Welcome to the second edition of the DACF Newsletter, a biannual newsletter which is produced by the Office of the Administrator of the DACF. The Common Fund is a Development Fund that is intended to ensure equitable development of the various Assemblies in the country.

The Administrator of the DACF is the sole manager of the Fund. However, ensuring the success of the Fund is a shared responsibility. The Government, particularly the Ministry of Finance and Ministry of Local Government and Rural Development, Civil Society Organizations, individuals and organizations in the various Districts as well as the general public all have a duty to ensure strict adherence to the guidelines for the application of the Fund.

The prudent use of the Fund by Metropolitan, Municipal and District Assemblies (MMDAs) brings about value for the money they receive. The Accountant-General facilitates the release of funds into the DACF account at the Bank of Ghana and Civil Society groups and individual vigilance ensure quality in the work of the Assemblies in using the funds they receive. In this respect, members of the public need to view the Fund as their asset, especially since the Fund is derived directly from the taxes paid by the people. Ultimately, it is when all the people take active interest in how the Fund is utilised that the nation, as a whole, will reap the utmost benefit from the Common Fund.

This second edition dwells on ways of making the fiscal decentralisation envisaged through provision of central funds to the Assemblies more sustainable, and draws attention to the need to intensify the generation of Internally Generated Funds, IGF, to make the Assemblies less dependent on Central Government funds. Some of the articles illustrate on-going attempts at intensifying IGF generation by some Assemblies.

This edition also discusses routine issues of utilisation of the Common Fund and the process of reporting. But especially important for this edition are the contributions of various stakeholder groups commenting on the operations of the Fund. The contributions are very important because they emphasize the collective and participatory responsibility in ensuring the effective operations of the Fund.

We hope this Newsletter will continue to provide a platform for you to communicate with the Office of the Administrator. We look forward to featuring the developmental work being done in the various MMDAs with the annual grants from the Fund in subsequent editions. You can send your comments, observations and suggestions on issues relating on the Common Fund to our contact address on the back page for publication or consideration. It is our hope that, through the Newsletter, you will have a better understanding of the DACF, its operations, and its impact on the country.

Kojo Fynn
DACF Administrator

A Message from The DACF Administrator

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VISION

The vision of the DACF is to be "an institution of choice for the administration and transfer of funds to MMDAs to reduce poverty in their respective areas of jurisdiction".
The 1992 Constitution prescribes a decentralised governance system where there is a transfer of authority for decision-making, finances and management from the Central Government to the local authority.

The Metropolitan, Municipal or District Assembly (MMDA) is the pivot of administrative and developmental decision-making at the local level. It is assigned with deliberative, legislative and executive functions. The Assemblies are expected to mobilise resources and develop local infrastructure. Also, they are to promote the development of local productive activities with the help of some Central Government institutions, which are also decentralised to operate as part of the Assemblies.

But to achieve devolution as directed by the Constitution, the MMDAs as well as the Regional Coordinating Councils (RCCs) must have adequate financial resources and the ability to manage those resources. Unfortunately, decentralisation can lead to severe imbalances in the regional distribution of wealth and development as the resources of local authorities are often unequal.

To address issues of fiscal imbalance, some countries have established revenue sharing systems to ensure fairer distribution and allocation of central resources, and to ensure that such allocations are not affected by political affiliations. Kenya, South Africa and Nigeria all have such systems.

In Ghana, the District Assemblies Common Fund (DACF) is the formula-based system of financial transfers for local development from the Central Government. The Fund was created under Article 252 of the Constitution to serve as a mechanism for the transfers of resources from the Central Government to the MMDAs.

The Article provides that 5% of Ghana’s total revenue (now increased to 7.5%) should be paid into the Fund for distribution to the local authorities. To operationalise this constitutional provision, Parliament enacted the District Assemblies Common Fund Act (Act 455) in July 1993 to provide further legislation and detail on the administration of the Fund.

**Fiscal Decentralisation Framework**

In March 2008, the Ministry of Local Government and Rural Development and Environment issued “The Intergovernmental Fiscal Decentralisation Framework”, which discusses intergovernmental fiscal decentralisation, focusing especially on the financial component of the larger decentralisation programme. Revenue and Funding Arrangements include all revenues and funds available to the RCCs and the MMDAs - Internally Generated Funds, Central Government transfers, development partner support grants, access to borrowing, land rates, mineral royalties, transfers, ceded revenues and external credits.

Central Government transfers consist of the District Assemblies Common Fund and the support of the decentralised departments by Ministries, Departments and Agencies (MDAs) in the form of direct salary payments or transfers for administrative, service and investment costs. Thus apart from central transfers, such as from the Common Fund, the Assemblies are expected to engage in activities that can generate revenues to be used for their administrative and other operations.

**Common Fund and Local Government**

The introduction of the DACF was an important achievement for fiscal decentralisation. DACF was
established purposely to encourage local governance and deepen commitment to the decentralisation programme in general, and fiscal decentralisation in particular. Also it is to promote sustainable self-help development, make up for development deficiencies in deprived Districts or communities, complement the Internally Generated Funds (IGF) of the MMDAs and ensure equitable distribution of development resources among the MMDAs. Other objectives of the DACF are to support the creation and improvement of socio-economic infrastructure in the country, and improve the delivery of social services by the MMDAs.

The allocation and disbursement of the DACF goes to confirm that MMDAs have not just been created and left to suffer in terms of sourcing funds and other forms of assistance required for development at the local level, but ensure that resources are made available to facilitate their work.

Internally Generated Funds
Internally Generated Funds (IGF) consist of all revenue collected by the MMDAs. IGFs consist of basic, special and property rates, fees, licenses, trading services, specialized funds, such as stool land royalties, timber royalties and mineral development funds, and investment income. From an intergovernmental fiscal decentralisation perspective, the more revenue MMDAs can generate, the more autonomy they will have.

Currently, IGFs are the only funds over which the MMDAs have total control. Because the Common Fund and most development partner funds are targeted toward development projects and cannot be used for recurrent expenditures, the ability for the MMDAs to maintain new and existing infrastructure will become more and more difficult if they are unable to generate adequate funds from their own activities.

Challenges to Revenue Generation
What is very clear in the intergovernmental document is that the funding system for local governments is supposed to combine local government internally generated funds with transfers from the Central Government. While allocations from the Central Government are very important, for fiscal decentralisation to be effective and sustainable, and for local governments to be able to provide effectively for their areas, there is general agreement that local governments have to be fiscally independent and less dependent on Central Government finances.

MMDAs should be able to generate a larger portion of their total resources. According to the intergovernmental document, “the IGFs should be significant, buoyant and reliable, providing ownership, sustainability and installing proper links between costs and benefits of service provision.”

Observed Pattern
The general observed pattern is that IGFs do not yield much revenue, not even for the recurrent expenditure. Since 1993, the DACF has been the most important source of funding available to MMDAs. In some Districts it covers between 80% and 90% of annual expenditure. While there has been some appreciable increase in the total revenue of MMDAs over the past years, the larger part of the increase has come from the Common Fund.

According to the Decentralisation Policy Review, which was issued jointly by the Government and some development partners in February 2007, in 2004, the IGFs constituted about 16% of the total local government revenue and increased slightly to 18% in 2005, resulting in a high MMDA dependency on Central Government transfers of 82% in 2005. The MMDAs reported that DACF funds increased about eight times from about 80 million Ghana Cedis in 1996 to more than 600 million Ghana Cedis in 2004 whereas the IGF increased by less than three times in the same period.

Property Rates
MMDAs face great challenges with respect to revenue mobilisation. Property rates all over the world are a very important source of revenue for local administrations. Unfortunately, the MMDAs do not have adequate resources to carry out its responsibility to consistently value and re-value property. This activity is very important in developing a solid and reliable revenue programme throughout the country. The situation is compounded by the poor state of house numbering and street naming in the country. If the current exercise for all Assemblies to name streets and number houses is properly done, it will greatly facilitate the collection of property rates.
Also, many MMDAs do not have adequate databases and those that do, are not always able to maintain them properly. Effective revenue programmes are dependent on up-to-date information regarding the properties and businesses upon which taxes are levied. Without this information it is impossible for the MMDAs to forecast, bill, collect and maximize the revenues due to them.

There have also been complaints that the Central Government has not provided effective leadership and provided enough support on revenue generation. For example, there has not been any benchmarking to determine what level of IGF collections to total revenue received by MMDAs would be appropriate.

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

Generally there is the sense that there is a low appreciation by Assembly members, staff and citizens of the importance of IGF revenue mobilisation and the relationship between taxes paid and services provided. Most MMDAs would have collapsed by now, if the DACF had not been instituted, considering the meagre revenues generated internally by the Assemblies and the demands of their communities. For fiscal decentralisation to be successful, MMDAs must step up revenue mobilization. There has to be an understanding of the importance of developing revenue data bases and intensifying tax collections.

**Solutions to Revenue Challenges**

At a national conference titled, “Maximizing IGF Potentials For Improved Local Level Service Delivery,” held in Accra in May 2014, the then Minister for Local Government and Rural Development, Mr Akwasi Opong-Fosu, was unhappy that though some Assemblies “have high potential sources of revenue generation” they are “not able to provide the basic needs of their communities.” He said after more than 20 years of implementing the decentralisation programme, MMDAs should be less reliant on Central Government transfers and be generating more than about 20% IGF they currently contribute to their total revenue.

Meanwhile, the Ministry has initiated a number of interventions to encourage the MMDAs to improve their revenue generation. One of such interventions is Functional Organizational Assessment Tool (FOAT), which has an indicator focusing on IGF. Also, Guidelines have been developed for the fixing of rates, and there is the Street Naming and Property Addressing System, which when completed, will enhance revenue mobilization.

Additionally, the Ministry of Finance in collaboration with the Ministry of Local Government has developed a set of Citizens Public Financial Management Templates to promote accountability and transparency. Some of the major areas identified for improvement are updated business and property databases; creation of MMDA revenue departments; revaluation issues; street naming and house numbering.

The expectation is that the solutions will work and the MMDAs will be able to substantially increase their internally generated revenue and become less reliant on Central Government, leading to more empowered, responsive and effective local authorities and stronger culture at all levels of society.
Decentralisation

The push to decentralise governance to the local level largely depends on the provision of adequate funds and resources to the decentralised authorities to enable them to provide the requisite services at the local level. In this regard, the importance of the District Assemblies Common Fund set up under the 1992 Constitution specifically to collect and disburse revenue from the Central Government to the Metropolitan, Municipal and District Assemblies, MMDAs, cannot be overemphasised.

Under the Constitution not less than 5% (now 7.5%) of all accrued revenue by the State should be distributed fairly and equitably to the Districts based on a Formula approved by Parliament.

However, the management and disbursement of the Fund faces challenges, which I personally believe the National Association of Local Authorities of Ghana (NALAG), being the mouthpiece of all the MMDAs, should actively strive to resolve. Currently NALAG is not being proactive enough in its advocacy for better policies for the deepening of local governance in the country.

The challenges are many but I will discuss the five listed below in this article and discuss others at a later date. In summary the five are as follows:

1. Mechanism for determination of the total revenue accrued and the percentage allocated for the Fund;
2. Inaccurate Formula for the disbursement of the Fund to the various MMDAs;
3. Delays in disbursement of the Fund;
4. Over Deduction at Source; and
5. Abuse of power by Parliament in the approval and disbursement of the Fund.

Determination of Total Revenue

The issue of who determines the full amount of the revenue generated for the State and thus the 7.5% allocated for the Fund is crucial. Is it not possible that much could be accrued, but less would be given to the DACF for distribution to the MMDAs? If so, there is a need for an independent body made up of members from NALAG, Civil Society Organisations, NGOs, Ministry of Finance, Parliament, Ghana Revenue Authority and others with requisite knowledge and competence in areas of finance, budgeting, accounting and auditing to be involved in determining the “total revenue” based on which DACF is allocated to ensure transparency and accountability.

Formula for Disbursement

There are also questions about the Formula for disbursement of the Fund. The Formula for the disbursement of the Fund is fill with inaccurate information with regards to resources within some of the beneficiary MMDAs. Some of the factors used in determining some aspects of the Formula such as doctor to patient ratio, nurse to patient ratio, teacher to pupil ratio, road coverage and water coverage amongst others, sometimes, do not correspond with the situation on the ground in the MMDAs. There is therefore an urgent need to revisit the Formula by getting rid of the inaccuracies through proper research and data collection.

Delays in Disbursement

Delays in the disbursement of the Fund and its attendant consequences pose a major problem for many MMDAs. For instance, this year 2014 is about ending, but it is only the first quarter allocation that has been communicated to the various MMDAs. As a result of this delay, projected programmes and projects shall equally suffer unnecessary delays as there is no money to pay contractors. In addition, delays in the implementation of projects also affect the contract sum, which tends to go up thus putting unwarranted pressure on contractors from their bankers.

Deductions at Source

Another unfortunate situation about the DACF is that before the money hits the coffers of the various MMDAs, close to about 40% of the funds being Sanitation Improvement Package, Fumigation and other elements would have been deducted from source. This centralized deduction of funds defeats the purpose of the local governance and even the importance of the Fund.

Parliamentarians and the Fund

Finally it has been argued extensively on many platforms that Parliamentarians are agents of policy formulation and not agents for development and must therefore not be given any part of the Common Fund. Parliamentarians over the years, in the process of approving the DACF Formula have found a way to allocate 5% of the Fund to themselves. They have also allocated 2.5% of the Fund to the Regional Coordinating Councils (RCCs).
The current wave of decentralisation is closely linked to the emergence of a new paradigm of local (economic) development. This new paradigm calls upon the different actors – Metropolitan, Municipal and District Assemblies, (MMDAs), the Regional Coordinating Councils, (RCCs) and other Agencies - in a given territory to join forces to promote sustainable local development processes with a strong focus on the local economy.

In these processes, a special role is reserved for the Local Government Authority as “catalyst” in fuelling collaboration amongst all the local actors in promoting the local interest. This new decentralisation model re-introduces the notion of territorial (regional) planning, which should help to place development planning in a broader spatial perspective. Regional planning makes it possible to take into account potential social and economic synergies between urban and rural municipalities and to promote cooperation between different municipalities.

It could be argued that the allocation of funds to the Parliamentarians and the RCCs defeats not only the decentralisation process, but also goes against the spirit of Article 252 (3) of the Constitution, which states that “The monies accruing to the District Assemblies in the Common Fund shall be distributed among all the District Assemblies on the basis of a Formula approved by Parliament.” It is very clear that this Constitutional provision does not cover either the Parliamentarians or the RCCs.

**Conclusion**

In the face of all these challenges, it is critical that all the relevant groups – NALAG, Centre for Local Government Advocacy (CLGA) and other agencies, institutions, and NGOs that believe in local governance, direct their advocacy towards the deepening of decentralisation with specific reference to the District Assemblies Common Fund.
The Institute for Democratic Governance (IDEG) has urged the Government to ensure the immediate disbursement of the District Assemblies Common Fund to improve public service delivery at the local level.

According to IDEG, the late disbursement of the Fund was affecting the successful completion of many projects at the District level.

Dr Emmanuel Akwetey, Executive Director of the IDEG, said this in a speech read on his behalf at a media interactive session on accountability and inclusive development, in Accra.

He said the implementation of many projects in the Districts had stalled because of delays in the disbursement of Funds and drew the attention of the Administrator of the District Assemblies Common Fund, the Ministry of Finance, and the Ministry of Local Government and Rural Development to put in place measures to ensure timely disbursement of funds to the Districts.

IDEG is working with three organisations - the Ghana Local Governance and Decentralisation Programme (LOGODEP), Organisation for Livelihood Enhancement Services (OLIVES), and Network for Community Planning (NECPAD) to implement a project called “Strengthening Civic Participation and Social Accountability in Local Governance”, to build the capacities of civil society organisations (CSOs) to work with MMDAs.

The project, started in June 2014, and will end in July 2015. Its objective is to strengthen civic participation and social accountability in local governance in three pilot project areas - Prestea Huni-Valley, Tarkwa Nsuaem and Shama Districts in the Western Region.

Source: GNA on Ghanaweb
Sectoral utilisation of the Fund

The monthly expenditure returns are analyzed and grouped under four main sectors, which are:
- Economic Ventures;
- Social Services;
- Administration; and
- Environment.

Economic Sector

The economic sector covers expenditure on activities such as energy and extension of electricity to areas within the District to promote the local economy. Also expenditures on revenue generating activities such as the construction of markets, stores and sheds to enable the Assembly to generate revenue from market tolls and the development of tourist sites are classified under the sector.

The Assemblies could also use monies under the economic sector to provide ICT facilities such as computers and software to enable them to liaise with the outside world and learn more about other Assemblies and Local Authorities in other parts of the world.

The sector also caters for expenditures used for creating an enabling environment for the private sector and for going into Public Private Partnership (PPP) arrangements. Counterpart funding by the Assemblies for projects and programmes done with other foreign donors are also covered under this sector.

All utilisation by the Members of Parliament are captured under Constituency Labour Projects.

Social Sector

A substantial part of the Assemblies’ funds is used for the provision of social services or social intervention programmes. Monies used on the construction, repair or maintenance of primary and junior secondary school buildings and for providing desks, tables and chairs for the schools are classified under the social services sector. Expenditures in the sector also cover the provision of libraries, dormitories and staff quarters in the schools. The award of scholarships to brilliant but needy students to pursue their education in the secondary or tertiary schools is also covered by the sector.

Other areas covered by the sector are the provision of good drinking water for communities in the Districts, expenditure on disaster management such as repair of damage caused by natural disasters and resettlement of displaced people.

A major sub sector of expenditure under the social sector is health. All expenditures on the provision of clinics and health posts including CHIP compounds as well as the provision of nurses’ quarters for the health posts are included in the sector.

Health programmes such as immunization exercises, malaria and HIV prevention as well as fumigation exercises for the prevention of infectious diseases are placed under the sector.

The sector also caters for activities which may be described as purely social in nature. For instance some Assemblies assist chiefs and their elders with monies to prepare for their annual festivals, which help to promote their culture and raise their image to attract investors. Other MMDAs support sporting clubs such as football teams or organize sports festivals in their communities to promote sports and unity in their Districts.

Monies used from the Fund to assist communities in self-help projects are also classified under the social sector. In some cases, communities by themselves take the initiative to construct schools, reshape roads and/or build bridges and the Assemblies assist such communities financially with funds from the Common Fund to enable them to complete the projects.

Administration Sector

The Administration sector, until last year, took a large chunk of Assemblies share of funds in terms of utilisation. The Assemblies build the capacity of staff by funding workshops and seminars and also sponsor some of the staff to pursue further studies at the tertiary level.

Office equipment like photocopier machines, fax machines, scanning machines, computer accessories and office furniture are acquired with monies from the Fund.

Expenditure under the sector also caters for some of the amenities provided for senior officials of the Assemblies. This includes vehicles acquired for the District Chief Executive and other staff who need means of transport to facilitate their work. Expenditure on accommodation for essential staff such as the DCE, the District Coordinating Director and the District Finance Officer are also included in this sector.

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GUIDELINES ON REPORTING AND SUBMISSION OF COMMON FUND REPORTS

By Patrick Zoiku, DACF Secretariat

The District Assemblies Common Fund (the Common Fund) was established under Section 252 of the 1992 Constitution. The Fund represents a minimum of five percent (5%) of Government Tax Revenue. The rate is currently seven and a half percent (7½%) of Government Tax Revenue.

For the effective and efficient management of the Fund, the Administrator of the DACF requires all Metropolitan, Municipal and District Assemblies (MMDAs) and Regional Co-ordinating Councils (RCCs) to submit periodic reports on the utilisation of the Fund.

Types of Reports
The DACF expects the following reports from MMDAs and RCCs:

a. Budgets covering the intended utilisation of the Fund for any budget year.

b. Common Fund Reports by:
   • Assemblies
   • MPs
   • RCCs

covering monthly utilisation of the Fund.

Common Fund Budgets
What are they? These are Common Fund funded Capital (Development) Budgets covering projects envisaged by the Assemblies in the ensuing year. Also included in the budget are recurrent expenses permitted under the Guidelines for the Utilisation of the Common Fund issued from time to time by the Minister of Local Government and Rural Development and the Minister of Finance. The budgets are termed ‘supplementary’ since they are additional to the main development budget of the Assemblies.

Projects covered by the Supplementary Budgets cut across all sectors of the economy.

Development (Capital) Expenditure Versus Recurrent Expenditure
Generally, capital expenditure connotes the acquisition of assets - land, building, vehicles, equipment, furniture and fittings. In the context of MMDAs, it covers construction of roads, clinics, CHPS Compound, provision of potable water, construction of school blocks, extension of electricity, construction of markets, etc.

Minor expenditures such as repairs of office equipment, for example, air-conditioners, and fridges are not capital expenditure. Any minor expenditure on repairs or maintenance of vehicles, office equipment only restores or maintains the future economic benefits that a District expects from the originally assessed standard of performance of the asset and as such does not constitute development expenditure.

It is, however, worthy to note that development is now a multi-dimensional process involving not only economic growth, but also improvement in other living conditions such as health, education, access to potable water, good roads, adequate food supply and employment. Thus development these days is defined in terms of satisfying “basic human needs”.

Certain recurrent expenditures may also be “development” in nature as long as they are in line with the Common Fund Guidelines and meet the needs of the communities.

Approval
All budgets are to be laid before the respective Metropolitan, Municipal, and District Assemblies for discussion and approval. The budgets are then submitted to the relevant Regional Co-ordinating Councils for final approval on behalf of the Minister of Finance in accordance with section 142 of the Local Government Act, Act 462.

Role of RCCs
Regional Co-ordinating Councils are required after vetting and approval of the budgets to submit copies to the Administrator of the DACF.

Budget Ceiling
The Budget Ceiling for the Supplementary Budgets for the MMDAs must not exceed the amount allocated to the Assemblies out of the Common Fund for the Budget Year based on the Formula prepared by the Administrator of the DACF and approved by Parliament as required under Section 7 (a) of the District Assemblies Common Fund Act, Act 455 of 1993.

As soon as the Formula for a particular year is approved by Parliament, letters are sent by the Administrator of DACF to all the Assemblies, MPs, and RCCs, indicating their respective allocations. It is on the strength of these letters that the Assemblies prepare their Common Fund Budgets.

Monthly Common Fund Reports
This report covers monthly utilisation of the Fund by the respective MMDAs and RCCs.
Form of Report
The Cash Transcript (Common Fund) Report follows, in principle, the Cash Book (Analysis Column) as used in any enterprise. The left hand side of the Cash Book, which serves as the debit side, is used to record all cash received by the Assembly. Similarly, the right hand side of the Cash Book is used to record all payments.

Assemblies and RCCs are to keep current accounts with any Commercial Bank approved by the Controller and Accountant-General’s office.

The operation of two accounts by an Assembly for the same Fund whether with the same bank or different commercial banks is not permitted. All MMDAs are expected to operate a Main Common Fund Account for the Assembly and a separate account for the MPs constituency development Fund and People with Disability Fund.

Components of Monthly Reports
All Common Fund monthly reports must comprise of the following:

» Cash Analysis Report;
» Bank Statement for the month; and
» A Statement reconciling the Bank Statement Balance and the Adjusted Cash Book Balance.

The above requirement holds true for all Assemblies, RCCs and MPs.

Classification of Expenditure
For purposes of reporting to Parliament, Ministry of Local Government and Rural Development, Ministry of Finance and other Agencies, the DACF Secretariat classifies Expenditures by the District Assemblies as follows:

- **Economic Ventures:** Energy/Electricity, Market, Agriculture, Roads, ICT, Poverty Alleviation Fund, Tourism.

- **Social Services:** Basic Education, Secondary Education, Tertiary Education, Culture, Sports, Sponsorship, Water, Health Infrastructure, Health Program, Disaster Management, CIP/Counterpart Fund

- **Administration:** Capacity Building, Accommodation, Logistics Support, Project Management, Security, Others

- **Environment:** Waste Management, Environment Protection

Classification of the above payments is done based on DACF Secretariat reporting requirements.

To be continued in the next issue.
Challenges and Prospects of the Common Fund Allocation for Persons With Disability (PWD)

By Isaac Tuggun | Advocacy Officer, Ghana Federation of the Disabled

Introduction
The decision to allocate a specified portion of the Common Fund of the Metropolitan, Municipal and District Assemblies, MMDAs, to the disabled community was seen by many as a very progressive development. However, there are now so many challenges with the implementation of the scheme that it has become ineffective.

Under the scheme 2% of all Common Fund monies allocated to MMDAs must be used solely to serve the needs of People With Disabilities, PWD, in the community. But now there are serious problems with the management, disbursement, utilisation, and accountability of the 2% allocation in almost all the MMDAs. It is the view of some people that many of the problems or challenges are either the creation of the MMDAs or the Disability Fund Management Committees (DFMC) or Persons With Disability (PWD) themselves.

The allocation to disabled persons is governed by detailed and clear guidelines which should make the management of the allocation easy but many MMDAs do not follow the guidelines as strictly as they should. It is important to note that Assemblies where the authorities and the DFMCs comply with the provisions of the guidelines do not have problems with the allocation to the disabled community.

The Guidelines:
The key provisions in the guidelines are:
- The opening of separate account for the 2% of the DACF at each of the MMDAs to insulate the funds from the MMDAs.
- Formation of a Disability Fund Management Committee comprising a representative of the local Ghana Federation of the Disabled (GFD), district representative of the National Council on Persons with Disability (NCPD), the district director of Department of Social Welfare, the chairperson, social services sub-committee, and a co-opted member(s) that the committee deems fit, to provide expert advice during vetting of applications or proposals received from PWDs.

The guidelines also outlined the areas that the funds can support as follow:
- Advocacy and awareness raising on the rights and responsibilities of PWDs;
- Strengthening organizations of PWDs (organizational development), at the local level;
- Training in employable skills/apprenticeship;
- Income generation activities (input/working capital);
- Some educational support for children, students and trainees with disability; and
- Provision of technical aids, assistive devices, equipment and registration of National Health Insurance Scheme (NHIS).

The functions of the Disability Fund Management Committee include:
- Vetting and approving applications received from PWDs and Organisations of Persons with Disabilities (OPWDs);
- Monitoring and supervising the utilisation of the funds;
- Sensitizing all relevant stakeholders at the District level; and
- Submitting quarterly reports on the management of the fund to the District Assembly and the District NCDP representative.

From the provisions of the guidelines there should have been no problems with the management of the 2% allocated to the disabled but many operational issues have caused the posed challenges to the implementation of the scheme.
Challenges
Some of the factors that contribute to the challenges confronting the management of the scheme are the following:

- Lack or inadequate Information on the Funds;
- Borrowing or diversion of the Funds;
- Side-lining the representative of PWDs on the DFMC;
- Misapplication;
- Misunderstanding of the composition and functions of the DFMC;
- Political Interference; and
- PWDS

Lack or inadequate information on the Fund
Some MMDAs refuse to make information on the funds available to the DFMC. Key information like receipts of funds into the designated account, amounts received, balance in account, bank charges, etc. are inaccessible to PWDs and DFMC in some of the MMDAs. A provision of quarterly bank statements to the DFMC will be sufficient information and no suspicion and mistrust will arise.

Unfortunately, the bank statements are never made available to the DFMC, and as such the DFMCs in the Districts or Municipal Assemblies do not know what goes into the accounts, what comes out of them and what remains in them. Members of the DFMC are not signatories to the accounts so cannot directly access information on them. The failure or in some cases refusal of the Assemblies to provide information on the accounts creates a lot of problems for the DFMCs which are supposed to be managing the accounts and is unacceptable.

Borrowing or Diversion of the Fund
Some MMDAs take advantage of the lack of timely information to the DFMCs to “borrow” monies from the special disability allocation for purposes unknown to the Committee. For instance in Bole, PWDs were constantly told there was no money for 2010, 2011, and 2012 only for the DFMC to realize after getting the bank statement of the account that the money had been used. Cheques had been issued by the Assembly to individuals who were not PWDs. It was upon this discovery that the finance officer disclosed that the money was “borrowed”. The Assembly has since claimed that it has paid back the money but because of the lack of transparency on the account, the PWDs are unsure of the real situation. The Ketu South Municipal Assembly has also claimed it has paid back an undisclosed amount of money it “borrowed” from the disability fund account without the knowledge or consent of the DFMC and PWDs. As in the Bole case, the DFMC says it has no information on the transactions so is not sure whether all the money taken from the account has been paid back.

To be continued in the next issue.

Assembly hits 73 per cent Revenue Target
The Asikuma-Odoben-Brakwa (AOB) Assembly in the Central Region has collected a total of 124,330.15 Ghana cedis as at July 31 representing 73.63% out of its targeted Internal Generation Fund (IGF) of 168,852.46 Ghana cedis for the year 2014.

Mr. Samuel Adom Botchway, the District Chief Executive, said this at the second ordinary meeting of the fourth session of the sixth assembly held at Breman Asikuma and commended the revenue collectors.

He said as they worked hard to boost their revenue generation, the collection of some revenue items like property rate will be privatized to bring more efficiency into the collection.

Mr Botchway said already requests for proposals have been sent out for prospective private companies to bid.

Mr Botchway urged the Assembly Members to be deeply involved in the revenue generation drive of the Assembly, especially at the Town and Area Council Levels. He added that there was the need to revamp the Town and Area Councils in the collection of revenue especially in the night.

“Let us all be part and parcel in the revenue generation crusade as our combined efforts shall surely yield tremendous results,” he said.

Mr. Botchway informed the meeting that the Assembly passed the 2013 Functional Organization Assessment Tool (FOAT) obtaining 94%, the highest marks scored since the inception of the assessment about six years ago.

Source: GNA on Ghanaweb
Upper Manya Krobo District Assembly Recommends Changes in DACF Formula

By Joseph Tetteh Angmor, DCE

The Upper Manya Krobo District Assembly in the Eastern Region has recommended changes in the present Formula for the distribution of the District Assemblies Common Fund to make it more favourable to the rural communities since they have more needs than the urban communities.

Answering questions on the use of the Common Fund for development projects in the District, the District Chief Executive (DCE) of the Assembly, Mr. Joseph Tetteh Angmor said the Fund provides the bulk of the money used for projects in the District and is extremely important for the work of the Assemblies but it will have an even greater impact on the people in the deprived communities if some changes were made in the Formula to favour rural Assemblies.

He said projects in his District are principally funded from three sources - the District Assemblies Common Fund (DACF), the District Development Fund (DDF), and Internally Generated Funds (IGF). On some occasions there are also funds from the Ghana Education Trust Fund, (GETFUND) and some development partners.

Over the past three years the total amount spent on all development projects by the Assembly is GHC953,240.00. Out of this, 58% came from the Common Fund, 35% from the DDF and 6% from IGF.

According to Mr Angmor, the Common Fund has helped greatly to improve the living standard of the local people. The funds have, over the years, been invested in sectors that have direct link to the improvement of the socio-economic well-being of the people like education, roads, health, agriculture, etc.

However, “the little problem I have with the Formula [for the distribution of the Fund] is that it tends to perpetuate the developmental gap that exists between the urban and the rural areas. Based on the Formula, the urban MMDAs get more allocation than the seriously rural and deprived ones.

Notwithstanding the fact that in terms of the services they deliver, the urban MMDAs have much pressure on them, they also by virtue of them being urban have more potential sources of revenue (i.e. IGF) and other sources of funds like the urban grant, which the rural deprived Districts do not have. For instance, the Metropolitan and Municipal Assemblies have the capacity to generate revenue which is more than they would receive from DACF. It is my conviction that more of the DACF should rather go to the rural and deprived District Assemblies so that they can develop faster to bridge the yawning gap between them and the urban centres, which eventually result in the youth migrating to the urban centres.”

On limits placed on the amount of money that can be used from the Common Fund for administrative purposes by each Assembly, the DCE said it is not feasible in his situation “because my District was established in 2008 without any seed money for office and residential accommodation as well as requisite office equipment and logistics that will aid smooth administration of the District. Obviously, the cost of office accommodation for the Assembly and the decentralised departments alone is overwhelming compared to our IGF returns.

Sources of IGFs are also limited. The cost of running the administration of the Assembly is therefore very high.
Also the fact that the Assembly uses part of its limited IGF in executing some developmental projects in the absence of the DACF means that there should be more flexibility based on the peculiarity of the circumstances of each District.

Moreover, since decentralisation is about empowering the local people to make decisions about what they want to do with their resources, I will suggest that resource allocation to various sectors should be decided by the General Assembly. This is because the priorities of each District differ from the other and some Districts by virtue of where they are created (geographic location) are richer in terms of Internally Generated Funds than other Districts which may necessarily have to depend on DACF for most administrative expenses.

On other issues relating to improvements that could be made to the administration of the Fund, Mr Angmor said “the problem with DACF, firstly has to do with the yearly allocation or ceiling given to Assemblies for budget preparation. Out of these ceilings, only about 40% get to the Assembly for its projects and programmes. This creates accountability problems for the District Assemblies as they are not able to implement their budget to the expectation of the local people. Secondly, the delay in disbursement stalls the completion of ongoing projects and the commencement of new projects.”

Further “I would like to see a change in the delays in the release of the Funds. The Funds when released early enable MMDAs complete projects on schedule, which as a result prevent inflation to the cost of project. This will also enable the Assembly to prosecute its Annual Action Plans which would ultimately lead to the attainment of its Medium Term Goals.”

“I also want to see a reduction in the differences between yearly ceilings given by the Ministry of Finance and the actual DACF received. There has always been a negative difference between the two always leading to the Assembly getting its projections wrong and plans unimplemented.”

Asesewa ICT Centre

Regravelling of the Asesewa to Brepaw Feeder Road

Regravelling of Apimsu to Fantem Feeder Road
Adaklu Assembly Exceeds Target

The Adaklu District Assembly in the Volta Region has exceeded its target in the collection of Internally Generated Funds (IGFs) to supplement government grants for the development of the District.

The Assembly generated a total of GH¢93,894.02 by September as against GH¢80,793.67 estimated for the year.

The District Chief Executive (DCE), Mr Emmanuel Sky Ganaku, disclosed this when he addressed the sixth ordinary session of the first assembly.

He said within the short span of the creation of the District, a contract had been awarded for the construction of an office complex for the Assembly in addition to a police station and many other projects aimed at enhancing the living standard of the people.

These include seven classroom blocks at Abuadi, Goefe, Waya, Hlihave, Blidokope, Wumen and the construction of Community Health and Planning Scheme (CHPS) compounds at Torda and Kodzobi in addition to the provision of facilities for water storage in needy communities.

Mr Ganaku also said there had been spot improvement of feeder roads as well as the reshaping of the Waya-Anfoe; Tsrefe-Waya – Keyime; Helekpe – Waya- Keyime; Ziope-Torda; Akuet-Waya; Waya- Mafi Asieke feeder roads.

He recalled the recent floods which severely hit the District causing havoc to 600 individuals who were displaced, and the submerging of 1,650 hectares of farmlands. It also caused communities such as Anfoe, Kpodzi, Dzakpo, Kpatove, Sofia and Abuadi to be cut off from the District capital.

The DCE commended the incumbent group of assembly members and said their co-operation had been fruitful and had brought great development to the people, saying he wished they could all be retained unopposed in the forthcoming local government election.

He expressed grave concern over the many boundary disputes with neighbouring Districts and said it constituted a significant challenge to the improvement of IGF since some boundary lines were being contested and made it difficult for revenue collectors to go to such areas for property and other rates.

In an address, the Presiding Member of the Assembly, Mr Charles Agbesi, noted that a representative of traditional rulers was at the assembly sitting to observe proceedings and said it was a good sign of grass roots participation since their suggestions were important for the development of the District.

Source: Tim Dzamboe, Graphic.com.gh

Utilisation of the District Assemblies Common Fund... Continued from page 8

The Administration sector also caters for the construction of Police Post/stations in the various communities to enhance the security within the Assembly area.

Environment Sector
The environment sector deals largely with expenditures on sanitation. It covers expenditures on the acquisition of land to be used as dumping sites and on enforcing regulations on sanitation. It also covers expenditures used by the Assemblies to ensure that laws and regulations to protect the environment are respected.

OTHER HEADINGS

Constituency Labour Projects
A portion of the Fund is transferred to the MPs to undertake projects in their constituencies and the utilisation of such monies is captured under the heading “Constituency Labour Projects”. All expenditures by MPs from the Common Fund are placed under this heading no matter the sector in which the project was undertaken.

Regional Coordinating Councils (RCCs)
The RCCs also utilise funds in the following areas:
- Logistics supports: Office equipment and vehicles;
- Monitoring: The RCCs monitor all government transfers to the MMDAs;
- Donation: Disaster victims and support to communities in need;
- Administration: Meetings with the DCEs on development issues in their regions; and
- Reporting: on the monitoring exercise for further discussions with the DCEs.
FREQUENTLY ASKED QUESTIONS

1. Is the source of the Common Fund only the 7.5% set aside from the national revenue or are there other sources?
   Answer:
   Taxable revenue is the only source of DACF.

2. Is there an incentive system whereby some MMDAs get more money based on the Community Initiated Programme scheme or is all the 7.5% shared by the agreed Formula?
   Answer:
   The responsiveness factor (performance in revenue generation) is an inbuilt factor in the distribution Formula to motivate Assemblies to step up their revenue mobilisation efforts.

3. The Common Fund encourages and supports communities that make effort to initiate their own development projects (Community Initiated Programme). Are there mechanisms for determining how beneficial a project is to the community?
   Answer:
   This effort has no bearing on the activities of DACF. This is for the communities to contribute to the development of their area in support of what comes from the centre.

4. What causes delays of transfers of DACF to Assembly?
   Answer:
   The DACF Administrator disburses funds to the MMDAs on quarterly basis in accordance with the 1992 constitution and the DACF Act 455 only when the funds are paid by the MoF through the Accountant-General.

5. Why are there deductions before MMDAs get their funds?
   Answer:
   The DACF Act does not empower the Administrator to make any deductions from funds allocated to MMDAs. The MMDAs rather request the Administrator to honour some financial obligations on their behalf after presenting resolutions from their Assemblies to cover transactions executed by them.

6. Are there regular programmes to educate MMDAs on areas in which the Fund can be used?
   Answer:
   Assemblies are issued with guidelines every year on areas they can apply the Fund. In addition, they are given copies of the Formula, which serves as a reminder to MMDAs on the principles for generating the Formula.

7. How significant is the Fund’s contribution to the overall budget of the MMDAs? Are there overall targets set for the various MMDAs to generate their own revenue?
   Answer:
   The Fund is the lifeblood of almost all MMDAs, in some cases accounting for about 90% of an Assembly’s budget. The contribution of DACF can well be assessed when there is a delay in its transfer. DACF does not set revenue targets.

8. Are MMDAs required to submit reports to the DACF office on the use of the Fund? If so, what structures are in place to ensure reports are submitted regularly and how do you check that reports received are “correct”?
   Answer:
   MMDAs are required to submit expenditure reports every month. The Operations Department, Office of DACF, checks the reports and raises queries where necessary.

9. MMDAs are required to prepare supplementary Development Budgets to cover Fund allocated to them. What is the role of the DACF Office in developing the guidelines for the preparation of Development Budgets?
   Answer:
   The source of DACF utilisation guidelines is the Ministry of Local Government and Rural Development, but with an input from the DACF Administrator.

10. Small and medium scale enterprises are to access credits from and repay them back on time for others to also enjoy the facility. Does the DACF Office have any relationships with Rural/Community banks in their respective areas?
    Answer: No

11. Is there a structured system for community stakeholders to be involved in the monitoring process on the use of the Common Fund? If so what are they?
    Answer:
    Monitoring and Evaluation is a shared responsibility among MMDAs, Regional Coordinating Councils (RCCs), DACF and the communities themselves; there is no structured process for the involvement of communities or stakeholders.

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