localised politics may decentralise most minimally, even where there is a broad consensus about the desirability of such reforms.

Empirical studies on decentralisation in Ghana

Okrah and Boamah (2013) researched on deepening representative democracy through fiscal decentralisation in Ghana. They sought to answer the question whether the failure to deliver the goods of fiscal decentralisation is fettered by misnomer implementation of the composite budgeting system. They used secondary data relating to the legal frameworks for democracy and financial decentralisation in Ghana. The results of their study show that though Ghana has achieved some level of political and administrative decentralisation, fiscal decentralisation is still very much limited. To achieve the full benefits of the decentralisation process, every aspect of the process must work effectively.

Crawford (2010) looked at the synergy between decentralisation and basic rights. He studied the linkage between decentralisation of government and a human rights-based approach to development as a means of poverty reduction. Using Ghana as a case study and more specifically Northern Region of Ghana, data was gathered to answer two specific questions. Namely; to what extent has decentralisation enabled local rights-holders to make claims for basic rights; and to what extent have local government duty-bearers been able to respond to such claims? The results of the study show that there are more constraints facing the people than opportunities. Although, decentralisation has enabled poor communities to make claims for basic rights, the shortcoming of that process include; the restriction of rights-promotion to human rights education, with little attempt at securing rights through strategies such as community mobilisation and alliance building, and also, the accountability of local government duty-bearers to local citizens is very limited, largely arising from democratic deficits in the national political framework of decentralisation.

In another study by Antwi-Boasiako (2010), public administration with focus on local government and decentralisation in Ghana was studied. The aim of the study was to examine decentralisation, local elections and empowerment. Some of the conclusions of the paper include; an advocacy for regional and district level elections, it also noted the partisan nature of local appointments by the central government which was not the initial intent of the framers of the constitution. The author advocates for an amendment to the constitution to allow for local elections so that the electorates can hold their

leaders to account. Also, local elections will improve the participatory nature of our democracy.

Conceptual Framework

The conceptual framework of the study is presented Figure 3. It shows that the revenue sources of the assembly come from two main sources. Namely: the local authority and the central government. The local authority generates their own IGFs from rents, property rates, taxes, licences, fees, etc while the central government funds to the assembly comes through the DACF. These two sources make up the total revenue for the assembly and this revenue is spent by the assembly in providing infrastructure, healthcare, education, sanitation, remuneration, providing for the vulnerable in society, etc. The efficient provision of these services and amenities creates the enabling environment for economic and social development. Development in the form of improved sanitation (proper disposal of waste), better road network leading to improved trade and commerce, school infrastructure to improve access to education, better health care facilities leading to improved access and better service delivery, and the provision for the vulnerable in society through the disability fund.

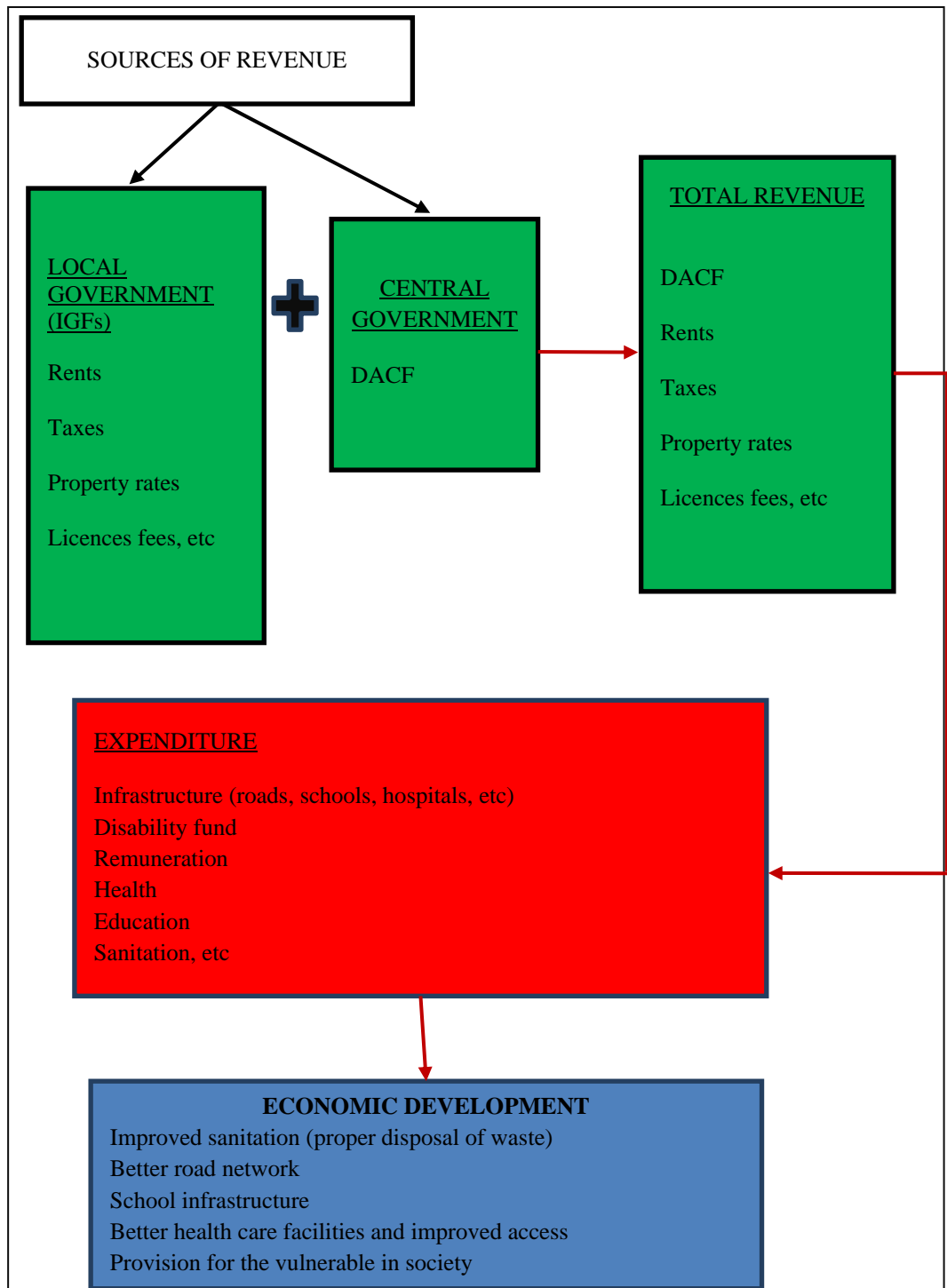


Figure 3: Conceptual framework

Source: Author's construct, Owusu-Amponsah (2017)

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter presents the methodology employed for this study. The chapter is divided into six parts. The first part describes the research design of the study. It captures the type of study and the framework within which the study was done. The second part covers the population of this study. This section provides details about the study area such as the location, geographical characteristics, demographic and socio-economic characteristics of the study area. The third part of the chapter captures the sample size of the study and details the sampling procedure used in the study. The fourth and five parts of the chapter covers the instruments used in data collection and the data collection procedure respectively. The final part of the study talks about the method of analysis used in this study. The specific statistical and research methods used to address the specific research objectives of the study are presented.

Research Design

A descriptive research design is adopted for this study. The study is designed to provide an understanding of how the DACF is used and its effects on socio-economic development in the Tano-South District. Descriptive research is designed to provide a picture of a situation or phenomenon as it naturally occurs (Hedrick et al., 1993; Burns & Grove, 2003). Given the phenomenon being studied is naturally occurring, descriptive designs do not determine causality. According to Blumberg, Cooper and Schindler (2005), descriptive studies do not answer the question of “why” since they do not

determine causation. In this study, descriptive research was done to provide understanding of the real state of the effect of DACF on the socio-economic development of the Tano-South district.

A case study approach which is a type of descriptive research was adopted by this study. Stake (1995) suggests that a case study is useful when “opportunity to learn is of primary importance”. A case study approach provides opportunity for an in-depth examination of a phenomenon. Yin (1989) characterised case study research as empirical inquiry that: investigates a contemporary phenomenon within its real life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used. A case study research affords the researcher the opportunity and freedom to understand complex social phenomena (Yin, 1989).

Given that the effects of resource (for instance, DACF) utilisation by local authorities on socio-economic development is a complex endeavour which involves timely disbursement of funds, prioritising of projects, competent implementers, monitoring, etc, a case study design was needed to analyse the effect of DACF on the socioeconomic development in the Tano-South district.

The use of a case study has a number of advantages. The case study enables the use of multiple methods for data collection and analysis. In this study, the primary source of data is from primary materials and documentary evidence, and use of questionnaires that were administered to key stakeholders involved in the administration, disbursement and monitoring of the DACF such as finance director, DACF coordinator, assembly members, etc. The data

from this various sources provided the study with information that answered each of the specific questions set out in chapter one of the study.

Yin (1989), argues that a single case design should be used on the basis that the case is revelatory or representative of the object. A revelatory case is one which has similar characteristics as other cases in the same sector or field of study. Since all districts in Ghana receive the DACF from the central government and are regulated by the same Act, the issues and challenges that pertain to them are similar and therefore a study of the Tano-South assembly can be revelatory.

According to Yin (2003) and Stake (1995), there are different types of case studies. According to Yin case studies can be categorised as explanatory, exploratory, or descriptive. Also, he categorised cases on the bases of the number of cases studied. Thus, a researcher can undertake a single, holistic or multiple case studies. Yin (2003) explained the three categories of case studies as:

1. Explanatory: this type of case study is used if the researcher is seeking to answer a question that sought to explain the presumed causal links in real life interventions that are too complex for survey or experimental research strategies to be used.
2. Exploratory: this type of case study is used to explore situations or phenomenon in which the intervention being analysed has no clear, single set of outcomes.
3. Descriptive: this type of case study is used to describe the occurrence of an intervention or phenomenon in its real life context.

Stake (1995) also identifies case studies as intrinsic, instrumental, or collective. He described the three types of case studies as:

1. Intrinsic: this is a case study in which one explores a particular case to gain a better understanding of it.
2. Instrumental: this is a case study where a particular case is examined to provide information or insight on issues or the refinement of theory
3. Collective: this is a case study where a number of cases are studied jointly in order to inquire into the phenomena, population, or general condition.

This study served both intrinsic and instrumental purposes. This study satisfied the intrinsic purpose in that, the socio-economic development needs and the usage of DACF of the Tano-South District are unique to this assembly and thus the study is able to highlight this issues and bring better understanding of the effects of DACF on the socio-economic development in the Tano-South District. The study was instrumental to the extent that it not only highlighted the issues of the Tano-South district but also issues about the timely disbursement of DACF and the amount of funds disbursed to districts. The regulations governing the DACF are common to the other districts thus this study satisfied the instrumental purpose argued by Stake.

There are also disadvantages of a case study as a research design. A major limitation of a single-case study which is adopted by this study is the lack of statistical generalisability. However, Yin (1994) argues that generalisation of results is possible from a case-study if it is made to theory but not to population. This study did not have a goal of generalisability but one of understanding the intricacies of the effects of the DACF in the socio-

economic development of the Tano-South District Assembly. Thus this study makes no claim of generalisability to the extent that the socio-economic development of every district is unique and the effects of DACF will vary across districts.

Yin (1989) and Stake (1995) suggest the importance of setting boundaries in a case study. Setting boundaries for the case is part of conceptualising for the study. Yin also suggests a time frame should be set for the case specifying the beginning and the end of the case. In this study, the time frame of the case is from 2006 to 2015. Within this period the effect of the DACF on the socio-economic development of Tano-South District was analysed. The conceptualisation of the case is based on the assumption that the timely and efficient disbursement and usage of the DACF should translate into improved socio-economic development of the district.

Study Area

The area selected for this study is the Tano South District located in the Brong-Ahafo Region of Ghana with Bechem as its District Capital. The Brong-Ahafo Region consists of twenty seven (27) districts, situated at the southern part of Ghana bordered to the north by the Black Volta River and to the east by the Lake Volta, and to the south by the Ashanti region, Eastern and Western regions, and to the west by the Ivory Coast South-Eastern border (GSS, 2014).

According to Ghana Statistical Service (2010), the Tano South District has a total land area of 489 km² with a density of 111.7 persons per km². The District lies in the Southern part of the Brong-Ahafo Region between latitudes 7°00N and 7°25N and longitudes 1°45W and 2°15W. The District is bordered

to the North and East by the Offinso and Ahafo-Ano South Districts and on the South by the Ahafo-Ano North District and on the West and South-West by Tano North District. Currently, the population is estimated at 92,996 (GSS, 2010).

Major towns in the district include: Bechem, Techimantia, Derma, Tanoso, Dwomo, New Brosankro, Breme, Mansing, Ankaase, Old Brosankro, Adaa, Kwasu and Subrisu. The medium size settlements also includes: Akrobo, BechemNkwanta, OnwiNkwanta, Mawaninso, IssaiaahKrom, Derma Nkwanta and Tuagyankrom.

Levels of social service delivery in the Tano South District

Healthcare delivery

Distribution of health facilities in the district is skewed in favour of large towns to the neglect of the rural communities. The existing health facilities in the district are inadequate. There are about seven sub-district health facilities. This is made up of a District Hospital, one polyclinic, two health centres and three CHP compounds serving a total population of 88,525 (TSDA, 2014). In addition there are 2 maternity homes in the District located at Bechem and Brosankro, and an ART centre funded by Secretariat of National AIDS Control Programme.

Education

Although educational sector takes the largest percentage of Assembly's annual budget, conditions in most schools in the district are still not encouraging. The district has a total of 85 public schools, of which 55 are Primary School, 29 Junior High Schools, and 4 Second Cycle Schools including the School for the Deaf. The district also has one tertiary institution as a College of Education.

The district has 505 trained teachers and 348 untrained teachers in the public schools. The number of private schools in the district is 18 (GES, 2013). Some schools especially those in the rural areas like Breme and others need rehabilitation. At least 38 percent of all basic school classroom facilities need to be reconstructed or rehabilitated. About 24% of the school in the district are under trees and would have to close when it rains. Teacher accommodation is less than 10% of the total number of schools in the district. There is poor staffing situation in most of the remote school because teachers refuse posting to such schools. Toilet and urinal facilities for both public and private schools are about 20%. Portable water and other classroom facilities such as storerooms, library, and teachers' common rooms and ICT are inadequate (TSDA, 2014).

Water supply

Potable water access in the Tano South District can be described as partly sufficient. The main sources of potable water include; small town water system (stand pipes), limited mechanized borehole, point source (borehole and hand dug wells). Other sources of water include rivers and streams, mostly in the rural areas (TSDA, 2014). Guinea worm infection has reduced drastically due to extension of potable water coverage. However, there is regular water facilities break down.

Sanitation

Though sanitation facilities such as final disposal sites, refuse containers, latrines amongst others are woefully inadequate in the district, members of the community respond positively to approve dumping sites. There are a few household toilet facilities which account for only 25% of the toilet facilities in the district and a total number of 31 public toilets, accounting for less than

50% of the needs of the people in the district (TSDA, 2014). The district currently has three refuse disposal sites concentrated in the urban areas. The rest of the population resort to unauthorised dumping resulting in huge heaps of refuse in the communities, worst of all, closer to homes. The Assembly in conjunction with Zoomlion waste management company have mounted refuse containers in all the collection points in the communities to avoid indiscriminate dumping. The poor sanitation situation in the district recently led to cholera outbreak which was curtailed by the timely intervention of the District Assembly and the Ghana Health service through awareness creation and mass public education.

Local economy and employment

Majority (75.5%) of the active population in the Tano South District are economically active and 97.5 % are employed out of this figure (TSDA, 2010). The main source of livelihood of people in the Tano South District is agriculture. The agricultural sector employs about 67.6 % of the active population (TSDA, 2014). The crops that are cultivated are predominantly maize, cassava, plantain and cocoyam. Some vegetables are also grown which are garden egg, okro, pepper and tomatoes. The district is notable for the production of tomatoes in large quantities and other cash crops namely; cocoa, oil palm, coffee and cashew. Some of the revenue for the District Assembly are taxes collected from rural agriculture producers who sell their farm produce especially during market days. The main revenue generating centres are Derma, Bechem and Techimantia (TSDA, 2014).

Industry

The district forest reserve is of scientific importance due to the conservation of biodiversity and the benefits derived from ecosystem. In addition, its timber endowments have facilitated the establishment of small scale industries like sawmills in Bechem and wood carving which are also found in Techimantia and New Brosankro. Weaving is predominant in Derma and palm oil extraction is mainly done in Mansin and Bechem (TSDA, 2014).

Population

For the primary data that was collected for this study, the assembly members of the Tano-South District constituted the population from which about thirty-one (31) assembly members were sampled to respond to the questionnaires that were administered to them. The total population of the assembly men and women of the Tano-South District is fifty-seven (57). This comprises thirty-nine (39) elected members, seventeen (17) appointed members and the District Chief Executive (DCE). Therefore, about half (31) of this population was randomly sampled as respondents in this study.

Sample Size and Sampling Procedure

The Tano-South District was purposefully sampled to study the effect of DACF on socio-economic development in Ghana. This approach is adopted to carry out an in-depth analysis of the effect of the DACF on socio-economic development. Due to the proximity of the district to the researcher and the familiarity of the researcher with the use of the DACF by the District, the researcher selected the District for this study.

On the usage of the DACF, its contribution to the total revenue of the assembly and the projects and programmes on which the fund is expended,

primary documentary evidence will be used. Also, a simple random sampling of assembly members was done to address objective four of this study which is to examine the people's perception about the use of the DACF. A total of thirty-one (31) assembly members were randomly selected from the list of assembly members in the District.

In randomly selecting the 31 respondents, the researcher received the list of assembly members (a total of 57 members) in the district from the District assembly. Using this list, the researcher at random picked thirty-one (31) names on the list provided. These individuals were then contacted by phone and arrangements were made to meet them and administer the questionnaires to them. Assembly members who were initially selected but were unavailable for the questionnaires to be administered to them were replaced by new members who were also randomly selected from the list of assembly members.

Since the assembly members are aware of the DACF and its administration by the DACF coordinator, they were enlightened enough to give an opinion on the disbursement, usage and any other issue surrounding the DACF.

Instruments

The data used for this study was obtained from both primary and secondary sources. The main source of secondary data was from documentary materials such as audited accounts of the assembly and other documents on the operations of the district assembly. The primary data was obtained from officials of the district assembly especially the finance director and the administrator of the DACF. A structured questionnaire was given to the

finance director and the administrator of the DACF to provide the needed information on: the usage of the DACF from 2006 to 2015, developmental projects funded with DACF, how the Disability Fund has helped the local people, and the challenges of the DACF in financing the development of the district.

Also, a structured questionnaire was administered randomly to the thirty-one (31) selected district assembly members to gather information on their perception on the use of the DACF. The questionnaires administered to both finance director and assembly members had both open-ended and close-ended questions. The open-ended questions were constructed for the respondents to give information themselves while the close-ended questions were made up of a list of questions with possible answers for respondents to tick.

Another instrument used in this study was semi-formal face-to-face interviews with the administrator of the DACF and the finance director and other officials of the assembly who are involved in the administration of the DACF to get a deeper understanding of the challenges that confront the district in administering the fund. A set of open ended questions were prepared to guide the interview process. This was to ensure the interview stayed on subject but allow enough flexibility to incorporate other salient issues that will arise during the interview.

Data collection procedure

After the first draft of the questionnaire was designed, they were pre-tested in the Tano North district which is a neighbouring district to Tano South. After the pre-test, some corrections were done including rephrasing

some of the questions and including new questions and taking out others. After the final questionnaire was prepared, contact was made with the district assembly to schedule a meeting with the district finance director to administer the questionnaire to him. An agreed date was set and the questionnaire was delivered to his office. After he had completed the questionnaire, the researcher returned to pick it up and where there were gaps, those gaps were filled or where they could not be filled, reasons provided.

Unlike the finance director, it was much difficult getting the randomly selected assembly members to administer their questionnaires to them. There was a lot of rescheduling with the assembly members because some of them kept changing the agreed time for meeting. Thus, it took about three weeks to get the thirty-one (31) assembly members used in this study. The researcher personally administered the questionnaire to each assembly member. After the questionnaires were administered, they were checked for any unclear writings and errors. These errors were corrected and the data then entered into SPSS for analysis.

Data analysis

This section covers the data analysis. It presents the methods that was used to answer the specific research questions raised in this study. For objective one which is to determine how the Tano-South District Assembly has used its share of the Common Fund over the last 10 years from 2006 to 2015, a combination of different data analysis methods was used. Descriptive statistics such as central tendency, frequencies, ratios and percentages was used to show the proportion of DACF to total Internally Generated Funds (IGFs) by the assembly. A trend analysis is also performed to determine the

contribution of the DACF to total annual revenues of the assembly over the last 10 years from 2006 to 2015. Furthermore, the relationship between the amount of DACF received and total IGF generated by the assembly is determined. Using statistical tools such as Microsoft Excel 2013 and Statistical Package for the Social Sciences version 23 (SPSS 23), the data gathered was analysed to address objective one.

Objective two was to identify the number of developmental projects funded with DACF over the past 10 years from 2006 to 2015. Descriptive statistics in the form of percentages, pie charts and frequencies was used to address this objective. A list of developmental projects funded by the DACF was done with their respective cost and locations in the district.

For objective three which is to find out whether the Disability Fund has been instituted out of the Common Fund as stipulated by law to help local people with disability, a descriptive and a content analysis was done. Based on the open-ended questionnaire and the interview done with the finance director and administrator of the fund, a systematic synthesis of the finding was analysed to come with the state of the Disability Fund.

Objective four is to examine people's perceptions on the use of DACF. With the close-ended questionnaires in the questionnaire, descriptive statistics such as frequencies, percentages and ratios was used to compute the number of people who have positive perception on the use of DACF against those who do not.

Objective five is to examine the challenges of the DACF in financing the development of the district. Once again descriptive statistics in the form of frequencies and percentages will be used to analyse this objective. The

frequency with which a particular challenge is identified by respondents will be indicative of its importance to the operations of the DACF in the Tano-South District Assembly. Therefore, the challenges will be ranked in the order of their occurrence as mentioned by respondents. The most mentioned challenge by respondents will be indicative of the most important challenge to the assembly and the least mentioned challenge by respondents will be indicative of the least important challenge to the assembly. This results will help the researcher know which challenges when addressed have the potential to make the most impact on the operations of the DACF in the Tano-South District.

Chapter summary

This study is based on a descriptive research design. Furthermore, a case study approach is adopted to present an in-depth analysis of the use of the DACF in the Tano-South District. Although a case study approach has the limitation of statistical generalisability with regards to analysing the results of a population, this was not the focus of this study. This study sought to understand the intricacies of the effects of the DACF in the socio-economic development of the Tano-South District Assembly. A total of thirty-one (31) respondents out of a population of about fifty-seven (57) assembly members were randomly sampled for this study. Both primary and secondary data were used for analysis. A structured questionnaire was designed to capture the primary data needed for the study. Secondary data was from audited accounts of the assembly and other documents relevant to the study. Descriptive statistics was the main method of analysis used in the study.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

Introduction

This chapter presents the results and discussion of the study. The chapter is divided into two main parts. The first part is the results of the study. This part is further divided into five sub-parts with each sub-part addressing a specific objective of the study. The second part of the chapter presents the discussion of the results of the study. In this part, explanations will be provided for the results obtained and linkages established among all the specific objectives to address the primary objective of the study.

Results of the study

The results of the study are presented below. There are five sub-parts and each sub-part addresses a specific objective of this study.

Usage of District Assembly Common Fund (DACF) by the Tano-South

District Assembly

From Figure 4, the total revenue and expenditure of the Tano-South District Assembly from 2009-2015 are presented. With the exception of 2009 and 2013, total revenue of the assembly each year was more than total expenditure. The total revenue of the Assembly also increased over the years. Similarly, the total expenditure of the assembly has also risen over the period. In 2009, the total revenue of the Assembly was GH¢754,600.98 and this increased to GH¢4,115,397.23 in 2015 representing a percentage change of about 445.4 over the period. On the expenditure side, total expenditure increased from GH¢785,966.14 in 2009 to GH¢3,351,846.87 in 2015 representing a percentage change of about 326.5. The average total revenue

and expenditure for the period 2009 to 2015 are GH¢2,185,113.86 and GH¢2,043,731.77 respectively.

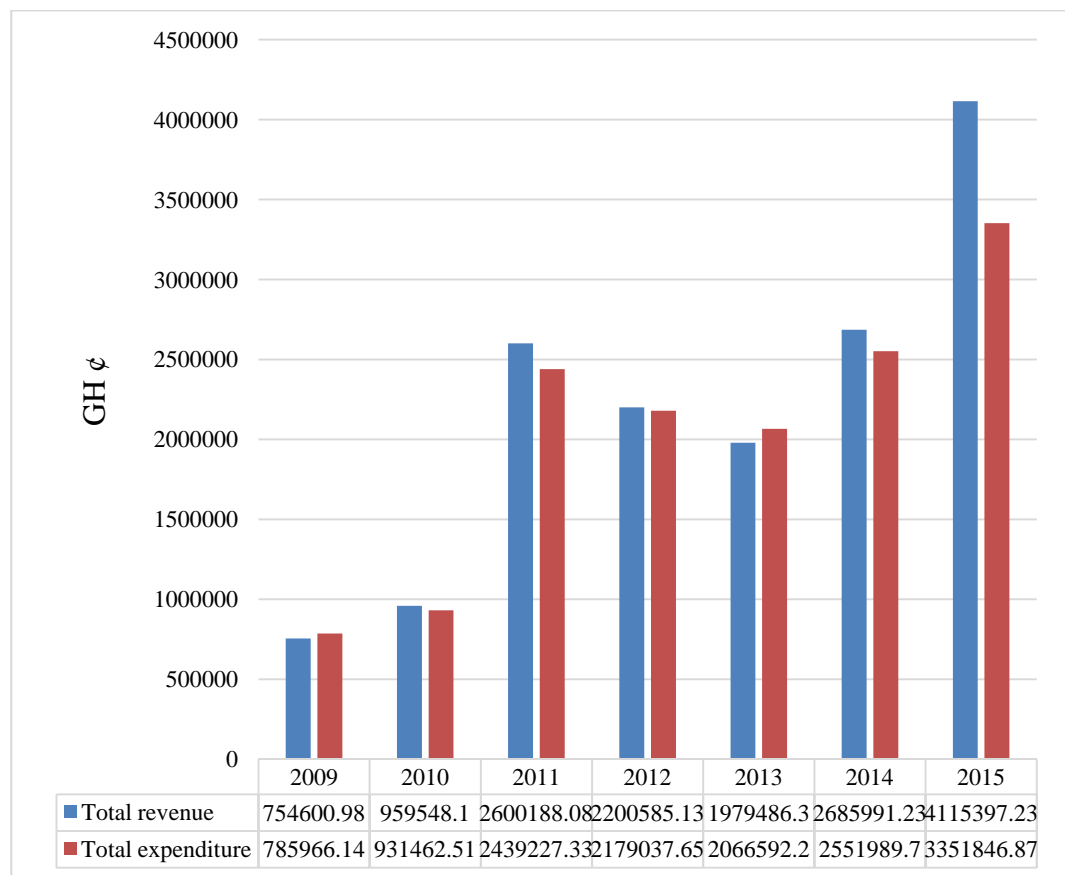


Figure 4: Total revenue and expenditure of Tano-South District Assembly from 2009-2015

Source: Author computation, Owusu-Amponsah (2017)

The composition of total revenue for the purposes of this study is divided into three parts. Namely, internally generated funds (IGFs), District Assembly Common Fund (DACF) and other revenue sources. From Figure 5, the DACF is the largest component of the total revenue of the Tano-South District Assembly. The funds average percentage contribution to total revenue between the period 2009 and 2015 was about 68.6 percent. Over the same period, average percentage contribution of IGFs and other revenues were 10.25 and 21.16 percent respectively. A further analysis of the components of

the total revenue show that IGFs declined over the period. The contribution of IGFs to total revenue fell from 17.3 percent in 2009 to 6.5 percent in 2015 representing a percentage change of -62.2 percent.

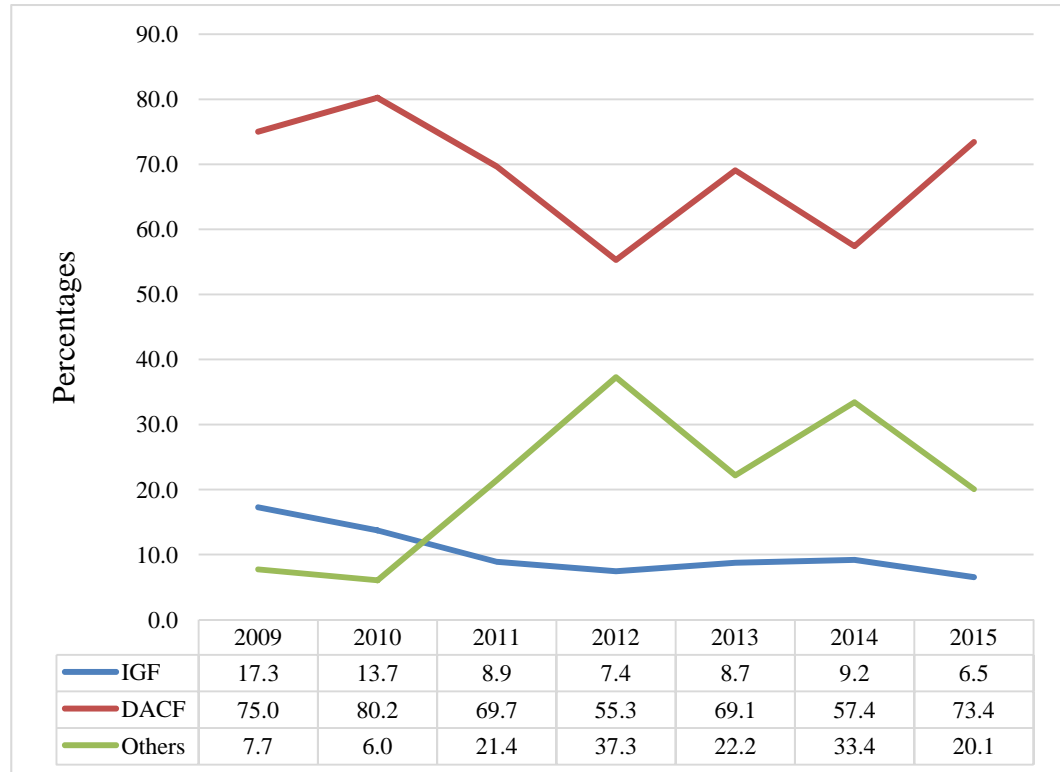


Figure 5: A graph of revenue sources as a percentage of total revenue

Source: Author computation, Owusu-Amponsah (2017)

In emphasising the importance of the DACF in the total revenue of the Assembly, Figure 6 and Table 1 show that the increase in total revenue was largely due to increases in DACF. The DACF makes the largest impact in determining the direction of total income. The trend of total income and the DACF move in the same pattern (Figure 6). As shown by the correlation coefficient of the different revenue sources and total revenue, DACF, IGF and others have coefficients of 0.97, 0.93 and 0.84 respectively. This shows that the DACF and total revenue are highly correlated and the influence of the DACF on total revenue is highest compared to the influence of IGFs and other sources of revenue.

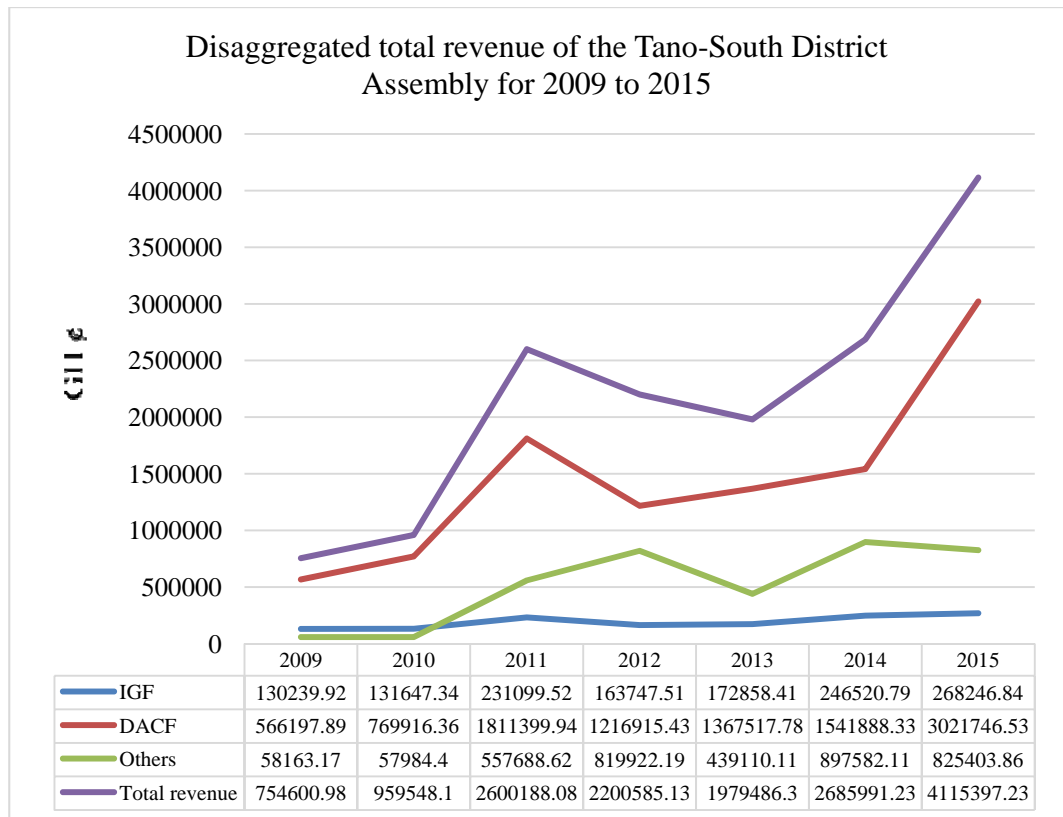


Figure 6: Disaggregated total revenue of the Tano-South District Assembly for 2009 to 2015

Source: Author computation, Owusu-Amponsah (2017)

Table 1: Correlation between Total Revenue and DACF, IGFs and Other Revenue Sources

Revenue sources	IGF	DACF	Others	Total revenue
IGF	1			
DACF	0.892049	1		
Others	0.79021	0.688352452	1	
Total revenue	0.931272	0.970742329	0.8418552	1

Source: Author computation, Owusu-Amponsah (2017)

Some of the expenditure lines of the Tano-South District Assembly are presented in Figure 7. From the graph, The Tano-South District Assembly spent a lot of its revenue in dealing with sanitation issues. From 2009 to 2015, the Assembly spent on average GH¢21,807.69 on sanitation related issues. The next major expenditure line of the Assembly was education. Averagely, from 2009 to 2015, the Assembly spent GH¢106,175.18 on education. Roads also received attention over the period under review. About GH¢83,333.63 was sent of road related activities. Between 2009 and 2010, the Assembly allocated more of their resources to education compared to the other expenditure lines. However, since 2011, the majority of allocations had gone into sanitation. The allocation to health was very low over the years except in 2015 where an appreciable amount was channelled into health related issues.

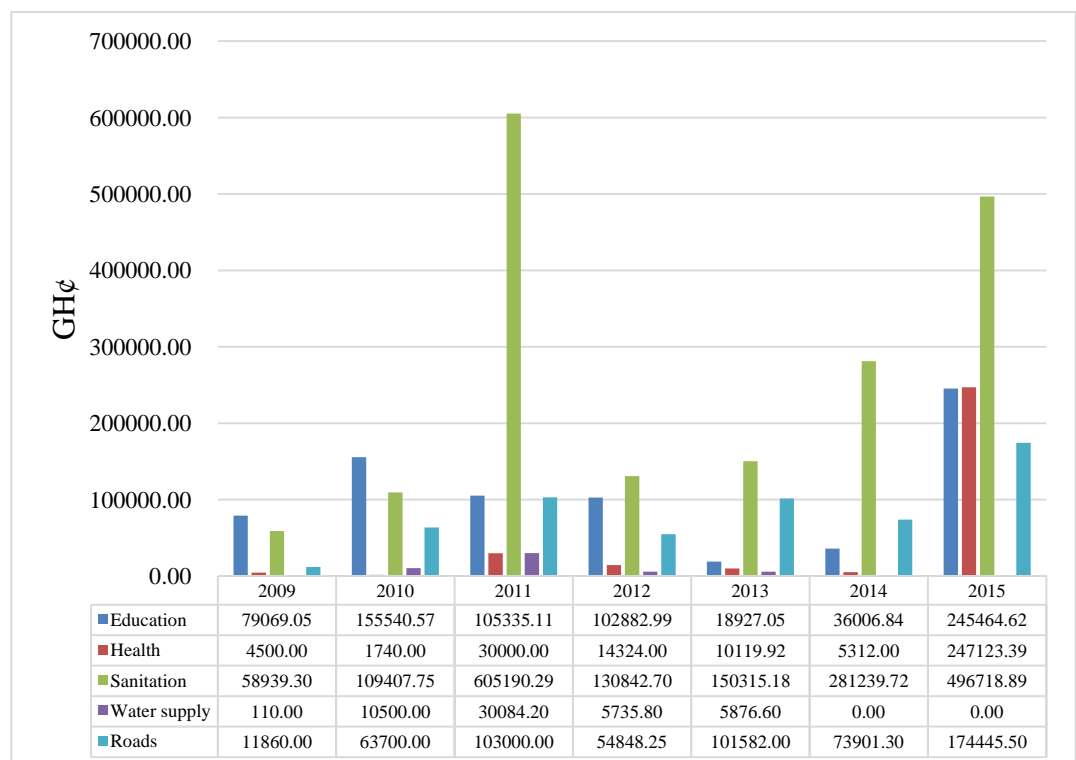


Figure 7: Allocation of revenue to some expenditure lines from 2009-2015

Source: Author's computation, Owusu-Amponsah (2017)

Developmental projects funded with the District Assembly Common Fund (DACF)

A number of developmental projects have been funded with the DACF. Table 2 presents some of the projects that have been funded with the DACF from 2009 to 2015. The projects listed in Table 2 shows that over the years, the Assembly had spent its share of the DACF mostly on education, sanitation, health, roads and administrative issues. Some of the funds had also been channelled into the construction of a new stadium. Furthermore, most of the projects were centred in the capital of the district-Bechem.

Table 2: Developmental Projects Funded with the District Assembly Common Fund (DACF)

Some projects undertaken by the district	Location
2009	
Construction of a 6 unit classroom block	BechemNkwanta
Clearing of refuse dump	Derma
Construction of a 3 unit staff quarters	Bechem
Construction of a 12 seater aqua privy toilet	Brosankro
2010	
Rehabilitation of official bungalows	Bechem
Evacuation of refuse	Techimantia
Construction of a 2 unit classroom block	Derma
	Ninyinyin
Rehabilitation of old treasury block	Bechem
Construction of fence of DCE's bungalow and guest house	Bechem
Completion of a 6 unit classroom block	Old Brusankro
Rehabilitation of public toilet	District wide
Refurbishment of District Assembly offices	Bechem
Completion of maternity block	Bechem
Construction of a 3 unit classroom block and ancillary facilities	Techimantia
Rehabilitation of old district assembly block	Bechem
Opening up of Bote and other roads	Bote
Opening up of Bechem town roads	Bechem
Fumigation of 20 public toilets	District wide
2011	
Construction of dressing room and VIP stand at stadium	Bechem
Construction of 10 seater water closet, sewage facility	Bechem

Table 2, continued

Construction of fence wall and inner perimeter at stadium	Bechem
Supply of 2 double cabin pick-up vehicle	Office use
2012	
Renovation of a 3 unit classroom block	Bechem
Levelling of 2 km Bechem town roads	Bechem
2014	
Rehabilitation of 2 public toilets	Dwomo
Reshaping of Europa junction-Europa farm roads	Derma
2015	
Construction of CHIP compound	Asuboi
Construction of CHIP compound	Breme
Construction of a 3 unit classroom block	Adaa
Construction of a 3 unit classroom block	Subriso
Supply of 1 4x4 double cabin pick-up	District Assembly
Evacuation of refuse	Techimantia
Emergency works on Ankaase-Nsuta road	Derma
Procurement of 150 low tension poles	District wide

Source: Author's compilation, Owusu-Amponsah (2017)

The institution of the Disability Fund

The disability fund is a critical component of the DACF. This fund is designated specifically for persons with disabilities to help alleviate their plight. The DACF law directs all local assemblies to allocate two percent of the DACF to the disability fund. From the discussion held with authorities of the Tano-South District Assembly, the Disability Fund had been instituted by the Assembly as required by law. Also, the allocation of the two (2) percent of the DACF to the Disability Fund had been complied with by the Assembly. This is evident in the allocations the Assembly made to the Disability Fund from 2009 to 2015.

From Figure 8 and Table 3, the Tano-South District Assembly had consistently allocated 2 percent of their DACF to the disability fund. The allocation of the 2 percent was consistent with the DACF law. The disability fund moves in tandem with the DACF. From 2009 to 2015, the percentage change in the amount allocated to the disability fund was 433.69 percent.

According to the Assembly, the disbursement of the disability fund mainly went to beneficiaries in soap making, farming, trading, medical expenses and scholarship to students.

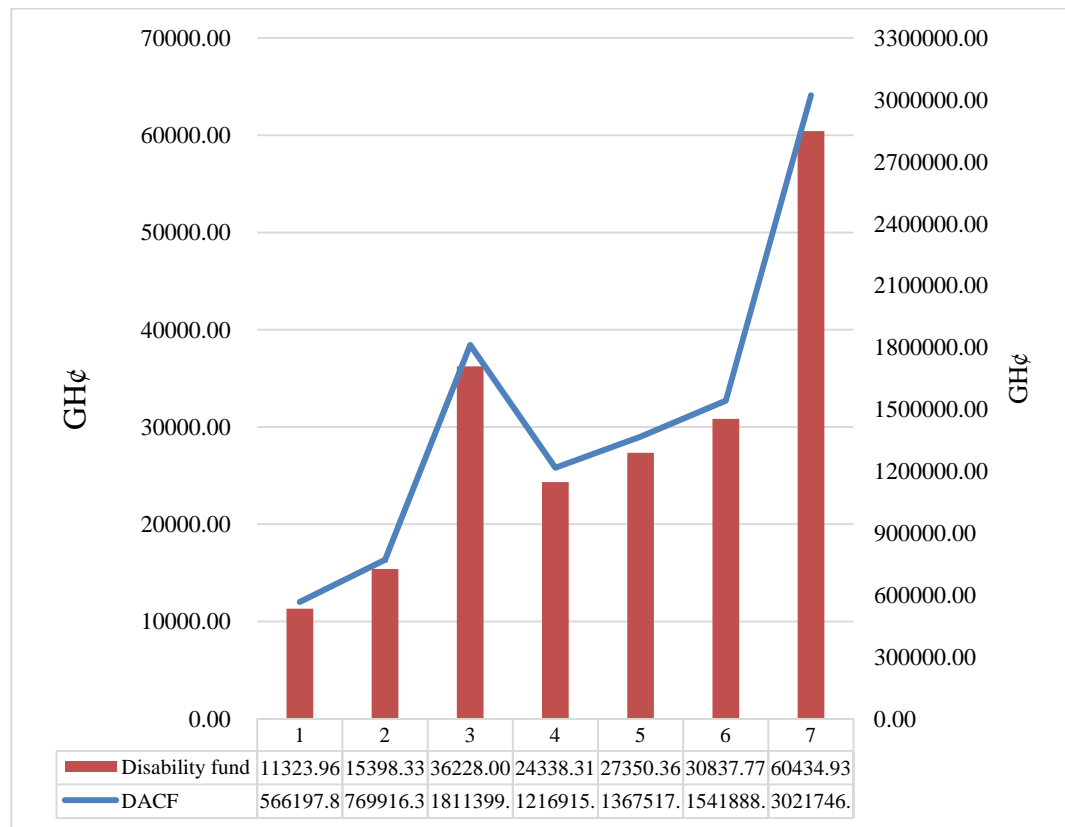


Figure 8: A graph of disability fund from 2009-2015

Source: Author's computation, Owusu-Amponsah (2017)

Table 3: Allocation of DACF to the Disability Fund from 2009-2015

Year	DACF (GHC)	Disability fund	% of DACF
2009	566,197.89	11,323.96	2
2010	769,916.36	15,398.33	2
2011	1,811,399.94	36,228.00	2
2012	1,216,915.43	24,338.31	2
2013	1,367,517.78	27,350.36	2
2014	1,541,888.33	30,837.77	2

Table 3, continued

2015	3,021,746.53	60,434.93	2
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Source: Author's computation, Owusu-Amponsah (2017)

Perception on the use of the District Assembly Common Fund (DACF)

Demographic characteristics

The views and perception of the elected representatives of the people at the local level about the operations of the DACF is very important. The views and opinions of these local representatives about the operations of the fund is what is communicated to the larger group of people at the local level. The assembly members of the Tano-South District Assembly served as the respondents for this section of the analysis. A total of 31 district assembly members were used in this study. From Table 4, some demographic characteristics of the assembly members are presented. The results indicate that majority of the respondents are male. Twenty-three (23) assembly men representing about 74 percent of the total sample are men. The other eight (8) representing 26 percent are female.

The average age of respondents is 37 years. Majority of respondents are 31-40 years. About 52 percent of all respondents are between the ages of 31 and 40. The next populous age group was respondents aged from 21-30 and they constitute about 23 percent of all respondents. There are no respondents lower than 21 years. Five respondents representing 16 percent are aged from 41-50 while only 3 respondents representing about 10 percent of respondents are aged above 50 years. The respondents in this research are well educated. Only 2 respondents representing about 6.5 percent have A'level/SHS. All

other respondents accounting for 63.5 percent of respondents have tertiary education.

Table 4: Demographic Characteristics of Respondents

Variable		Frequency	Percentage
Sex	Female	8	25.8
	Male	23	74.2
	Total	31	100
Age	Less than 21	-	-
	21-30	7	22.6
	31-40	16	51.6
	41-50	5	16.1
	>50	3	9.7
	Total	31	100
Level of education	No formal education	-	-
	KG/Primary	-	-
	O'Level/JHS	-	-
	A'Level/SHS	2	6.5
	Tertiary	29	93.5
	Total	31	100

Source: Field survey, Owusu-Amponsah (2017)

Awareness and purpose of DACF

All assembly members spoken to indicate that indeed they were aware of the DACF and majority of them also indicated that they know what the fund's intended purpose was. Furthermore, all respondents said in their opinion, the assembly uses the DACF for its intended purpose.

The results of Figure 9 indicates that majority of the respondents rated the use of the DACF by the assembly for developmental projects as good. Out of the 31 respondents, 17 representing 54.8 percent said they will rate the use of the DACF by the assembly as good. Another 9 respondents representing 29 percent said they will rate the use of the DACF as average. About 13 percent and 3 percent of the respondents said they will rate the use of DACF by the assembly as fair and excellent respectively.

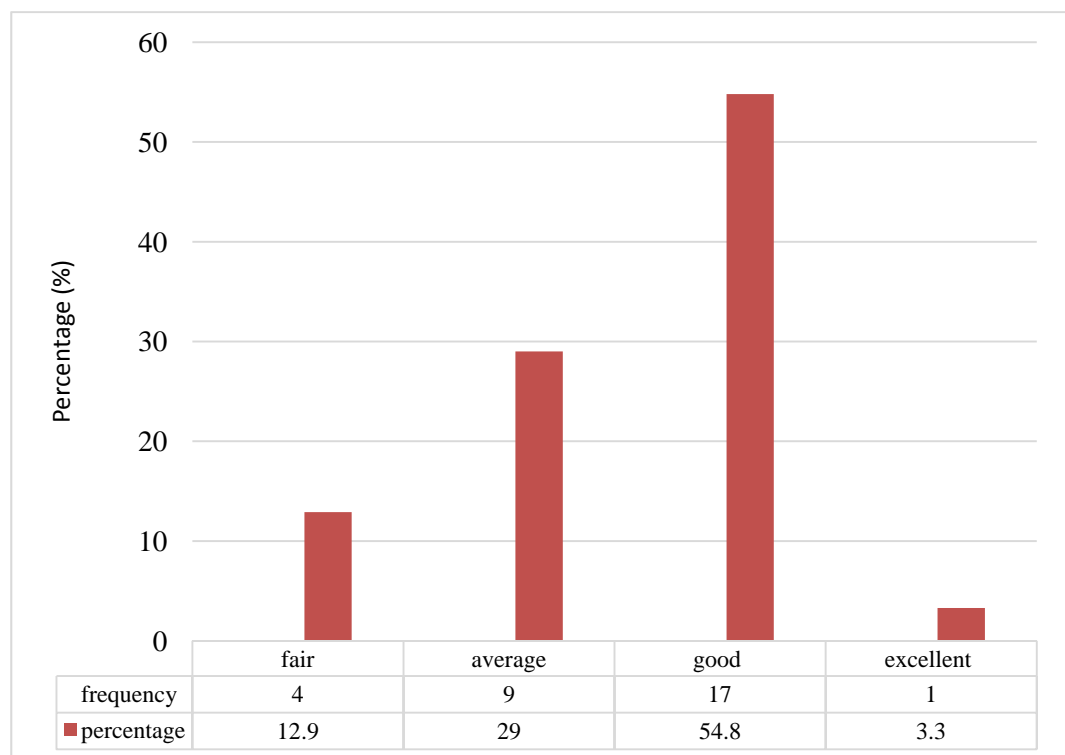


Figure 9: A graph of use of DACF for developmental projects

Source: Field survey, Owusu-Amponsah (2017)

Delivery of DACF funded projects

From Figure 10, the results of respondents rating of the projects delivered by the DACF. From the results, about 58 percent of respondents indicated that the projects funded through the DACF are good. Another 26 percent and 16 percent said the delivery of the projects is average and fair respectively.

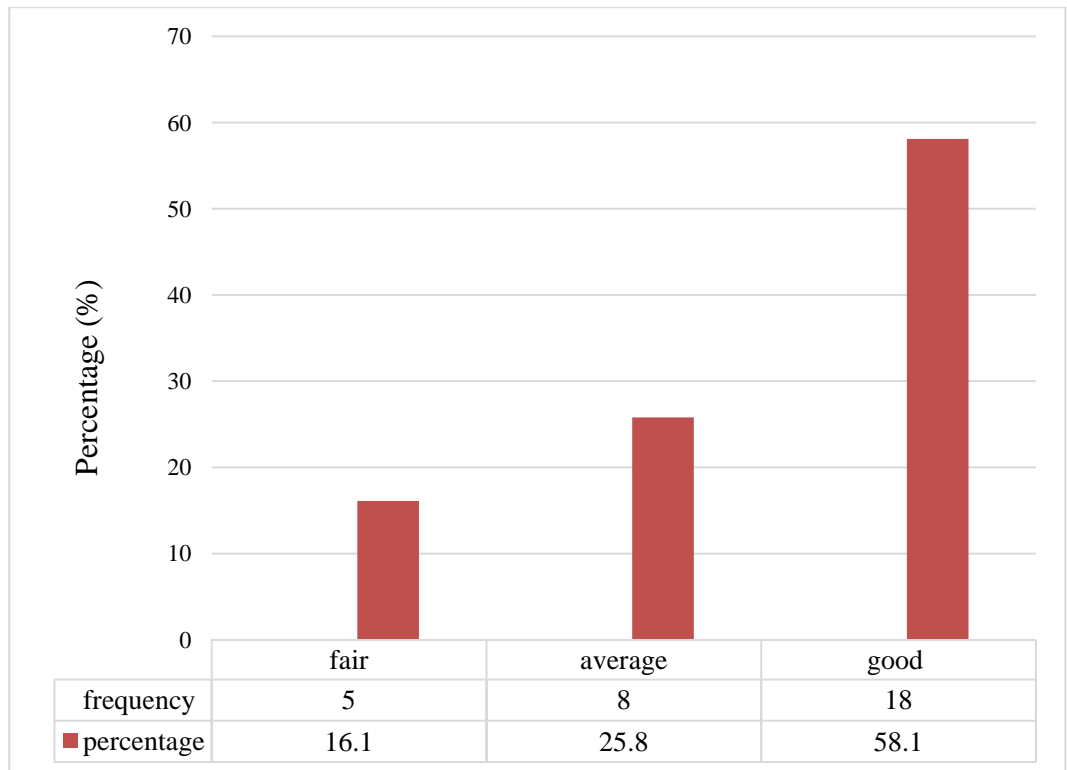


Figure 10: A graph of the nature of DACF funded projects

Source: Field survey, Owusu-Amponsah (2017)

Involvement in decision making process

As presented in Figure 11, majority of respondents are not involved in the decision making process on which projects should be undertaken by the assembly. Out of the 31 respondents spoken to, 21 of them, representing about 68 percent indicated that they are not involved in the decision making process on which projects to be undertaken by the assembly. Only 10 of them representing 32 percent indicated that they are involved in the decision making process of the assembly involving which developmental projects to undertake.

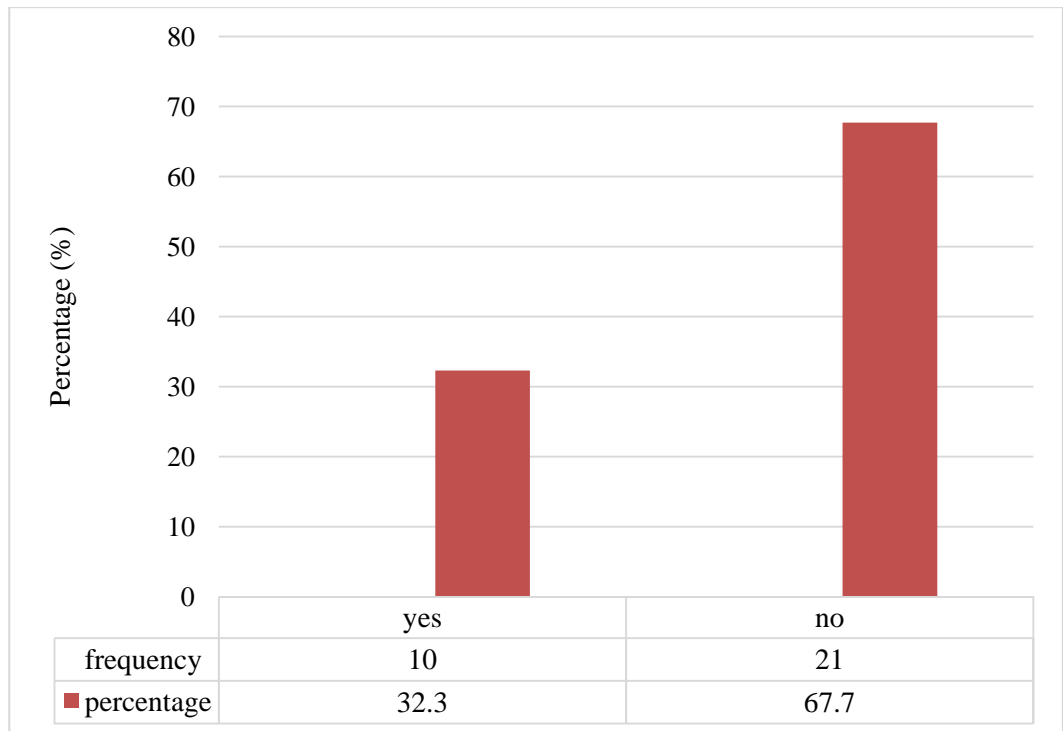


Figure 11: A graph of respondents involved in decision making on projects by the assembly

Source: Field survey, Owusu-Amponsah (2017)

A key set back with the implementation of the DACF is the disbursement schedule. As presented in Figure 12, according to the respondents, the DACF is not disbursed in a timely manner. About 64 percent of respondents said, the DACF is not disbursed in a timely manner. Only two (2) respondents representing about 6 percent of total respondents are of the view that the DACF is disbursed in a timely manner.

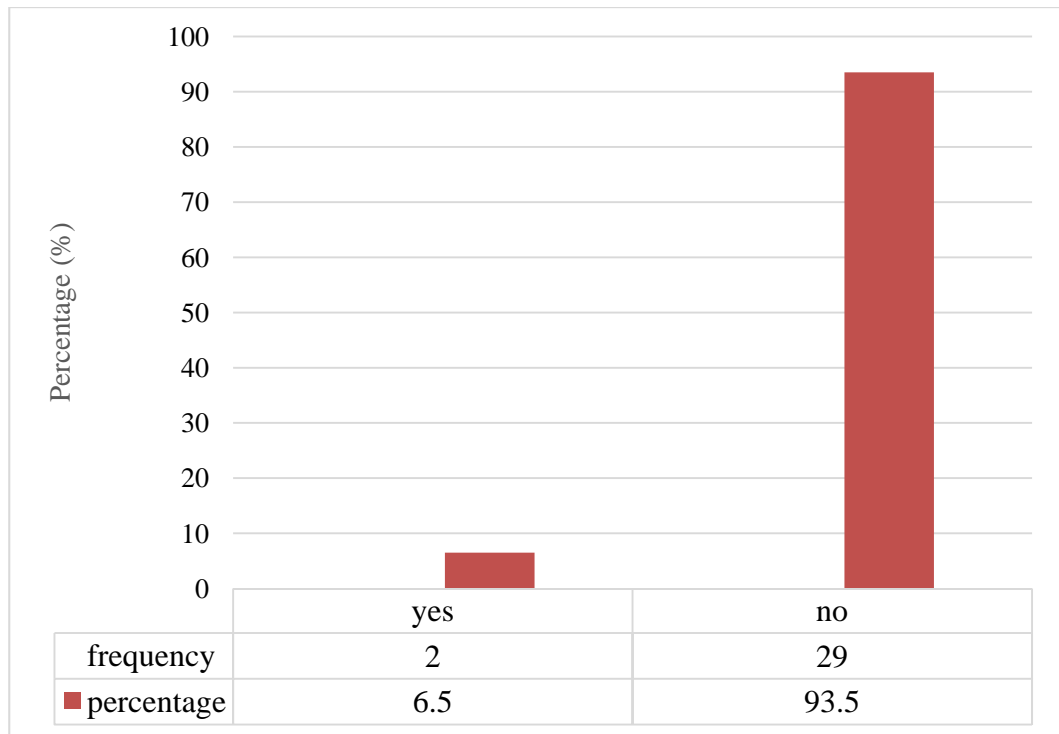


Figure 12: A graph of whether the DACF is disbursed in a timely manner

Source: Field survey, Owusu-Amonsah (2017)

The group of stakeholders who determine what projects the DACF should be used to finance are presented in Figure 13. The results indicate that the Tano-South District Assembly determines which projects should be funded using the DACF. A total of 22 respondents representing 73 percent of respondents said, the Assembly is responsible for determining the projects that should be funded using DACF. This is followed by the community as a whole. Twenty (20) percent of respondents said the community decides which projects to be funded by the DACF. The central government is perceived by the least number of respondents as determining which projects to be funded by the DACF. Only 2 (6.7%) respondents said the central government determines which projects are funded by the DACF.

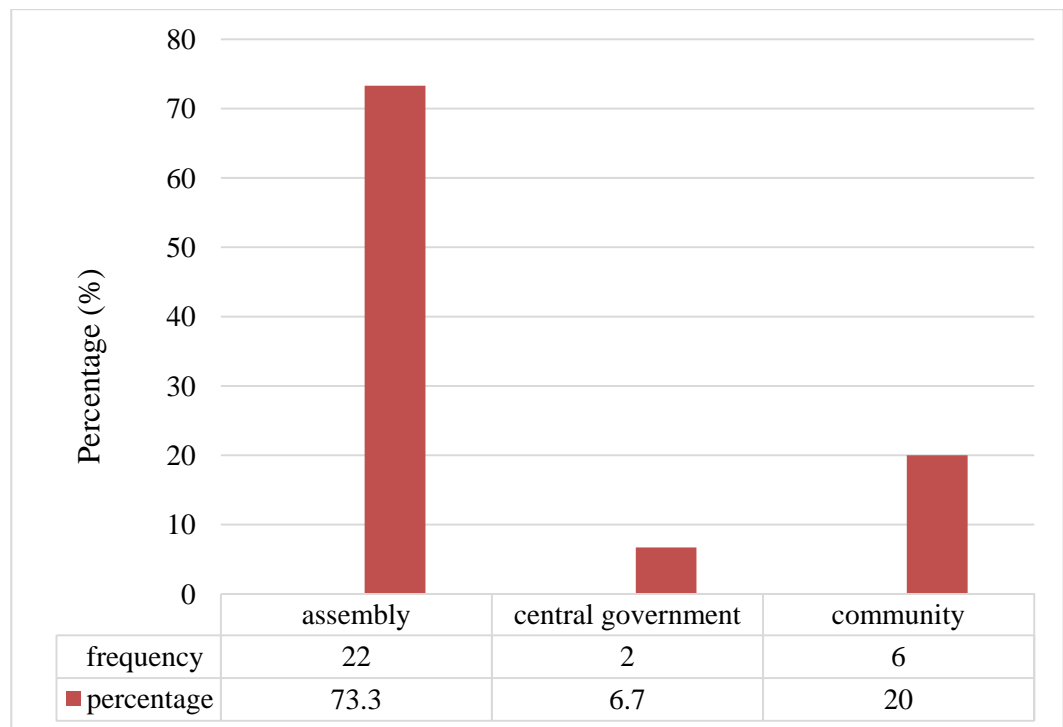


Figure 13: A graph of who determines the selection of projects funded by DACF

Source: Field survey, Owusu-Amponsah (2017)

Summary

Majority of the respondents are male and this is reflective of the generally low participation of women in the political space. The general age group of respondents is from 31-40 years. This makes the respondents mostly middle-aged adults. Over 93 percent of respondents have tertiary education. Therefore, they are perceived to be knowledgeable and are able to understand the issues that affect the community and be able to articulate them appropriately.

Generally, the representatives of the people are satisfied with how the funds are being utilised and the projects to which the funds are being applied. However, majority of them are not involved in the decision making process as to which projects to apply to funds to. If majority of respondents say they do

not take part in the decision making process of determining which projects to fund but the Assembly according to the respondents take most of the decision, then this raises some concerns. It can be argued that the decision making process is concentrated in the hands of a few people (local elite) and the representatives of the people are not able to articulate the view and opinions of their people.

Challenges facing the District Assembly Common Fund (DACF)

The challenges of the district assembly common fund are presented in the Table 5. The results indicate that, a total of 28 challenges were identified by the 31 respondents. Out of this 28 challenges the top 5 frequently mentioned by respondents as a major challenge to the administration of the DACF are delay in release of funds, inadequate funds, inadequate supervision and monitoring, misappropriation of funds, deductions at source and expectation gap.

About 25 percent of challenges identified was delay in release of funds. This is followed by inadequate funds (22.1%). The third and fourth most mentioned challenges are inadequate supervision and monitoring (13.7%) and misappropriation of funds (4.2%) respectively. The fifth most mentioned challenge was deductions at source (3.2%) and people's expectation of what the DACF should be used for (3.2%).

The five (5) most mentioned challenges confronting the DACF make up about 72 percent of all challenges mentioned by respondents. This makes them the major challenges confronting the Assembly. Other challenges mentioned by respondents include; over reliance on the funds by the assembly,

projects funded by the DACF delay, political interference, irregular release of funds, and non-involvement of community members in the use of the DACF.

Table 5: Challenges Confronting the DACF

Challenge	Frequency	Percentage
Delay in release of funds	24	25.26
Inadequate funds	21	22.11
Inadequate supervision and monitoring	13	13.68
Misappropriation of funds	4	4.21
Deduction at source	3	3.16
Expectation gap	3	3.16
Over reliance on the funds by the assembly	2	2.11
Project delays	2	2.11
Political interference	2	2.11
Inadequate education on fund usage	2	2.11
Irregular release of funds	2	2.11
Inequitable sharing of the funds	1	1.05
Inappropriate disbursement of funds	1	1.05
Embezzlement of funds	1	1.05
Difficulty in acquiring funds	1	1.05
Access through a single bank	1	1.05
Lack of commitment and sensitisation	1	1.05
Too much bureaucracy on the funds	1	1.05
Conditions attached to spending lines	1	1.05
Irregular release of guidelines on disbursement	1	1.05
Lack of knowledge on the use of funds	1	1.05
Community members are not consulted	1	1.05
Approval of supplementary budget estimates	1	1.05
Excessive demand on the use of the funds	1	1.05
Less experience staff	1	1.05
Not all amounts are allocated until resources are made	1	1.05
Incompetent and unskilled policy makers	1	1.05
Weakness in definition of development	1	1.05
Total	95	100

Source: Field survey, Owusu-Amponsah (2017)

In addressing these challenges, respondents made the following recommendations to how to solve some of the challenges mentioned above. The result of the proposed recommendations by respondents is presented in Table 6. The results indicate that a total of 22 solutions were provided by the 31 respondents used in the study. Out of this 22 proposed solutions, the 5 most mentioned solutions are funds should be disbursed on time, proper monitoring

and supervision during disbursement, the DACF should be increased, proper and continuous education should be given to citizens about the fund and its usage, and appropriate laws guiding the right usage of the fund should be followed.

About 30 percent of the solutions recommended by respondents was on the timely disbursement of the fund. This is followed by the proper monitoring and supervision during disbursement (14.8%). The third and the fourth most suggested solutions are the increase in the DACF (13.6%), and the proper and continuous education of citizens on the fund and its usage (8.0%) respectively. The fifth most mentioned solution to addressing the challenges confronting the DACF is appropriate laws guiding the right usage of the fund should be followed (6.8%).

The five (5) most suggested solutions to the challenges confronting the DACF constitute about 73 percent of all the solutions provided by respondents. This makes them the most viable solutions to addressing the challenges confronting the DACF from the perspective of the respondents who are the assembly men and women of the Tano-South District Assembly. Other solutions mentioned by respondents include; the assembly should explore other sources of funds, disbursement should be free from political interference, DACF should pay attention to improving agriculture, the disbursement laws should be followed, community members should be consulted on the projects to be funded by the DACF, and sanctions should be applied to MMDAs who fail to adhere to guidelines of the Fund.

Table 6: Proposed Solutions to Challenges Confronting the DACF

Solutions	Frequency	Percentage
Funds should be disbursed on time	26	29.55
Proper monitoring and supervision in the disbursement	13	14.77
It should be increased	12	13.64
Proper and continuous education should be given to citizens about the fund	7	7.95
Appropriate laws guiding the right usage of fund should be followed	6	6.82
Assembly should explore other sources for funds	3	3.41
Disbursement should be free from political interference	2	2.27
DACF should pay attention to improve agriculture	2	2.27
There should be conformity with laid down structure of release of funds	2	2.27
Sanctions should be given to MMDAs who fail to adhere to guidelines	2	2.27
Community members should be consulted	2	2.27
It should target the poor rather than the rich	1	1.14
The DACF administrator should bring more banks on board	1	1.14
DACF should follow cash flow disbursement as laid down by the rules	1	1.14
Datelines on disbursement establishment	1	1.14
The sharing formula should be revised	1	1.14
Bureaucracy should be minimized	1	1.14
There should be flexibility in acquiring it	1	1.14
Timely reporting of projected implemented	1	1.14
Measures should be put in place that projects are completed on time	1	1.14
Source deduction should stop	1	1.14
Management should be involved in the disbursement of funds to creditors	1	1.14
Total	88	100.00

Source: Field survey, Owusu-Amponsah (2017)

Discussion of results

From the results presented above, the total revenue of the Tano-South District Assembly is more than the total expenditure of the assembly. This implies that the assembly annually has funds that it does not disburse. The major component of the total revenue of the assembly comes from the DACF. Between 2009 and 2015, the DACF constituted about 69 percent of total revenue of the assembly. This makes the assembly heavily dependent on the

DACF. Therefore, any disruption in the disbursement of the fund will have a serious detrimental effect on the operation of the assembly.

On the expenditure side, the major expenditure lines are sanitation, education and health respectively. Between 2009 and 2015, the assembly has undertaken a number of developmental projects including; school buildings, health posts, rehabilitation of public toilets, construction of a stadium, roads, etc. However, most of these projects are concentrated in the district capital- Bechem. This raises questions of the equitable distribution of the resources of the assembly and by extension the DACF. The assembly should at all times ensure the fair and equitable distribution of the resources of the assembly.

The finds of this study on the expenditure lines are similar to the findings of the impact assessment study on the DACF conducted by the DACF Secretariat. The findings from the impact assessment study showed that the top areas of high DACF involvement are education, health, sanitation and waste management, and general support to district administrative activities (DACF, 2015).

The assembly has judiciously allocated the two (2) percent of the DACF to the disability fund as required by law over the years under review. From the perspective of the assembly men and women, there is general satisfaction with the application of the DACF. However, the involvement of the local representatives of the people in the decision making process can be improved upon. According to the assembly men and women, their level of involvement in the decision making process is not optimal. Majority of them claim they are not fully involved in the decision making process.

The major challenges confronting the administration of the DACF are delays in disbursement of funds, the inadequacy of the fund to meet the developmental needs of the assembly, and the low and inadequate supervision and monitoring of activities funded by the fund. Given the problem of inadequate funding, it is expected that the assembly will take up more forcefully the task of supervision and monitoring, however, the respondents noted that this is really not the case. This raises question about value for money on projects, quality delivery of projects and judicious use of resources. The timely disbursement and proper supervision in the administration of the fund will enhance the operations of the fund and its impact on the living standards of the people.

The challenges enumerated above are confirmed by the impact assessment report on the DACF conducted by the secretariat. From the impact assessment report, the timely release of fund from Ministry of Finance, deductions at source from district allocation and the low generation of IGFs by the assemblies are some of the challenges confronting the Fund.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter is the final chapter of the study. It is divided into three main parts. The first part covers the summary of the study. It presents highlights of the research problem, research questions and objectives, research design and method of analysis. The second part presents the conclusions of the study. Drawing from the results and discussions of the study in chapter four, the conclusions of the study will be based. The chapter ends with the recommendations of the study. The author presents recommendations informed by the conclusions of the study on how to enhance the operations of the DACF by the Tano-South District Assembly.

Summary of the Study

The DACF is a major component of the operationalisation of the decentralisation process in Ghana. Based on this fact, the study aimed to assess the effect of the DACF on socio-economic development in the Tano-South District. The specific research objectives were; determine how the Tano-South District Assembly used its share of the DACF, identify the developmental projects funded with the DACF, find out how the disability fund has been instituted, examine people's perception of the use of the DACF and examine the challenges confronting the operations of the DACF.

The above specific objectives were achieved using the case study approach and different research instruments, respondents, informants, and statistical tools. The use of the case study approach was to offer the researcher the opportunity to do an in-depth analysis of the operations of the DACF of

Tano-South Assembly given the unique characteristics of each district that benefits from the fund. Both primary and secondary data were used in this study. The sample size for the study was 31 assembly members of the Tano-South District Assembly. These respondents were selected randomly from the list of assembly members in the Tano-South District. Structured questionnaire was the main instrument used in the study. The data gathered was cleaned and coded for analysis purposes.

The main analytical tools used in this study are Microsoft Excel and Statistical Package for the Social Sciences (SPSS). Microsoft Excel was used in computing some ratios, drawing graphs and some tables. The SPSS was used to design the template for the instrument used, capture the responses from respondents and to analyse the data captured. The secondary data used in the analysis was from 2009 to 2015. The summary of the results and conclusions obtained include:

The DACF has been increasing over the years under study. The DACF is the major component of the total revenue of the Assembly. The Assembly heavily depends on it for the successful running of its activities and programmes.

The major developmental activities undertaken by the Assembly using DACF are in the areas of sanitation, education and health. The expenses on these three (3) expenditure lines constitute the highest component of total expenditure by the Assembly. In terms of specific developmental projects undertaken by the Assembly in the period under review, construction of classroom blocks, clearing of refuse dumps, refurbishment and fumigation public toilets, construction of health posts, and some limited road construction

works featured prominently in the expenditure lines of the assembly. Also, these projects were mostly located in the capital of the district-Bechem.

The Disability fund has been instituted by the Assembly. The allocation of the two (2) percent of the DACF to the Disability fund is also being complied with. Since the DACF has been increasing over the years, the allocations to the Disability fund has equally been increasing. The activities normally funded by the Disability fund go to people with disability in farming, soap making and trading. It also covers scholarships for students with disability and medical expenses.

Majority of the respondents in this study who are assembly men and women indicated that they know the intended purpose of the DACF. In terms of the usage of the fund by the assembly, more than half of the respondents said they will give the assembly a score of “good”. Equally, more than half of respondents also think in terms of project delivery the assembly will score a “good” mark. Majority of respondents said they are not involved in the decision making process on the projects funded by the DACF. The disbursement of the fund by the fund administrator to the districts is often delayed and impedes developmental projects and activities.

A number of challenges hinder the smooth administration of the DACF in the Tano-South District. Key among them are delay in the disbursement of funds, inadequate funds, inadequate supervision and monitoring, misappropriation of funds and deduction at source. Some of the solutions suggested by respondents in addressing these challenges include; the timely disbursement of funds by the administrator, proper monitoring and supervision during disbursement, increase in the DACF amount allocated to districts, and

continuous education of citizens on the intended use of the funds so as to manage the level of expectation by citizens.

Conclusions of the Study

Based on the results and discussions in chapter four of this study, the following major conclusions have been reached:

1. The DACF is a critical revenue stream for the operations of the Tano-South District Assembly. The operations of the Assembly will be greatly impeded if the DACF is not available to the Assembly.
2. The Tano-South District Assembly's effort in mobilising internally generated funds (IGFs) is not encouraging. While the percentage contribution of the DACF to the total revenues of the Assembly have been increasing over the years, the Assembly's IGFs have been on the decline.
3. Based on the expenditure patterns of the Tano-South District Assembly, it can be inferred that the priority areas of the Assembly are health, sanitation, and education. The assembly does not channel most of its resources into road construction.
4. Given the revenues available to the assembly, capital intensive projects such as the construction of a new stadium in the district will lock up a lot of capital which could be used for other developmental projects.
5. The Assembly has instituted the Disability Fund as required by law and are also complying with the allocation of two (2) percent of the DACF to the Disability Fund.

6. Respondents spoken to are generally satisfied with the use of the DACF for the developmental projects currently being undertaken. Respondents are generally satisfied with the type of project being undertaken and the quality of delivery.
7. Respondents are not however satisfied with their level of participation in the decision making process on projects to be undertaken by the Assembly.
8. Delay in disbursement of Funds by the DACF administrator is a major challenge to the operations of the Fund at the local level. Also, although the Fund has been increasing over the years, it is still inadequate to meet all the developmental needs of the Tano-South District Assembly.
9. Monitoring and supervision of disbursement is poor. Source deductions are also a major challenge to the operations at the local level. Although a certain quantum of money may be allocated to the District, source deductions can significantly reduce the amount that actually comes to the Assembly.

Recommendations of the Study

Based on the conclusions of the study, the following recommendations are made:

1. IGF mobilisation by the Assembly should improve. Local taxes and rates should be efficiently mobilised. This will give bring in more revenue for the Assembly and increase its capacity to undertake more developmental projects and programmes

2. The Assembly should keep up its efforts in investing and spending more on sanitation, health and education. These are key indicators of development and in the medium to long-term will improve the general living standards of the people of the District.
3. Given the limited revenues of the Assembly, capital intensive projects should be borne by the central government. The District should lobby central government to capture capital intensive projects in its budget. This will free up more resources for the local assembly.
4. The essence of decentralisation is to promote local participation. Therefore, the Assembly should be open and engage the community or at least their representatives at every stage of the decision making process on which projects to undertake for the benefit of all citizens.
5. The DACF administrator should be proactive and ensure the timely release of funds to the local assemblies for the effective running of the assemblies.
6. The monitoring and supervision unit of the Fund secretariat should be more judicious and rigorous in their monitoring and supervisory roles.
7. The tendency of central government to deduct money from source allocated to a particular assembly should be curtailed. This make available to the assemblies more funds to spend on developmental projects that will have a greater impact on members of the community.

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9. How will you rate the use of the DACF for developmental projects?

Poor [] Fair [] Average []
Good [] Excellent []

10. How will you rate the delivery of DACF funded projects?

Poor [] Fair [] Average []
Good [] Excellent []

11. Are you involved in the decision making process of which developmental project to be undertaken by the Assembly?

Yes [] No []

12. Is the DACF disbursed to the assembly in a timely manner/ according to Act 252? Yes [] No []

13. Who determines the selection of projects to be funded by the DACF?

The Assembly [] Central government []
Community []

14. Is the DACF enough for the developmental programmes of the assembly?

Yes [] No []

15. List 5 most pressing challenges faced with the DACF (1 being most pressing challenge and 5 being the least pressing challenge)

1. .
2. .
3. .
4. .
5. .

16. Suggest ways of improving the administration and disbursement of the DACF

1. .

2. .
3. .
4. .
5. .

B: Questionnaire on gathering secondary data from the Assembly

UNIVERSITY OF CAPE COAST
THE EFFECT OF THE DISTRICT ASSEMBLY COMMON FUND ON
SOCIO-ECONOMIC DEVELOPMENT IN GHANA: A CASE STUDY
OF THE TANO-SOUTH DISTRICT ASSEMBLY

This research is in partial fulfilment for the award of a Masters in Business Administration (MBA) General Management by the University of Cape Coast (UCC) Cape Coast. The information is for academic purposes and confidentiality is guaranteed.

Objective 1: Determine how the Tano-South District Assembly has used its share of the Common over the past 10 years

Objective 2: To identify the number of developmental projects funded with District Assembly Common Fund over the last 10 years

1. Revenue and expenditure of the Tano-South District Assembly

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total revenue (IGF+ DACF+ Others)										
Total expenditure										
Total IGF										
Total DACF										
Total others (grants, etc)										

2. Allocation of Total revenue to different expenditure lines

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Education										
Health										
Sanitation										
Water Supply										
Other infrastructure										

3. Use of DACF for different expenditure lines over the past 10 years

(Please indicate location of projects if applicable)

Year	Use	Location
2006		
2007		
2008		
2009		
2010		
2011		
2012		
2013		
2014		
2015		

Objective 3: To find out how whether the Disability Fund has been instituted out of the Common Fund to help people with disability in TSDA

4. How much was devoted to the Disability Fund?

2006 (GH¢)	2007 (GH¢)	2008 (GH¢)	2009 (GH¢)	2010 (GH¢)	2011 (GH¢)	2012 (GH¢)	2013 (GH¢)	2014 (GH¢)	2015 (GH¢)

5. How many people benefited from the Disability Fund over the past 10 years

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015

6. List the top 5 sectors beneficiaries of the Disability Fund belong too

- 1.
- 2.
- 3.
- 4.
- 5.

7. List the 5 most pressing challenges of the Disability Fund (1 being the most pressing and 5 being the lest pressing)

- 1.
- 2.
- 3.
- 4.
- 5.

Objective 5: To examine the challenges of the DACF in financing the development of the district.

8. Does the Assembly receive DACF? Yes [] No []

9. If yes, how often do you receive DACF?

Monthly [] Quarterly [] Year [] Others []

10. Is the DACF disbursed to the assembly in a timely manner/ according to Act 252?

Yes [] No []

11. Does the Central government specify majority of programmes the DACF should be used for? Yes [] No []

12. Who determines the selection of projects to be funded by the DACF?

The Assembly [] Central government [] Community []

13. Is the DACF enough for the developmental programmes of the assembly?

Yes [] No []

14. List 5 most pressing challenges faced with the DACF (1 being most pressing challenge and 5 being the least pressing challenge)

1. .

2. .

3. .

4. .

5. .

15. Suggest ways of improving the administration and disbursement of the DACF

1. .

2. .

3. .

4. .

5. .