Twenty Years of Implementation of District Assemblies' Common Fund in Ghana - (1994-2013)

An Assessment of Disbursement

ABSTRACT

Decentralized democracies have been referred to as most efficient in delivery of social services in line the aspiration of the citizens by exercising commendable transparency and ensuring accountability from political actors. Ghana's 1992 Constitution promulgated in 1993 outlined a new framework the District Assembly Common Fund (DACF) to empower the local government system to accelerate the decentralization. The objective of the Fund is to support the implementation of District Development Programmes as well as leading development priorities of district to be accomplished on the principles of subsidiarity. Adopting mixed method methodology, analyzed within the framework of empowerment, this paper seeks to assess the contribution of DACF, the challenges embedded in the operation of the DACF as well as the opportunities to ensure optimal utilization of the limited resources to contribute to alleviate the rural population from the quagmire of underdevelopment. Although, The paper concludes that although DACF is fraught with challenges, the Fund has contributed to the infrastructural development of district assemblies.

Key words: Fiscal Decentralization, DACF, Ghana

INTRODUCTION

Decentralized democracies have been referred to as the most efficient regarding the delivery of social services to satisfy the aspiration of their citizens, exercising commendable transparency and ensuring accountability from political actors [1; 2; 3]). The District Assemblies' Common Fund (DACF) is situated in the fiscal decentralization analysis. The concept of fiscal decentralization is attributable to Tiebout [4], Musgrave [5] and Oates [6]. According to Tiebout [4] the production of goods and services by different decentralized units in a country will result in competition as the mobility of the citizenry in search of a better value of expenditure will enhance production efficiency. For Musgrave [5], the integration of local preferences and taste are central in the achievement of the best value of scarce public resources allocated to the community. Building on Musgrave [5] arguments, Oates maintains that sub-national governments understand and appreciate the needs and taste of their inhabitants as compared to the national government which has the responsibility of production for the entire country without regard for regional peculiarity[6]. Vo argues that fiscal decentralization is categorized into fiscal autonomy and fiscal importance of sub-national governments [7]. Fiscal autonomy deals with the assignment of powers of taxation including elements such as intergovernmental transfers, borrowing and assignment of responsibility of provision of public good whereas fiscal importance concentrates on the level of expenditure responsibility of sub-national government.

Ghana's 1992 Constitution promulgated in 1993 outlined a new framework for a local government system to accelerate the decentralization programme, which commenced in 1988 [8]. The new constitutional arrangement introduced an Article 252, which outlined the establishment of the District Assembly Common Fund (DACF). The DACF was a mechanism to ensure effective provision of requisite funding to MMDAs, to enable respective Assemblies to implement their Development programmes and Plans as well as developmental objectives of Assemblies. Parliament in 1993 enacted the District Assemblies Common Fund Act 1993, Act 455. The DACF has been structured to empower local governments at the district-level to implement programmes best suited for their communities in a more autonomous manner.

The DACF is part of the overall decentralization strategy of the State to ensure that districts are fully empowered to assume responsibility for the planning and execution of development programmes. Ghana has embarked on a comprehensive decentralization programme since 1988 with the objective of providing participatory and consultative governance throughout the country. One major debilitating feature of the system has been a lack of appropriate financial and human resources to provide support to various local government units. With the enactment of the District Assemblies Common Fund Act in 1993, it was envisaged that a new frontier of political and fiscal decentralization had begun. It was intended to address the problems of poor financial management thereby empowering the districts to effectively and efficiently implement their mandates. It was, thus envisage that the much critical needed social services to people at the community level would be delivered. Ultimately, it was expected that the DACF would contribute to the achievement of Ghana's main decentralisation objective – to bring power to the people and governance to their doorstep, enabling them to determine their aspirations and define their destiny with the support of the central government machinery.

After twenty years of the DACF and almost twenty-five of decentralization endeavors in Ghana, it begs to be asked how far the process of fiscal decentralization has come. Using the DACF as the case study, this article analyses the process of decentralization in Ghana with emphasis placed on the impact the DACF fund has had on the ability of MMDAs to implement programmes meeting community-defined needs. This paper provides a panoramic assessment of the implementation and disbursement of the DACF over the course of fifteen years of operation (1994-2009). It provides insight into the process of fiscal decentralization in Ghana and highlights the key challenges continuing to prevent this process from outright success. Such analysis is anticipated to draw attention to both the success and failures of the Fund, one could thereby proffer for improving programme implementation strategies and evaluating the overall impact especially at the national level. Consequently, a number of key questions would be explored:

- What and how effective is the structure for fiscal decentralisation in Ghana?
- What have been the disbursement procedures of DACF and what effect does it have on the MMDAs programme implementation?
- What is the role of the DACF in the management of the MMDAs?
- To what extent is DACF achieving its primary objective of assisting MMDAs to meet their developmental objectives?
- What monitoring mechanisms have been established to ensure the prudent utilization of scarce public resources in deprived rural communities?

METHODOLOGY

A multi-stage, multi-phase sampling process was adopted in the five-year study of the contributions of DACF to the development of local government units in the country. An assessment of the past twenty (20) years of implementation of the Fund used mixed methods research methodology. Interviews and questionnaires administration were the main techniques of data collections. Twenty interviews were held with District Chief Executives, District Budget Officers, District Coordinating Directors, District Planning Officers and Staff of DACF. The country was purposively divided into three clusters, Northern, Middle belt and Southern Clusters. The Northern Cluster was made up of Northern, Upper East and Upper West Regions. The Middle was made up of Brong-Ahafo, Eastern and Ashanti Regions whiles the Southern Cluster made up of Greater Accra, Volta, Central and Western Region. The objective of the clustering was to provide geographic homogeneity that is synonymous to the development requirements of the communities. Each of the clusters was further stratified into stratum or which is equivalent to a region with simple random sampling technique of selecting two districts per region. The interviews data collected was systematically analyzed through coding and categorizing of the information solicited from the district offices across the country. The quantitative components were analyzed with the help with ANOVA to compare the means of the respective political regimes in the release of the funds.

The Analysis of Fiscal Decentralization

As developed countries reshape their intergovernmental structures to reflect fiscal decentralization and "be more in tune with the realities of the 'post-welfare state'' [9] many developing countries are also following suit. Bird and Vaillancourt argue, however, that developing countries are turning to fiscal decentralization "as one possible way of escaping from the traps of ineffective and inefficient governance, macroeconomic instability, and inadequate economic growth in which so many of them have become mired in recent years"[9] (2). Yet the reality of such plans does not always actualize. In addition to these criteria Bird and Vaillancourt argue that effective evaluation of a decentralization program further depends "upon whether one views decentralization from the top down or from the bottom up" [9] (3). Bird and Vaillancourt argue that one of the reasons for the failure to move from good fiscal decentralization theory to good fiscal decentralization practice/implementation in the way in which evaluations of these strategies are conducted [9]. They argue that evaluating a decentralization strategy is largely dependent on how one defines decentralization [9].

Fiscal decentralisation is not an end in itself; it provides the requisite space for democratic political participation as a vehicle to deliver social outcomes. For the broad spectrum of people it opens up a machinery of state intervention in their daily life as well as bring development parties to the process. Thus, fiscal decentralisation is seen to have four fragments: allocation of expenditure responsibilities by central and local governments, assignment of taxes by government tiers, the design of an intergovernmental transfer system and budgeting and monitoring of fiscal inflows. Smoke contends that fiscal decentralization was either introduced in developing countries in a package of the colonial administrative structure or as a condition for development assistance which did not meet the aspiration of the local people [10]. Accordingly, post-independence leaders inherited institutional frameworks which were inconsistent with the culture and needs of the people. It was used for administrative and control purposes rather than to promote self-determination, democratization, and economic development [10].

As such, Smoke supports fiscal decentralization in developing countries for three reasons [10]. First, Smoke argues that fiscal decentralization is used in developing countries to augment the inability of the central government's development planning to promote and deliver adequate development [10]. The central government planning machinery is unable to adequately meet the peculiarities and aspirations of each community. The need, therefore, for fiscal powers and responsibilities to be devolved to local units, in order to answer the local needs of each community, is essential. Secondly, following the failed central planning machinery, it was envisaged that international economic structures would mitigate problems in communities. However, with the failure of international economic conditions and structural adjustment programmes to improve public sector performance, it became imperative to restore to local governments to deliver basic social services. Since local governments are better equipped to deal with local issues in which their daily life reflects. Thirdly, the changing nature of the global political climate supported the development of local governments. There is considerable focus on the local government by the global community as a means to promote development and to channel economic resources. This has compelled governments, which hither to did not appreciate the role of local governments and did not give it the needed prominence, to begin collaboration and partnership building through the provision of funds.

Smoke argues further that certain elements must be in place in order to propel decentralisation to function effectively [10]. He identifies adequate enabling environment, the assignment of an appropriate set of functions to local governments, the assignment of appropriate set of local own-source revenue to local governments, the establishment of an adequate intergovernmental fiscal transfer system, and the establishment of adequate access of local governments to development capital as the essential elements for effectiveness.

In a similar note, Eric Oduro Osae argues that the effectiveness of fiscal decentralisation depends on the following aspects: the assignment of expenditure responsibilities must comply with the principle of subsidiarity – determining the functions and expenditure responsibilities of each level of government to maximize efficiency and productivity, the assignment of appropriate tax and revenue sources to execute assigned expenditure responsibilities, intergovernmental fiscal transfers must be streamlined and well defined, sub-national borrowing must be developed and appropriately managed to finance revenue shortfall [11].[1]

Additionally, Vo argues that the basis of supporting fiscal decentralisation is to maximize economic efficiency gains [7]. Efficiency will arise as a result of efficient allocation of scarce resources to sub-national governments which must fiercely compete in utilization. However, the inability of local governments units to meet their budgeted financial needs compounded by the central government incapability of fulfilling its obligation to allocated the required local government grants stemming from shortfall in national revenue generation lead to fiscal gap. Bahl and Martinez-Vazquez argue that a number of factors feed the fiscal gap rather than work to diminish it and its effects [12]. In a rush to participate in this growing development trend of fiscal decentralization, Bahl and Martinez-Vazquez argue that governments have haphazardly implemented decentralization policies [12]. This, they argue is highly dangerous as “the sequencing of decentralization policies is an important determinant of its success” (1). The

[1] Based on paper presented at the Parliamentary workshop on local government reforms held on 16th October 2009 in Koforidua, Ghana.

authors define sequencing as “decisions about the essential components of decentralization, including the order of an introduction of decentralization policies, the number of years necessary to bring a full program on line, and the components of the transition strategy” (2). They argue that the “consequences of a poorly sequenced decentralization program can range from minor delays and complications to ineffectiveness … macroeconomic instability, and fundamental failure in public sector delivery” [12]. The "making it up as we go" Bahl and Martinez-Vazquez, [12] inevitably deviates from any strategy hoped to be implemented in terms of effective decentralization. This lack of planning is evidenced within the decentralization policies in Ghana in which DAs are unable to meet their financial needs compounded by the central government’s inability to meet the fiscal demands of decentralization.

Theoretical Framework

The enhancement of local democracy and endowing communities are the cardinal values of fiscal decentralization translated as equipping local government units to deliver development to communities under their jurisdictions. These objectives can be situated in the empowerment theoretical analysis. Savini argues that empowerment is the measure of the level of significance of the citizens in decision-making process in a country [13]. These are assessed in three different spheres that is social (access to social organizations, financial resources and information) political (access to decision making) and psychological (individual sense of potency). Strengthening the political perspective, Weissbeng maintains that empowerment entails learning, joining and mobilization of people, communities to take appropriate responsibility in the development process [14]. De-Shalit contributing to the empowerment discourse argued that strengthening intellectual capacities, coping with difficulties with problem solving ingenuities are hallmarks of empowerment [15]. DACF providing financial resources to District Assemblies with appropriate training opportunities to manage local politics is an epitome of empowerment consequently the ability of DACF to equip local government units to contribute towards development process is of cardinal importance.

The Practice of Fiscal Decentralization in Ghana

Oates argues that finance is considered the fulcrum to effective implementation of decentralization programmes [16]. The ability of the central government to devolve financial arrangements in favour of decentralized units demonstrates the commitment of the central government in the decentralisation process. Finance is the base upon which all segments of decentralization evolve.

Inanga and Osei-Wusu have defined the financial resource based on sub-national governments as a wide range of income flows to the local government's coffers over a period of time. It includes intergovernmental transfers, investment capital and local tax base [17].

Owusu outlined the legal avenues of funding for the MMDAs quite succinctly:

> Under the law, MMDAs have two sources of revenue – internal and external (the latter refers to grants from central governments). The internal revenue-generating sources include: rates (basic and property rates from landed-property owners; and special ones imposed by the Assembly for specific areas and projects); fees (market tolls and related activities); licenses (hotels and restaurant operations, self-employed artisans, etc.); and trading services (trading activities undertaken by the MMDAs from which income can be derived) (Ministry of Local Government & Rural Development 1996: 49-51) [18].

Ayee has argued that Ghana and other developing countries assign more expenditure functions to sub-national governments than revenues allocated to these sub-national governments leading to mismatching of functions and finance in their inter-governmental fiscal relations [19]. The matrix of revenue generation at the district level is showed below.

Table 1: The Composition of District Assemblies Revenue (in percentages)

Own taxes	Shared taxes	User fees	Single source revenue	Central Gov. transfers	Donor contributions	Other non-tax revenue	Borrowing	Total
22	0	9	0	69	0	0	0	100

Source: The World Bank [20].

The table 1 shows that the MMDAs' ability to generate 22% of the total revenue of the assemblies is testimony of the poor resource mobilization mechanisms available to the local government units. Specifically, low revenue mobilization is attributed to limited availability of socio-economic data of residents and taxpayers, lack of education and awareness of various tax regimes, poor capacity of Assemblies to collect taxes, corrupt practices of revenue collectors, and non-involvement of stakeholders in the Assembly taxation and poor participatory budgeting processes.

That 69% of the Assemblies revenue is transferred from the Central Government demonstrates the extent of financial dependence of Assemblies on the later. Commenting on the poor resource base of the Assemblies, Ahwoi maintains that although the Parliament has enacted an intricate legal framework for the collection of Internally Generated Fund (IGFs), the IGFs are woefully inadequate because of the sources allotted to the MMDAs [21]. These sources are poor, insufficient, inconvenient, inelastic, inflexible, and difficult to collect. The IGF consist of rates (property, possessions and basic), fees, charges, licenses and lands. MMDAs have to rely on decentralized transfers from the Central Government to perform their basic functions. Ahwoi further maintains that while ceded revenue used to be a consistent source of decentralized transfer, this financing was abolished by the Internal Revenue (Registration of Business) Act, 2004, Act 684. Specialized transfers such as the stool land revenue, timber royalties and Minerals Development Fund are made available to specific districts of origin [21]. However, the last receipt of the ceded revenue was 1997, five years before the enactment of Act 684.

According to a World Bank study of District Assemblies in Ghana, the following features dominate the fiscal position of the MMDAs:

- The Assemblies overall financial bases are inadequate in relation to their mandate enshrined in the policy framework regulating decentralization in Ghana.
- The Assemblies' fiscal autonomy is limited to taxes on basic social services and user fees charges which generate negligible income.

- The staff of the Assemblies have limited incentives to control the expenditure because financial oversight and control remains with the central government.
- The Assemblies have limited possibilities of external borrowing due to strict government regulations in respect of the ability and independence of its agencies and institutions to borrow from the public.
- Locally own-sourced revenues are not enough to cover the local government expenditure responsibilities entrusted on the Assemblies. Hence there is the need for an intergovernmental fiscal transfer to cover the imbalance [20].

In the light of the foregone, it is because of these realities that fiscal decentralization is seen to hold greater importance. When the social demands of a community far exceeds the economic support provided to the district, the probability to move the community above the poverty line remained shattered. Drastic and realistic measures become essential.

The District Assembly Common Fund (DACF)

The legal framework for the establishment of the DACF takes its roots from the Article 252 of the 1992 Constitution. It states:

(a) There shall be a fund to be known as the District Assemblies Common Fund
(b) Subject to the provisions of this Constitution, Parliament shall annually make provision of 5% of the total revenues of Ghana to the District Assemblies for development; and the amount shall be paid into the District Assemblies Common Fund in quarterly installments[2].
(c) The money accruing to the District Assemblies in the Common Fund shall be distributed based on the formula approved by Parliament.
(d) There shall be appointed by the President with the approval of Parliament, District Assemblies Common Fund Administrator [8].

[2] The percentage allocation to DACF was changed in 2007 from 5% to 7.5% to match the increased in number of districts created.

Following from the Constitutional provisions, the District Assemblies' Common Fund Act, 1993 (Act 455) was enacted. Section 2 of the Act stipulates "Parliament shall annually allocate not less than per cent 5% of the total taxable revenues of Ghana to the District Assemblies for development". Consequently, the DACF component of the budget is captured in the annual fiscal statements and the economic policy of government[3] the nonetheless, the recurring complaints the insufficiency of funds are rather puzzling.

In 2007, the DACF Act was amended to increase the budgetary allocation from 5% to 7.5%. The objective of the amendment was to increase the per capita allocation to the district as well as to augment the increasing numbers of the Metropolitan, Municipal and District Assemblies from 110 in 1994 to 170 in 2007. Since the inception of the DACF, the Ministry of Finance and Economic Planning has released three trillion, seventy two billion, eight hundred and eight six million, one hundred and forty thousand Ghana Cedis (**Gh C 3,072,886,140.)** to the DACF for disbursement to MMDAs. The Table 2 below demonstrates the pattern of the releases by the government to the respective district assemblies; the number of trends of percentage increases as well as percentage of tax revenue dedicated to each the DACF.

Table 2: Financial Releases to the DACF

Year	Actual Amount GHC Million	% Increased	Number of District Assemblies	Percentage of Taxable Revenue
1994	2.60	-	110	5
1995	5.40	106.46	110	5
1996	7.80	44.31	110	5
1997	7.90	1.28	110	5
1998	15.53	96.48	110	5
1999	11.24	- 27.60	110	5
2000	14.95	33.01	110	5
2001	18.87	26.22	110	5

[3] The Act stipulated 5% in 1993. In 2007, amendment was made to increase the percentage to 7.5% to reflect an increase in the number of District Assemblies from 110 to 170 over the period.

2002	26.53	40.60	110	5
2003	64.85	144.42	138	5
2004	85.86	32.17	138	5
2005	70.19	-18.11	138	5
2006	139.16	98.26	138	5
2007	173.34	6.63	170	7.5
2008	217.01	46.24	170	7.5
2009	188.57	-7.01	170	7.5
2010	340.40	80.52	170	7.5
2011	392.96	43.32	170	7.5
2012	571.70	45.49	216	7.5
2013	648.13	13.36	216	7.5
Total	**3,072.89**			

Source: Office of the District Assemblies Common Fund Administrator [22].

Discussions and Regime Analysis of the Releases

Policies of regimes beget politics and shapes political dynamics [23]. May and Jochim argue that the garnering understanding of policies of a government relationships with local government units is determined by regimes perspective [24]. The regimes perspective provides a lens for considering the interplay of interest, ideas and institutional arrangements. The regime lens contributes to expended process of policy implementation. Regimes interest alignments and shared ideals and ideas are significant in assessing the extent of support that regime will offer to the respective local government units. The study subsequently analyzed the efforts made by political regimes during the implementation of DACF.

The two major political parties in the country that is National Democratic Congress (NDC) led by H.E. J.J. Rawlings 1994-2000, H. E. John Attah-Mills 2009-2012 and H.E. John Dramani Mahama 2012-2014 and the New Patriotic Party (NPP) led by H.E. John Agyekum Kufuor 2001-2008 have administered the District Assemblies Common Fund since its inception. The NDC is a centre left political party that subscribes to the ideals of social democracy whiles the NPP is a centre right conservative party that subscribes the principles of social market economy. On the basis of the ideologies of the parties it is expected that the NDC, which ascribe to rural development as well as a party that benefits from the rural communities will chunk out more resources to the development of these communities. To test the relationship between regimes with the nature of releases, Analysis of Variance (ANOVA) provided a basis for such comparison. According to Salkind asserts that to ANOVA is appropriate to compare means of more than two groups [25].

Table 3: Analysis of Variance (ANOVA) of

	Sum of Squares	**Df**	**Mean Square**	**F**	**Sig.**
Between Groups	539989.932	2	269994.966		
Within Groups	176692.477	17	10393.675	25.977	.000
Total	**716682.409**	**19**			

This table is an Anova table, which was used to compare means (actual amount in millions of Ghana Cedis) for the three political eras of leadership of the NDC, NPP and Second term of NDC. From the table 3, the computed F statistic is 25.977 which is greater than 3.59 of an F ratio computed at two and seventeen degree of freedom (F, 2, 17) at a 95 % confidence level that's the (critical value). With the results of 25.977>3.59, the Null hypothesis is rejected (There are equality in the average of actual amount in millions Ghana cedi among the three political eras) Ho.

It is therefore concluded that there exists a significant difference in the average of the actual amount in millions of Ghana cedi among at least one of the three political eras. This means we accept the (Alternative hypothesis) H1. A further independent T test was conducted to establish shows that the regime differences.

Table 4: IDEPENDENT T test

Group Statistics

ERA		N	Mean	Std. Deviation	Std. Error Mean
Year	NDC	6	1996.5000	1.87083	.76376
	NPP	9	2004.0000	2.73861	.91287

Table 4 is the results of the independent T test that is used to compare the difference between the means of two different populations. Hence from the table we are comparing the mean (average amount in millions of Ghana Cedis) amongst the two eras NDC and NPP. The table the computed t statistics under an assumption of equality of variance is -5.828, comparing this value to the critical value of a t distribution at a 95% level of significance with 13 degree of freedom which is + or – (1.77), it is observed that -5.828< -1.77. Since -5.828< -1.77 the null hypothesis is rejected that there is no significant difference in the (average amount in millions of Ghana cedi) among the two political eras that is NDC and NPP. H0: u1-u2=0. It is therefore concluded that there exists a significant difference in the average of the actual amount in millions of Ghana cedi amongst the two political parties. This means that we accept the (Alternative hypothesis) H1: u1-u2 is not zero.

The regime analysis hereby espouse that the NPP which is a conservative party which ascribe to market and promote social and political rights of individuals performed and sought to achieve better rural development through the provision of appropriate financial resources for district assemblies than the NDC which is a social democratic party that claims to support rural community with various development programmes. This finding contradicts the view held by Fung that social democrats capture the imagination of sections of the country who resent inequality in society, who want to change the exiting social order and refuse the accept fate as determinants of human conditions [26].

Determination of the Formula for Sharing the Common Fund

In evaluating the equity, efficiency, and transparency and stability stipulations of the WBI's ITS criteria, the financial formula for sharing of the Common Fund demands attention. The design of a formula for resource distribution is important to stakeholders in any sector of the country and acts as a determinant of the level of transparency and accountability. In view of its significance, legal instruments regulating the determination of the formula are clearly defined and reflect the objectives of the Fund under consideration.

Research by Bahl on intergovernmental fiscal relationships reveal that the formula for sharing resources must entail one of four objectives in order to be efficient intergovernmental transfers;

(a) to allocate grants funds to reflect regional differences in expenditure
(b) to ensure income or fiscal capacity equalization
(c) to include tax effort provision directly in the formula and
(d) to reflect the balance between revenue raising capacity and expenditure needs [27].

The formula for sharing the DACF is regulated by Section 7(a) of the District Assemblies' Common Fund Act. The Act requires the Administrator to annually propose a formula for distribution of DACF resources for approval by Parliament. The formula is proposed at the beginning of each fiscal year and is based on the outcomes of the previous year's formula. The formula is considered by the Parliamentary Committee of the Whole and subsequently approved by the House.[4] The objective of the formula is to address the level of imbalances in resource allocation to districts in order to ensure they are adequately distributed to reflect the comparative need in each district.[5] The core philosophy guiding the Administrator in the determination of the proposal is to ensure fairness and equity in the distribution of the DACF. Specifically, the Administrator bases the design of the formula on four factors:

1. The *equality principle*, defined as a percentage of the fund shared equally to the entire 170 Assemblies.
2. The *basic needs of the people* such as the provision of health services, educational facilities and water. MMDAs which have more of these facilities receive fewer resources. The following indicators are used to assess the need data:
   a. Health: Doctor /Population Ratio; Nurses/Population Ratio
   b. Education: The availability of educational facility and Teacher/Pupil Ratio
   c. Water: The level of water coverage in the metropolitan/municipality/district.

[4] This is a special committee made up of all the Members of Parliament.
[5] Report of the Committee of the Whole on the proposed formula for distributing the Assemblies' Common Fund for the year 2008, March 2008.

3. The *service pressure*, which benefits mostly Metropolitans and Municipal Assemblies and market centres, is meant to augment the financial cost of providing social services urban population which is measured by the population density in the MMDAs.
4. The *responsiveness* of the MMDAs is measured by the ability of the Assembly in the mobilization of internally generated funds in subsequent years.

The equity principle is a percentage of the DACF that provide the same amount of resources for all the MMDAs to ensure that every Assembly has a base to build on to ensure that the appropriate platform is created for every Assembly to develop. This factor is particular important for the newly created Assemblies which ought to depend on the central government to take off.

The determination of the formula is induced by the ability of MMDAs to internally generate more revenues consistently. MMDAs that consistently generate more revenue are rewarded for their contribution to government revenue mobilization melees. The objective of the Responsive Factor is to encourage the assemblies to collect appreciable revenue to support their own developmental programme within the jurisdiction of the Assembly. The idea of the responsive Factor has been contested by Esther Offei-Aboagye who argued the factor punishes deprived assemblies and rewards prosperous ones [28]. She contends that the different political and economic characteristics of each district favours those more stable, and thus, those MMDAs which are able to collect higher internally generated funds from their constituents due to a variety of income generating projects, over those MMDAs whose revenues fluctuate due to dependence on such factors as farming production since farming is dependent on unpredictable natural factors [28].

The Administrator justifies the responsive factor according to him; the factor is fair because these discrepancies are mitigated in the responsive factor as a result of the usage of percentage increases or decreases rather than absolute figures. This asymmetrical approach built into the formula consequently rewards the propensity and capacity to lead in Internally Generated Fund (IGF) rather than all districts. The Administrator further maintains that the introduction of the District Development Facility – and internationally supported fund for a wide range of investments at the District level which focuses on programme implementation rather than projects -offers enough incentive mechanisms for MMDAs to intensify the collection of the IGF.

The rewarding factor of the IGF in the determination of the formula defeats the equity concept. A focus on poverty reduction should be one which takes a livelihood approach in which consideration of social and other analytic factors are placed at the forefront of decision-making. However, Ghana is yet to formulate national standard of measuring poverty.

These four factors used in the determination of the formula are in line with the prescriptive model of Bahl [29]. In an effort to strive towards equity and fairness in the disbursement of the DACF, the Administrator proposes three different weighting scenarios in which to consider the proposed formula and base equity upon. Each of the scenarios demonstrates the extent of funding disbursed to each district and the number of districts which will benefit from varying increments of funding. Scenarios are made public to MMDAs and are used by parliament when approving the formula with the objective of avoiding disproportionate allocation of funds.

Table 5: Possible Scenarios for the determination of the Common Fund Formula

Factor	Scenario A %	Scenario B %	Scenario C %
Equality	45	50	40
Need	40	40	45
Health facility	7	6	8
Doc/pop	8	8	8
Nurse/pop	8	8	8
Educational Facilities	6	5	7
Teacher/pupil	6	6	8
Water coverage	5	7	6
Responsiveness Imp	10	4	5
Service Pressure	5	6	10
Total	**100**	**100**	**100**

Source: Office of the District Assemblies Common Fund Administrator [22].

Beneficial Outcomes of the DACF

The enactment of the DACF can be seen as a commendable step towards democracy. Ghana is well suited as a regional leader in democratic pursuits and the ability of the state and its units to efficiently collaborate to achieve synergetic effects with it districts is perhaps evidenced in its nearly 25 years of decentralization outcomes. Overall, the DACF has been the most important catalyst and reliable revenue for MMDAs in Ghana. The DACF consistently contributed over 82% in of revenue contribution to MMDAs, the allocation of such funds ensures commendable investments in human and infrastructural development, especially in educational and health sectors. A number of key beneficial outcomes can be seen and analyzed since the inception of the DACF.

Firstly, and perhaps most broadly, the DACF has allowed for the redistribution of income to the MMDAs. In a state formerly controlled by dictators and military rule, the redistribution of income is seen as a pivotal step towards democratic reform. Lambert argues that income redistribution is an important task of the state [30]. It mitigates market-induced inequality in the society. Taxes are collected from the rich to service the needs of the poor in society by provision of social amenities for the entire community. As such, equitable development strategies across regions have been the concern of successive governments in Ghana. Such equity can be seen in the voting patterns of various regions which can act as an indicator of the direction of development and priorities of government.

In theory, the two dominant parties, the National Democratic Congress and the New Patriotic Party, during their stints of rule, have established holistic and equitable development programmes across the country. The constructions of road networks, and health and educational facilities have been comparably well distributed across regions. Yet, while programme development has been central to all governments, the district level ability to implement such programmes remained strained. MMDAs are challenged to undertake various responsibilities to implement diverse social services to communities under their jurisdiction. The geographic location of such amenities and natural benefits that come with some locations still remains unacceptable – For example some MMDAs are endowed with huge market centres where proceeds from collections of rates and tolls are marginally higher and others receive royalties from mining and timber concessions. Alternatively, the geographic location of some MMDAs subjugates communities to face abject poverty to the extent that basic recurrent expenditures like fuel are purchased on credit in anticipation of release of the DACF.

Secondly, the legislated funding of the DACF ensures that MMDAs are provided with a considerable level of economic stability in planning and budgeting of programmes. The Fund ensures a guaranteed form of income for the assemblies with a clear and structured management. It has in-built mechanism to take care of the challenges of the communities and segments of the society. The Fund provides the Assemblies the capacity for participatory planning and budgeting within their respective districts and has become the major funding source for Medium Term Development Plans. The Fund has assisted several educational institutions, hospitals and markets centres and has enabled the completion of projects which were abandoned for several decades. The DACF has become the linchpin of various infrastructural programmes for the MMDAs. In the fifteen years of DACF implementation, MMDAs have been able to provide more infrastructure development than in the thirty-five years of grant aid from the inter-governmental transfer administered by the Minister for Local Government. The DACF has become the most secure source of revenue to finance the budget of MMDAs.

Thirdly, the DACF provides a unique opportunity for MMDAs to participate in intergovernmental decision-making processes. MMDA members are able to actively deliberate and approve the budget for the disbursement of DACF. This active political participation of members empower them to direct the pattern of allocation towards development priorities. Members further gain expertise in social issues as well as the consequences of the decision-making environment [31]. This training helps the members to understand the rudiments of socio-economic governance as well as to appreciate the mechanisms and dynamics of distribution of national resources. DA members also use the disbursement of the DACF to demand accountability from the District Chief Executive because expenditure reports are made public. Ultimately, the DACF provides an avenue for strengthening the democratic decentralisaiton and political efficiency in Ghana.

Finally, the DACF provides an avenue and the resources to respond to the local needs of vulnerable groups. Decentralisation advocates, such as Crook argue that decentralized governments are more responsive to the needs of the poor than the central governments and, thus, pursue more pro-poor policies [32]. The DACF has helped MMDAs to respond to critical community needs by providing resources to support vulnerable segments of Ghanaian society. Vulnerable populations such as people living with a disability, people living with HIV/AIDS and women have gained greater attention and focus as a result of greater availability of resources. Of the five other financial support mechanisms enacted by Parliament – the Ghana Road Fund, the Ghana Education Trust Fund (GETFund), the Social Investment Fund (SIF), the National Health Insurance Fund (NHIF) and the Social Trust Fund – none of these Funds has inherent obligation to specifically address the needs of the vulnerable groups. Alternatively, guidelines enforced within the Ministry of Local Government and Rural Development specifically instruct MMDAs to allocate 2% of the Fund to support people living with a disability. Such guidelines ensure that MMDAs, through social service committees, provide health coverage for needs which are not covered by the National Health Insurance Scheme - for example the provision of wheelchairs for those physically disabled and white canes for the blind. Additionally beneficial is that unused funds from the allocated 2% are transferred to associations representing these vulnerable groups to use according to their own priorities. The results of such benefits and affirmative action programmes, have proved positive in a number of districts. Through the DACF, MMDAs are capable of providing various forms of bursaries to those in need, emphasizing educational bursaries to academically qualified students to continue their educational careers – many of whom often repay the gesture by returning to serve the respective district for a number of years. The Fund, therefore, helps to reduce the level of marginalization and deprivation by curtailing social exclusion and inequality within communities.

CHALLENGES

Despite the clear benefits described above, the DACF is plagued with a number of challenges in all phases from its planning to implementation to evaluation. A combination of factors ranging from lack of clarity to monitoring oversights and limited repercussion for failing to adhere to outlined responsibilities provide the general basis for challenges.

Firstly, a major challenge to the DACF is the unchecked authority of the Fund Administrator. The actual determination of the formula for sharing of DACF is at the discretion of the Administrator. It is because the law mandates him to conceptualize that responsibility but subject to the approval of Parliament. The Parliament however, does not possess the requisite capacity and the technical expertise to challenge the Administrator and the appropriateness of the formula for a particular year. While the Parliamentary committee overseeing the DACF depends on the presentation made by the Administrator to approve the formula, in the fifteen-year period since the Fund's inception the Committee has never disapproved or proposed an alternative formula. While it could be argued that the Administrator has simply provided well-planned and equitable formulas, which accurately represent the needs-faced by regions, the vast development discrepancies between the north and south of Ghana are a stark example of a failed equitable development reality and funding process. Quite obviously, funds have not matched the need suggesting that inadequate attention is being paid to needs-based assessments.

Secondly, the release of funds to the MMDAs is faced with two central challenges: (a) an inflexible transfer system which specifies how money should be spent regardless of region, and (b), a system of deductions which emphasize the structural and power-dynamics inherent in a decentralized system.

The transfer system is completed following the issuing of guidelines to MMDAs as to how funds should be spent within their districts. Following the approval of the formula by the Parliament, the Minister of MLGRD in collaboration with the Minister of Finance issue guidelines to the Assemblies in accordance with section 9 of Act 455. The guidelines stipulate the annual areas of emphasis determined by the Government and fall in line with the development programme for the country as a whole. In 20013, for example, the guidelines stated that MMDAs must allocate their funds as follows:

(a) Capacity and Human Resources Improvement (2%)
(b) National Youth Employment (20%)
(c) Self-Help Projects (5%)
(d) District Education Fund (2%)
(e) Establishing and Strengthening of Sub-Structures (5%)

(f) District Response Initiative on HIV/AIDS (1%)
(g) Malaria (1%)
(h) People Living with a Disability (2%)
(i) Sports and Culture (3%)
(j) Other projects- administration of social services, economic and environment (49%)

Upon receipt of these guidelines, the MMDAs are required to prepare a budget which accurately reflects the expected amount to be received by the Assemblies in their respective regions. Challenges arise during the transfer process, in which funds are disbursed but do not meet the expected amounts as budgeted by MMDAs. Commenting on the guidelines to sub-national governments, Elhiraika's study of the guidelines and regulations on sub-national governments' spending argues that transfer systems are rarely well defined though inflexible and often constrain the ability of local governments to plan and efficiently deliver basic public services especially in areas of education and health [33]. A system of deductions to disbursed funds further complicates this transfer system.

Disbursements of funds from the DACF are subject to two types of deductions: statutory and mandatory deductions. Statutory deductions are made by the Administrator following instructions from the Minister of Local Government while mandatory deductions are deductions made at the request of a DA to invest in products which are sold on the basis of hire purchase. While deductions can be issued for various reasons, any deduction creates deep challenges for MMDAs as annual budgets are prepared based on the anticipated allocation of the resources to be released by DACF consequently creating discrepancies between planned projects and income received.

Deductions with respect to purchases made by the Assemblies are structural and power relations problem which can be interpreted in the context of Johan Galtung structural theory of economic imperialism [34]. Galtung maintains that the world is divided into two classes, the Center and Periphery. The Center and Periphery are further sub-divided into center and periphery. The center of the Center is defined as the political and business elite of the developed nations. Periphery of the Center is the semi-skilled and unskilled labour force. Center of the Periphery conversely are political elite (political office holders), senior public servants and various business interests in developing countries. The periphery of the Periphery are others citizens who bear the brunt of adverse effects of poor international economic policies and choices of their state. The Center group comprises countries which are high on development paradigm across the world. The periphery states consist of developing raw material producing countries. The center in the Center nation establishes bridgehead with the center of the Periphery for the joint benefit. There is no interaction between the periphery of the Center and periphery of the Periphery. Consequently there is harmony of interest between the centers and disharmony of interest between the peripheries as a result of competition for labour. For example processing of raw materials for industrial consumption[1]could be accomplished by either of the periphery, hence source of conflict and disharmony.

Contextualizing Galtung theory of imperialism to the deductions made from the DACF, the Center is Accra and the Periphery is the District Assemblies. The center of the Center is the Office of the President, Minister of Local Government, Finance and the top echelon of the political party in power. The periphery of the Center is made of the party businessmen and women. The center of the Periphery is the District Chief Executive (DCE). The periphery of the Periphery consists of people in the District who benefit or suffer the outcomes of decisions, actions and inactions of the assemblies. There is harmony of interest between the center of the Center and the center of periphery. It is in the interest of the centre of the Centre that such sales are made. In the same direction, the District Chief Executive continues to enjoy the trappings of political power for submissively following political instructions by his superior. A DCE must to justify to Assembly the need for such items to maintain the structured harmony of interest. The disharmony of interest persists between the peripheries. There is inverse relationship between the sales of party businessmen and women to the Assemblies and the ability of Assemblies to execute its budgeted social services with objective of ameliorating the suffering of the people.

Secondly these deductions as regards to purchases authorized by the Minister of Local Government and the respective DCEs seriously circumvent the Public Procurement Act, 2003 (Act 663) The object of the Public Procurement Act is to harmonize the process of public procurement in the public services and to secure a judicious, economic and efficient use of the state resources in public procurement as well as to ensure that such public procurement is carried out in a fair, transparent and non-discriminatory manner[i].

Deductions for the purpose of procurement by the Minister of Local Government and the District Chief Executive pose additional challenges for MMDAs. Specifically, such procurement purchase deductions circumvent the Public Procurement Act, 2003 (Act 663) the object of which is to harmonize the process of public procurement and ensure a judicious, economic and efficient use of state resources through fairness, transparency and non-discrimination. According to subsection (1) *(a)*of Act 663, "the procurement of goods, works and services, … shall follow established procurement process except where the Minister decides that it is in the national interest to use a different procedure" (Public Procurement Act, 2003). In circumstances in which the Minister uses a different procedure, the Act further states in Section (3) "the Minister shall define and publish in the *Gazette* the method of procurement to be followed in order to serve the interest of the economy" [35]. Legislating public publishing of state spending as a method of checks and balances promotes transparency and accountability. Yet, such system is only as effective as it is followed and monitored. Since the enforcement of the Public Procurement Act in 2004, no Local Government Minister or Finance Minister has published any procurement exception in the *Gazette.* In respect of procurements made with DACF funds which flout public procurement process and are left unjustified and national interests hampered.

A third challenge, and one which is arguably the most important, is a lack of monitoring of funds allocated from the DACF. Monitoring of finances at all levels of government is an essential determinant of a country's level of democracy [36]. Monitoring of local government finances in a decentralized financial system is especially essential as it provides the basis for measuring the quality of social services delivered to communities and the extent to which quality of life is improved. Effective monitoring also helps to track trends in projects implemented by MMDAs and sets benchmarks to measure the overall performance of MMDAs. In a developing country such as Ghana, where state resources are meager but must address huge social demands and where social and non-profit agencies often fill in the gaps by providing various social amenities, monitoring of the funds, which are disbursed directly to MMDAs towards a specific social, must be pursued vigorously and rigorously. Monitoring must be at every point of the project cycle from design to implementation to evaluation as a mechanism of ensuring that state funds collected from taxes are being used effectively. Further, monitoring the disbursement of funds helps to evaluate the effectiveness and capabilities of a MMDA itself as a social service provider within their communities.

In an effort to ensure transparency and accountability, monitoring the use of DACF spending is done on three fronts: by the MMDAs themselves, by Regional Coordinating Councils (RCCs) and by the office of the Administrator. Each of the three are required to provide detailed reports of the funds spent and are obligated by duty to issue such reports in a timely fashion. Specifically, the MMDAs must ensure that implemented projects meet the design, specification, standard and quality indicated in contracts signed with various contractors. MMDAs must report to their respective RCCs on the state of projects under their jurisdiction in the quarterly and annual reports.

Comparatively, RCCs are responsible for monitoring, coordinating and evaluating the performance of MMDAs in their region as well as monitoring all monies allocated to the MMDAs. RCCs, therefore, are entrusted with the responsibility to monitor all projects implemented by MMDAs including projects financed by the Common Fund. The RCC are consequently required to undertake physical inspection and verification of projects. While allocated a fairly large budget specifically for monitoring - in 2008 the DACF provided 3,238,962.80 Ghana Cedis to the RCC to undertake this responsibility - there are no mandates or minimums for frequency of project inspection and verification. There are also no guidelines mandating RCCs to allocate a minimum percentage of the funds to physical monitoring. As a result, the misuse of funds is rampant. For example, in the Central Region, the RCC acquired a 28 seat coastal bus with the objective of monitoring the use of funds allocated to the region's MMDAs. This bus, however, is used to pick up and drop off staff to and from their homes and office. Such blatant misuse of monies goes without reprimand and demonstrates the active corruption embedded within an inadequately monitored system.

The final level of monitoring must be conducted by staff of the Office of the Common Fund Administrator. Administrator office staffs are also required to conduct on-site monitoring inspections of DACF projects, but they depend on the reports of the RCC to prepare the Administrator's reports for parliamentary approval. Thus, not only are mandates going unfulfilled but also the quality of reporting to Parliament – reporting upon which parliament basis future funding decisions – is greatly under question.

While none of the three levels of monitoring are adequately fulfilling their mandates, further complicating the effective monitoring of the Funds remains at the Parliamentary level. Overworked MPs are not providing adequate attention to reports submitted by the Administrator. Reports that demand sound scrutiny are overlooked. Lack of human resources – in the form of research assistants capable to study the reports and provide briefs to MPs – presents a major challenge for effective monitoring. These findings contradict views held by Bird and Villacourt [9], who advocate clearly defined terms of accountability. Those making decisions and tasked with implementing at the local level "must be accountable both to those who pay for them and to those who benefit from them" [9]. While enforcing accountability at the local level remains challenging, Bird and Vaillancourt argue that was is required is "not only clear incentives from above but also the provision of adequate information to local constituents as well as the opportunity for them to exercise some real influence or control over the service delivery system" [9]. Hence, effective fiscal decentralization remains a balance of powers couched in terms of accountability and transparency in which evaluation and decentralization are seen as complimentary factors ensuring success.

Administrator inability to report on schedule to Parliament as demanded by the DACF Act. During the fifteen years of the Fund, no annual report has ever been made within the stipulated six months outlined in the Act. The inability of the Administrator to submit the report emanates from the delays in fourth quarter allocation from the preceding year as well as report delays from MMDAs. In the line of authority, the Administrator has no power to sanction defaulting MMDAs apart from withholding their releases.

A final major challenge to the effective functioning of the DACF is – the Constituency Labour Fund (CLF) otherwise known as the Members of Parliament Common Fund. The Ministry of Local Government instituted the CLF in 1996 as a response to demands made by MPs to access a percentage of the DACF to pursue development programmes in their respective constituencies. The idea behind legislating a portion of the DACF specifically to MPs was two fold: first, MPs are seen as more capable of disbursing funds more quickly – beneficial when funds are often delayed and thus, project implementation times are lessened – and second, MPs are seen as better suited than MMDAs to disburse funds more widely and more accurately where needs are most pressing. MPs have used funds to provide building materials to fix dilapidated schools, school supplies for less privileged children, public and media education tools such as billboards to educate constituents on Government policies and have organised workshops on good governance, health promotions programmes and other development oriented projects. While MPs are tasked with ensuring funds are used appropriately, the reality of the disbursement is heavily flawed.

Fund disbursement is done at the discretion of the MPs. While MPs swear to, and are governed by, an oath of office, the practical application of this oath – at least in the case of the CLF – is far from in line. Nepotism and personal favours act as the central factors determining how contracts are awarded. With no approval process for the use of funds, MPs determine priority target groups generally based on individual interest. With no competitive bidding process embedded in the fund procurement process, party cronies and friends are paramount contract awardees.

Additionally, projects funded by MPs are generally stand alone projects which are not required to add to the overall development plans of districts – those which are mandated to be set by MMDAs before their allocated funds from the DACF are allocated. Quite obviously, therefore, the way in which MPs disburse funds remains a serious source of conflict between them and MMDAs. Offei-Aboagye argues that MPs are individualistic politicians who look to get ahead politically rather than support their constituents [28]. While it would be beneficial for MPs to align their development projects with the Districts, the attitude of the MPs demonstrate a stark disinterest in District development affairs epitomized by MPs importance attached to Assembly meetings[6] – evidence of the little to no collaboration between the two. Perhaps most troubling, however, is the complete lack of monitoring and evaluation mechanisms and the use of

[6] This is a synthesis of personal interview conducted with Dr. Esther Offei-Aboagye.

predetermined indicators to evaluate project success or failure. Thus, this democracy debilitating system, quite blatantly, breeds corruption.

Policy Recommendations for efficient utilization and impact of DACF

The challenges demonstrated above signal that to achieve optimal fiscal decentralization in Ghana requires strong, systemic changes. The current system is plagued with problems in all stages of the process – from design, to administration, to implementation to monitoring and evaluation. The need to take serious steps towards re-evaluating the current structure is highly important. Decentralization and fiscal decentralization especially, is a clear democratic measurement. Yet, when the system is plagued with corruption – or misadministration at best - democracy is not only hampered but it can act as an example of a country's lack of commitment to democratic tenets. Thus, a number of systemic changes required acknowledgement in order to move forward towards democracy.

Firstly, transparency and accountability must be seen as the lynch pin to successful decentralization. Rose-Ackerman argues that making Government spending public is an essential step to demonstrate a state's commitment to democratic transparency [37]. Publically advertising the disbursement of funds and transfer of resources from the centre government to the Districts could provide a starting point for opening up transparent lines of communication between decision-makers and constituents. An appropriate mechanism be put in place to advertise funds transferred from the central government to the MMDAs, such measure could act as a deterrent for financial abuse. By publically exposing the amount of funds transferred to both MMDAs and MPs, both may be encouraged to use the resources more prudently. Additionally, such measure could increase the local population's knowledge and thus, expectation of the type of services potentially delivered. Public knowledge of resources transferred to MMDAs and MPs could provide civic groups with the appropriate knowledge to hold government representatives accountable. Golola cites examples of civic groups which actively expose the malfeasance and corruption of governments, especially at the local level [38]. Golola argues that without these groups and this knowledge, acts of corruption and nepotism go undetected and, more commonly, un reprimanded [38]. Additionally, Golola's study of the public publication of government transfers of resources and funds in Uganda concludes that such actions have increased transparency and accountability, two pillars of democracy [38]. Specifically, publishing the funds transferred to local governments in the local newspapers has contributed to improving efficiency, transparency and accountability as well as curbed the ascendancy of corruption in Uganda.

Secondly, the oversight body of the DACF and the Administrator is Parliament – through the Committee of the Whole. The Standing Orders of Parliament mandate the entire 275 MPs to undertake this supervision responsibility. The Committee of the Whole is too large, amorphous, poorly resourced, and has limited capacity to conduct research to refute the formulas presented by the Administrator. Consequently, it is the recommendation of this paper to establish a Board to provide oversight responsibility of the DACF. This will follow the example of currently developed fund boards, such as the Ghana Education Trust Fund, Road Fund, Social Trust and National Insurance. The Board will define clear lines of management and supervision can be established, thus increasing accountability and new knowledge and skillsets can be brought forth to increase the impact of the Fund formula. Board representation could be selected from a variety of governmental institutions such as representatives from the Ministry of Local Government, the Ministry of Finance, the Public Services Commission, National Association of Local Government Authorities (NALAG), Parliament, the Local Government Service Board, the Controller and Accountant General, the Auditor-General, as well as representatives for the President. Most importantly, in this regard, the establishment of a DACF Board could allow more effective monitoring of DACF funds at the district level. A lack of monitoring leads to a lack of accountability and gross misuse of funds and blatant corruption. The pressures on the Administrator to monitor all districts create an excessive workload in which many corrupt practices are overlooked. With greater support from the top, through the establishment of a Board, the Office of the Administrator could be provided with the essential time and resources to ensure their involvement in the planning, implementation and evaluation of projects implemented with DACF funds.

The current legal framework regulating fiscal decentralisation hampers the ability of the MMDAs to seek private financial involvement in the management of the MMDAs by limiting the amount they can attain. Specifically, Act 462 limits the borrowing rights of MMDAs to

2,000GH Cedis. This limited amount of funding prohibits, rather than supports, the involvement of MMDAs with private businesses regardless if that funding is to be used specifically in line with the districts development plan. The limits are justified in an effort to control the MMDAs from excessively borrowing monies and defaulting on payments. While certainly such restrictions are important, access to capital markets and private business loans offer the opportunity to lessen the financial and socio-economic burdens of those regions most impoverished. As districts wait for delayed monies to come in from the Funds, development projects and needs, no matter how pressing, also wait to be addressed.

Barry et al argue that access to capital markets has two benefits for local economies: one, such access prohibits the increase of taxes done in an effort to finance and two, there are opportunities for generational increases in development as such capital investments/expenditures often span several decades [39]. The World Bank [40] suggests that any of the four capital market access mechanism can appropriately be considered to increase the effectiveness of local development: direct borrowing by central government on loan to sub-national tiers, the development public financial intermediary, direct borrowing, and market decentralisation of public services [41]. The importance, the World Bank argues, and most relevant to a discussion of the DACF - is that while capital financing can ensure long-term financing, it does not prevent the intermixing of private finances and public politics [41]. Thus, it becomes imperative for MMDAs to ensure that the process of private funding does not get embroiled in the political process, the result of which could compel MMDAs to make inefficient investments with the objectives of orienting votes and serving political interests. Such borrowing rights must be streamlined – and monitored - to optimize the principle of subsidiarity.

CONCLUSION

Ghana has made significant strides with inception of decentralization in 1988 in terms of migration of responsibilities from the central government to local government units at the districts. These responsibilities have not been accompanied with the needed financial and technical resources. To mitigate this debilitating state of affairs, the framers of the 1992 Constitution introduced the District Assemblies Common Fund (DACF) as a step to achieve fiscal decentralization and promote financial autonomy of local government units.

What is presented above is a concise analysis of the effect of twenty years operation of the DACF. While the Fund allows for the improved impact of MMDAs within their communities, it does so more effectively on paper rather than in practice. The DACF failed to meet the key principles of empowerment espoused by Savini [13], Weissbeng [14] and De-Shalit [15]. The blatant lack of monitoring at all levels has led to high levels of nepotism and corruption by key stakeholders including ruling political party functionaries and public servants. Various forms of deductions are made to purchase goods and services on behalf of Assemblies without reverence public procurement process and needs of the districts.

Ghana hankers for development at the community where an extreme form of poverty resides but greed abound. However, without the coordinated efforts to interlink the administrative and fiscal decentralizations worse results of human deprivation of need will continue to be nurtured. It is not simply enough to delegate authority to MMDAs, but adequate funding and support with appropriate and efficient monitoring mechanism that will obliterate structured fiscal system where communal dividend on the investment made in the Common Fund has become negligible.

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