

A Study into the Utilization of the District Assemblies' Common Fund in the New Juaben Municipality

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Abstract

The idea of creating District Assemblies is in direct response to the needs expressed by the Public and for that matter their operations are expected to reflect the interest of the public. For effective and efficient management by District Assemblies, there is the need for adequate financing. The objectives of the study is to assess the procedure used in disbursing the fund and also to assess whether DACF is put to effective and efficient use and to find out the Challenges facing the Municipal Assembly in terms of management of the fund. The main findings of the research indicate that; the funds released over the years were inadequate. Between 2008 and 2010 only 60.36% of the expected funds were released posing a problem to management. Projects were also selected in order of priority. The researchers also find out that almost all the communities benefited from the Common Fund.

Keywords: GHANA, COMMON FUND, IMPACT, DEVELOPMENT AND CHALLENGES.

1.1 BACKGROUND TO THE STUDY

The earliest attempts of the local administration during the colonial era were the native authorities which were centered on some chiefs and other opinion leaders. The native authorities were not democratic by then but were mere representatives. Their main interest was to help the British colonial government in local administration. Establishment of municipalities in the coastal towns of the Gold Coast took place under the Municipal Ordinance of 1859. In 1943, a new ordinance set up elected town councils for Accra, Kumasi, Sekondi Takoradi and Cape Coast. In 1953 the Municipal Council Ordinance was also passed and this was followed after independence by the Local Government Act 1961.(Act 54).

In all these pieces of legislation, the distinction between central and local government institutions was maintained. The central government bodies at the local level then dealt with national matters and they also attracted to themselves better qualified personnel in terms of management skills and professional expertise. The local government bodies had been set up vested with authority specifically for local matters. The local authorities were then required to provide District and Municipal services and amenities in their localities without regard to whether or not they had the required resources in terms of personnel with the requisite and professional expertise to deliver. Unable to raise funds to meet their obligations and attract able and competent officers, the local government bodies only succeeded in creating for themselves an unpleasant image in most cases, of incompetence. As a result of the weaknesses identified with the local government system, an attempt was made in 1971 to introduce a new structure of local administration of the country.

The report of these bodies made conclusive recommendation for the delegation of central administration authority to the local levels. In order to solve the problem of poor administration and implementation of government policies at the local, the Local Government Act, 1993, Act 462 set out to create District Municipal and Metropolitan Assemblies, with the power and authority to act on behalf of the Central Government at the local levels. This Act is aimed at giving some of the powers of the central government to the people in the District, Municipalities and Metropolis to enable them take part in the administration and implementation of government policies in the Districts and Municipalities. This modified Act is also to ensure that functions, powers, responsibilities as well as resources are transferred from the Central Government to the Local Government level to facilitate the development of Metropolitan, Municipal and District Assemblies. For the

purpose of decentralization and local Governance, Ghana is currently divided into six (6) metropolises, thirty four (34) Municipalities and one hundred and thirty (130) District Assemblies all totaling one hundred and seventy (170). Each District, Municipal or Metropolis is given the highest political authority and has legislative and executive powers. Districts, Municipal and Metropolitan Assemblies are mandated to generate their own internal revenues through levying of fees, imposition of taxes, rates and licenses for their development projects like schools, health centers, good drinking water, good sanitation and recreational facilities among others. It was however realized that the Assemblies could not generate enough revenue on their own to carry out all the infrastructural development needed at the local level. To be able to bridge this financial gap, thereby making more resources available to the District, Municipals and Metropolitan Assemblies to help them speed up developmental projects at the local levels the DACF was established. The District Assemblies Common Fund (DACF) was established in 1993 by an Act of Parliament, (Act 455) with the aim of helping to speed up infrastructural development to the local level by providing funds to the District, Municipal and Metropolitan Assemblies, from the Consolidated Fund on quarterly basis since most of the Assemblies are not able to generate enough revenue to fund development projects in their localities. The Fund was also established to enable the local authority tailor the development of their localities to the specific need of the people at the district level. Under this Act, Parliament sets aside not less than 5% (currently 7.5%) of the Gross National Income which is taken from the Consolidated Fund and paid into the District Assemblies Common Fund Account for onward transmission to all the District and Municipal Assemblies on quarterly basis and also on the basis of an approved formula by Parliament. This Fund is under the management of an administrator. The administrator of the Common Fund who supervises the disbursement of the fund based on the formula approved by Parliament is appointed by the President with the approval of Parliament. The New Juaben Municipal Assembly has their own ways of generating revenues needed for development before the introduction of District Assemblies' Common Fund (DACF) in 1993. According to the 1992 Constitution and the Local Government Act, Municipal Assemblies are obligated to bring government programmes, policies and decisions to the grassroots of people in their various communities using the District Assemblies Common Fund to provide social amenities and other infrastructural facilities such as schools, markets, roads, portable water and others. Although the Assemblies were financing these projects from their own internally generated funds the amount generated was inadequate. Capital projects with huge expenditure were given little attention. The introduction of the Common Fund was however a great relief to the district assemblies to help them embark on the provision of more developmental projects. Contrary to the expectation of the people in various communities they were not seeing the developments they were expecting hence they started complaining bitterly about the inadequate social and infrastructural facilities provided by the Assemblies, despite the regular allocation of the District Assemblies Common Fund.

2.0 LITERATURE REVIEW

This chapter reviews literature related to the utilization of the District Assemblies' Common Fund and its impact on the development of Districts, Municipalities and Metropolises in Ghana.

As a provider in the National Association of Local Authorities of Ghana (NALAG), the local global framework has informed Ghana's own local government reforms. The reforms sought to attain three things namely, decentralization, participation and democratization. It set up ten (10) Regional Co-ordination Councils, six (6) Metropolitan Assemblies, thirty-four (34) Municipal Assemblies, and one hundred and thirty (130) District Assemblies summing up to one hundred and seventy (170) assemblies, thirty-four (34) Urban Councils, one hundred eight (108) Zonal Councils, two hundred and fifty (250) Town Councils, eight hundred and twenty-six (826) Area Councils and sixteen thousand (16,000) Unit Committees. Ghana currently practices a system of 70% elected Assembly Members and 30% appointed members who are in other words referred to as the District and Municipal Councilors. Decentralization in Ghana has taken the dimension of transfer of functions, skills, powers, competence, responsibilities and resources from the Central Government to the Local Government units in a co-ordinate manner.

2.1 LOCAL GOVERNMENT

As stated in the 1992 Constitution of the Republic of Ghana, Ghana shall have a system of local Government and administration, which shall as far as practicable be decentralized. The decentralized system of Local Government shall have the following characteristics:

Parliament by law shall provide for the taking of measures as are necessary to enhance the capacity of local government authorities to plan, co-ordinate, initiate, manage and execute policies in respect of all matters affecting the people within their areas with a view of ultimately achieving localization of those activities.

Parliament shall enact laws to ensure that functions, powers, responsibilities and resources are at all times transferred from the Central Government to Local Government unite in a co-ordinate manner. There shall be established for each Local Government unit a sound financial base with adequate and reliable sources of revenue. As far as practicable, persons in the service of Local Government shall be subjected to the effective control of local authorities. To ensure the accountabilities of Local Government authorities, people in a particular Local Government area shall as far as practicable are afforded the opportunity to participate effectively in the governance. Decentralization has therefore prepared a ground for local Government where there is a vertical hierarchical transfer of power, authority, responsibility, and resources from the central Government to the Local Government. The Constitution is however shot of prescribing the mechanisms to be put in place to ensure effective and efficient utilization of the Common Fund.

2.2 AN OVERVIEW OF THE DISTRICT ASSEMBLIES COMMON FUND (D.A.C.F)

The major problem faced by the Local Administration in the country is finance. Indeed, Local Authorities have to grapple with the problem of generating adequate revenue from their traditional sources to meet their recurrent and development expenditures. In recognition of this problem, the District Assemblies' Common Fund was created under Section 252 of the Fourth Republic a constitution of 1992. On 6th July 1993, Parliament enacted the District Assemblies 'Common Fund Act (Act 455). Under this Act, Parliament is annually required to allocate not less than 5% (currently 7.5%) of the total revenues of Ghana to the District Assemblies' for development.

2.3 FACTORS CONSIDERED IN SHARING OF THE DISTRICT ASSEMBLIES COMMON FUND.

According to A.K. Nyarko and Pat Eghan (1998) the basis for sharing the District Assemblies' Common Fund is a matter of great concern to all parties involved. That is the District and Municipal Assemblies as a recipient, the Common Fund Administrator, and the legislators that is parliament .The development of sharing formula has been constrained by lack of relevant and reliable data on the socio-economic characteristic of the District and Municipalities. There is therefore an urgent need for the formula with the view to improving it.

For this reason, the Act establishing the District Assemblies' Common Fund enjoins the Administrator to present a formula to parliament for approval every year. In 1994, the following were the share of the factors described above in the fund.

❖ Need Factor	35%
❖ Equalizing Factor	30%
❖ Responsive Factor	20%
❖ Service Pressure Factor	15%

This research will therefore attempt to look at effective utilization of the Common Fund for development of the Municipality.

2.3 REQUIREMENT OF DISBURSING BANKS OF DISTRICT ASSEMBLIES COMMON FUND.

According to K.A.Nyarko and Eghan Pat, (1998) The following are some of the common requirements of the disbursing banks: Compliance with basic operational instructions of the Bank (particularly valid signatories) and other agencies such as Ministry of Finance, Ministry of local Government and Rural Development, Administrator of the District Assemblies Common Fund and withdrawals within balance and for approved purposes listed in the estimates for utilization of the District Assemblies Common Fund. It is a good step that the Ministry of Local Government and Rural Development, Ministry of Finance and Administration of the District Assemblies Common Fund have taken to ensure effective utilization of the Common fund by allowing District Assemblies to withdraw their Common Fund through a specific bank, comply with the operational instructions of the bank by using valid signatories and withdraw the Fund to the tune of the approved Estimates.

2.5 DISTRICT ASSEMBLIES COMMON FUND AND DEVELOPMENT.

District Assemblies' Common Fund is meant for development and this is evident in the various development projects that are being undertaken by the respective District, Municipal and Metropolitan Assemblies. In the 13th May 2004 edition of the Ghanaian Times, Ga District Assembly spent a total amount of GH¢17,000.00 from the Common Fund to construct a four apartment teachers quarters at Adusah in the Ga District to solve the accommodations problems of teachers in the District..

According to the local Government information Digest, (2000) Sharma Ahanta East Metropolitan Assembly used GH¢1,200,000.00 for Export Processing Zone by developing an industrial estate. It is also stated in the Local Government information Digest, (2000) that Atwima District Assembly of Ashanti Region spent GH¢5,500.00 on the construction of a museum which was funded from the District Assemblies Common Fund.

3.0 METHODOLOGY

3.1 RESEARCH POPULATION

The population size of the study area is two hundred and eighty two (282) of which thirty (30) are senior staff, one hundred and thirty (130) junior staff and seventy-two (72) assembly members .The sampled population is taken from this universal set.

3.2 SAMPLE SIZE AND SAMPLING TECHNIQUE

The research population was stratified into senior staff and assembly members. Two questionnaires were served on the senior staff, one for management and another one for the accountant. The sampling technique used in selecting them was the purposive sampling technique because of the peculiar nature of information required of them. In selecting the assemblymen the researchers reach them in their various houses and workplace, purposive sampling method was therefore used.

4.0 EPIRECAL RESULT

4.1 COMMITTEE OVERSEEING THE COMMON FUND

For proper use of the Common Fund, there is the need to set up a body to oversee the effective utilization of the Common Fund. The view on whether there is a committee that oversees the use of the Common Fund is presented in table 4.1.

Table 4.1 COMMITTEE OVERSEEING THE COMMON FUND.

Response	Frequency	Percentage %
Yes	20	90.91
No	2	9.09
Totals	22	100

Source: Field Data, June 2011

The table above shows that 20 of the respondents representing 90.91% know that there is a committee that oversees the utilizations of the Common Fund whiles 9.09% do not know that such committees exist.

4.2 SELF-HELP PROJECTS

Views on whether any self-help projects have been undertaken in the various communities were sought and the response is displayed in table 4.2.

Table 4.2 Self-help projects

Response	Frequency	Percentage %
Yes	12	60
No	8	40
Totals	20	100

Source: Field Data, June 2011

The table above reveals that 60% of the communities have initiated self-help projects in their communities whiles 40% of the communities have not embarked on such projects.

4.3 MUNICIPAL ASSEMBLY'S FUNDING SELF-HELP PROJECTS

Views on whether the Assembly assisted in funding self -help projects shown in table 4.3.

Table 4.3 Assistance for self-help projects

Response	Frequency	Percentage %
Yes	11	55
No	9	45
Totals	20	100

Source: Field Data, June 2011

The table above shows that majority of the communities representing 55% benefited from the self-help projects funded by the New Juaben Municipal Assembly. Whiles the minority representing 45% of the communities have not yet received any benefit on such nature.

Out of the 12 communities which initiated self-help projects 11 were assisted and that is good on the part of the Municipal Assembly.

4.5 COMMON FUND RECEIVED AS AGAINST WHAT WAS EXPECTED

A comparison of the common fund received and what was expected between 2008 and 2010 was made. Find below the outcome.

Table 4.4 Common fund received against the expected.

YEAR	EXPECTED (GH¢)	ACTUAL (GH ¢)	PERCENTAGE (%)
2008	1,180,043.50	550,733.00	46.67
2009	1,300,000.00	667,319.90	51.33
2010	1,846,769.76	752,623.94	40.75
Totals	3,264,813.26	1,970,676.84	60.36

The table above shows that the Assembly does not receive the total amount of Common Fund budgeted for in each year. In 2008 46.67% of the Common Fund was received. 51.33% of the Common Fund was received in 2009 while 40.75% of the Common Fund was received in 2010.

From the table above an average of 60.36% of the expected Common Fund was received over the past three years. What remains is quite substantial which can be channeled into other developmental projects.

4.6 ALLOCATION OF THE COMMON FUND FROM 2008-2010

Below is a table showing the sectors into which the DACF was channeled between 2008 and 2010.

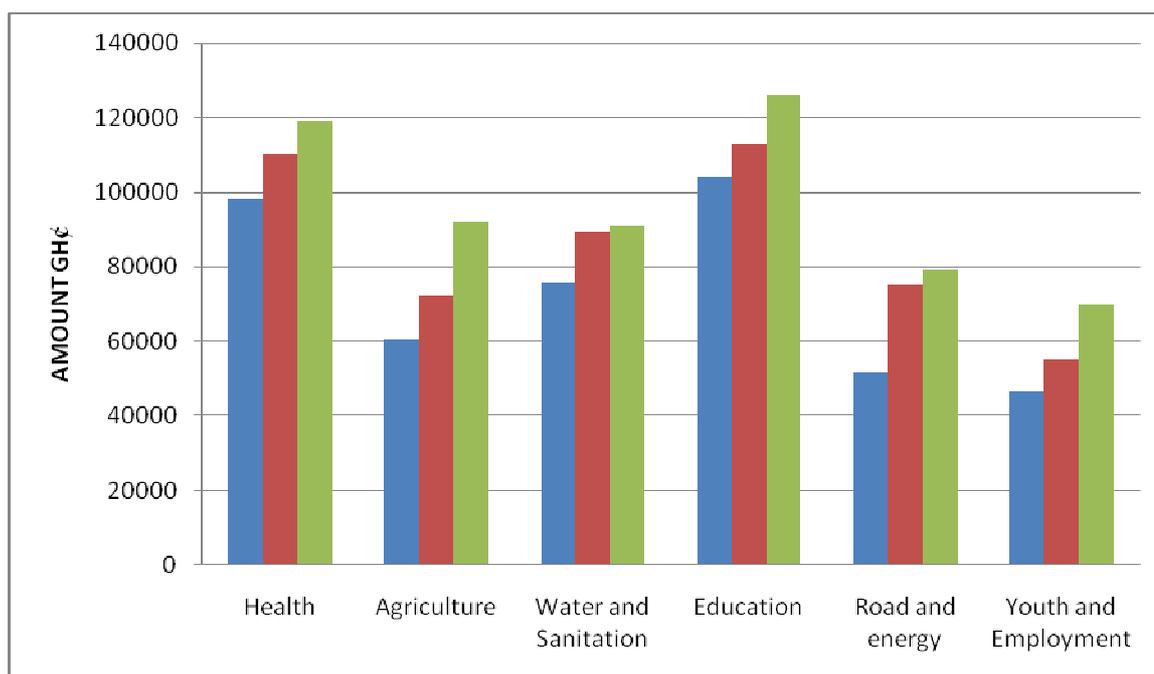
Table 4.6 Allocation of the Common Fund

SECTORS	2008 GH¢	2009 GH¢	2010 GH¢	TOTALS GH¢	(%)
Health	98,168.00	110,120.00	119,000.00	327,288.00	21.40
Agriculture	60,560.00	72,243.00	92,033.00	224,836.00	14.70
Water and Sanitation	75,641.00	89,410.00	91,134.00	256,185.00	16.75
Education	104,123.00	113,048.00	126,108.00	343,279.00	22.45
Road and Energy	51,788.00	75,150.00	79,089.00	206,027.00	13.47
Youth & Employment	46,532.00	55,150.00	69,956.00	171,638.00	11.22
Totals	436,812.00	515,121.00	577,320.00	1529,253.00	100

June 2011

From the table above, education received the highest percentage of the Common Fund allocation with 22.45% while's youth and employment received the least of Common Fund allocation with 11.22% over the 3 years period. Health has 21.40% of the Common Fund allocation being the second highest sector in terms of the allocation of the common fund. Water and sanitation follows as the third sector with 16.75% of the common fund allocation. Agric sector is the fourth sector with 14.70% of the common fund allocation while's Road and energy comes fifth with 13.47% of the common fund allocation.

Figure 4.3 ALLOCATION OF THE COMMON FUND



It can be observed from figure 4.3 that over the years the municipal assembly increased the amount allocated for each sector, 2010 bars being taller than 2009 and the latter being taller than that of 2008. This notwithstanding, it will be noted that the percent increase vary from sector to sector.

ASSISTANCE TO COMMUNITIES WHICH INITIATED SELF-HELP PROJECTS (2008-2010)

Amounts released to support self-help projects in the municipality varied from year to year and so is the number of projects supported. Tables 4.5 to 4.6 show the assistance given to communities from 2008-2010.

Table 4.7 Assistances to Communities - 2008

2008			
COMMUNITIES	NATURE OF ASSISTANCE	AMOUNT GH¢	%
Akwadum	Materials for the construction of footbridge.	1,900.00	65.52
Senpoamiensa	Roofing sheets and other materials for a clinic	1,000.00	34.48
TOTAL		2,900.00	100

Table 4.8 Assistance to communities - 2009

2009			
COMMUNITIES	NATURE OF ASSISTANCE	AMOUNT GH¢	%
Betom	Re-roofing of Methodist primary school	6,454.00	3.02
Densuano	Supply of materials for the construction of septic tank for Densuano Nurses Quarters	2,400.00	1.13
Nsukwao	Construction of footbridge at Timber market (Nsukwao).	2,900.00	1.36
Nyamekrom	Construction of a three unit classroom block and educational office.	85,000.00	39.87
Oyoko	Construction of community clinic	116,000.00	54.41
Suhyen	Repairs of street light at Suhyen.	440.00	0.21
TOTAL		213,194.00	100

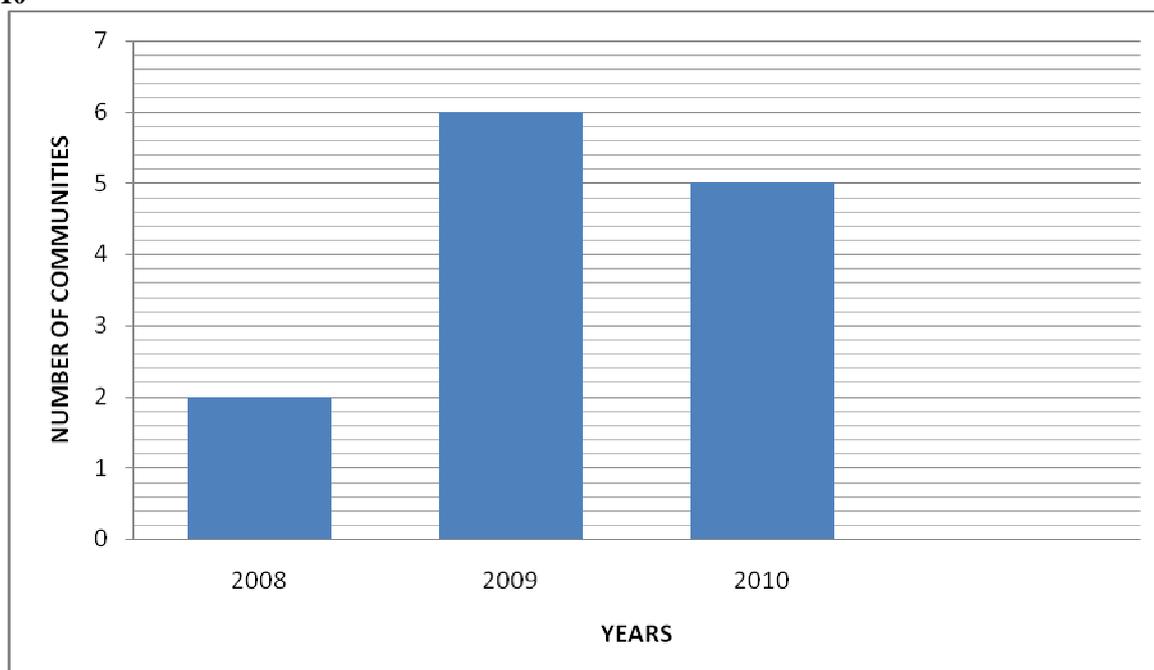
Table 4.5 Assistance to communities - 2010

2010			
COMMUNITIES	NATURE OF ASSISTANCE	AMOUNT GH¢	%
Ada	Construction of drains and 600metre square pavement.	140,000.00	1.73
Agavenya	Construction of kitchen, dining and store	6,900,632.52	85.35
Asokore	Construction of 6 units classroom black	900,000.00	11.13
Jumapo	Construction of kitchen, dining, office and store	65,889.70	0.81
Trom	Construction of Early childhood development center with kitchen, office and store.	79,000.00	0.98
TOTAL		8,085,522.22	100

Source: Field Data, June 2011

From the table above it will be noted the assistances given to the communities varied from year to year. In 2008 the amount invested in self-help projects by the municipal assembly was GH¢2,900.00 and went up to GH¢213,194 in 2009 and GH¢8,085,522.22 in 2010. The above data can be simplified by presenting it graphically.

Figure 4.3 ASSISTANCE TO COMMUNITIES WHICH INITIATED SELF-HELP PROJECTS FROM 2008-2010



The bar graph above indicates the extent to which the municipal assembly assisted the communities which initiated some projects. In 2008 two (2) communities were assisted, six (6) communities were assisted in 2009 and five (5) communities had some funding from the assembly.

Within the three years period thirteen (13) communities which initiated projects had some support from the assembly. It can be concluded that the municipal assembly encourages the communities in their development agenda

4.5 EFFICIENT AND EFFECTIVE UTILISATION OF THE COMMON FUND.

The researchers enquired whether the common fund was used efficiently and effectively for the purpose for which it was assigned. The response was positive; the following mechanisms have been put in place by the New Juaben Municipal Assembly to ensure efficient and effective use of the common fund.

- ❖ A committee has been put in place to see to the efficient management of the fund.
- ❖ Auditing of the statements of the common fund - Accounts of the Municipal Assembly is audited on quarterly bases.
- ❖ Durability of physical projects – another mechanism which the Municipal Assembly used to evaluate project is the durability of physical projects like roads, buildings etc.

4.6 PROJECTS UNDERTAKEN BY THE MUNICIPAL ASSEMBLY IN THE VARIOUS COMMUNITIES FROM 2008 TO 2010.

- ❖ Construction of a 6 unit classroom block for Effiduase Methodist primary school.
- ❖ Construction of a 6 unit classroom block and 6 seater water closet for Kyeremateng primary school.
- ❖ Paving 2,900 meter square area at Zongo market.
- ❖ Construction of a 3 unit semi-detached nurses quarters near SIC office Koforidua and alike.

4.7 PROBLEMS ENCOUNTER IN APPORTIONMENT AND DISBURSEMENT OF THE DISTRICT ASSEMBLY'S COMMON FUND.

The questionnaire sought for information on problems encounter in apportionment and disbursement of the District Assemblies Common Fund. The following problems were detected Inadequacy of the funds to go round all projects and programmes Late releases of the fund given rise to high cost of projects due to price hikes and alike.

5.1 Discussion

The study shows that all communities in the municipality benefited from the common fund. This can be backed by table 4.5. The study reveals that there is a mechanism put in place to ensure efficient and effective utilization of the Common Fund. Among such mechanism such as:

- Auditing of the statements of the Common Fund
- Durability of physical projects
- Outcome of programmes

It also came to light, from the study that there was a committee appointed to oversee the use of Common Fund to ensure that full benefit of the fund is realized by the people of the Municipality. Besides this, the municipal assembly initiated projects on their own in other parts of the municipality.

CONCLUSIONS

Again from the findings it was evident that since the introduction of the District Assemblies Common Fund, it has contributed greatly to the development of some sectors such as education, health, water and sanitation, agriculture, road and energy and youth and employment.

However, there are lapses in the apportionment, administration and utilization of the common fund which slows down development in the municipality. Among them is the late release of the common fund coupled with increases in the prices of goods and services. Also the funds released over the years were inadequate. Between 2008 and 2010 only 60.36% of the expected funds were released posing a problem to management.

In the view of the researchers the New Juaben Municipal Assembly has utilized the District Assemblies Common Fund effectively because almost every community that initiates a self-help project was assisted and the assembly on its own initiated projects which were obvious and have gone a long way to lift the face of the municipality. This notwithstanding, the researchers have some recommendations to make. The bases for selection of projects which is based on priority is a good idea but Youth sport and employment been their last priority should therefore be reconsidered since majority of the youth in the New Juaben Municipal Assembly are not having jobs, it should embark on a farming activity or open a factory to employ the youth. Those responsible for the management, monitoring and evaluation of projects and programmes should improve on their efficiency to ensure proper work been done in the municipality in the use of the common fund .There should be public education on the District Assemblies Common Fund and it use.

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