



## INDUCING LOCAL GOVERNMENT PERFORMANCE IN GHANA: THE CASE OF THE DISTRICT DEVELOPMENT FACILITY

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### ABSTRACT

*Decentralisation has become an essential tool of democracy and development. Decentralisation has been widely promoted all over the world as a means of promoting governance, participation and local development. Undoubtedly, decentralisation is a positive action. However, decentralised local governments are yet to effectively deliver the much-expected results. In Ghana, concerns have been raised about the poor performance of District Assemblies across the country. These concerns have led to the setting up of the District Development Facility by the Government of Ghana and her development partners to provide financial incentives as a means of enhancing the performance of the District Assemblies in the country. This paper explores the use of financial resources to induce the performance of District Assemblies in Ghana. Using three basic methods of data collection: in-depth interviews, review of relevant documents and participation in a district budget forum, the paper explores the role of the District Development Facility in improving the performance of District Assemblies in the country. The paper argues that although the transfer of financial resources to the District Assemblies is necessary, it is not a sufficient condition in addressing their numerous structural challenges and improving performance. The paper recommends a comprehensive approach that goes beyond financial inducement or incentives to improve the performance of District Assemblies in Ghana.*

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**Keywords:** Decentralisation, Local government, District development facility, Improving, performance.

### 1. INTRODUCTION

Decentralisation has become essential component of democratic reforms in many parts of the developing countries. The decentralisation process has been vigorously promoted in Africa and other parts of the developing world mainly by donor agencies or countries (see (Olowu, 2003; Prud'homme, 2003; Romeo, 2003; Hussein, 2004; Fritzen, 2007; Chibba, 2009; Green, 2010)). The devolution of power, authority and financial resources to local units of government has been promoted as part of efforts to overcome the inefficiencies associated with the centralised system of governance (Bardhan, 1997; OECD, 2001; Smoke, 2003; Muriisa, 2008). Decentralisation has been

promoted with several objectives. “Decentralisation has been pursued with the aim of bringing governance and development decision-making process closer to the ordinary citizen at the sub-national level” (Akudugu, 2012). Aside governance, decentralisation and the resultant local government has a developmental role, particularly at the sub-national level. Under the decentralisation framework, local governments become the principal agents of development at the local level. Decentralisation has been promoted as part of efforts to enhance service delivery (see (Chikulo, 2007; Muriisa, 2008). Advocates of decentralisation also see it as tool of poverty reduction (Crook, 2003; Prud'homme, 2003; Smoke, 2003; Asante and Ayee, 2008; Crawford, 2008). It is believed that local governments are more inclined to design and implement pro-poor economic policies or programmes than central governments. Local governments are thus facilitators of local development see (Eckardt, 2008). Clearly, when well promoted, decentralisation enhances governance and socio-economic development at the local level.

Nonetheless, there is a gap between expectation and reality as far as decentralisation is concern. Although the contribution of decentralisation has been acknowledged in certain areas, much more is expected from the process and its local government units. For instance, in the area of socio-economic development promotion, decentralised local governments have not delivered satisfactory results (see (Crook, 2003; Romeo, 2003; Chinsinga, 2008; Crawford, 2008; Dijk, 2008). This has been blamed on a number of structural factors that confront the decentralised local government units. As Walle (2001) points out “democratisation is always a complex process involving the interaction of agency and structural factors, domestic and international ones, and economic and noneconomic ones”. Similarly, as Wood (1996) notes, “there is too much weight given to the capacities of individuals to activate change and a neglect of the wider constraints that structure capacities and action”. The assignment of responsibilities to District Assemblies is often done without giving due consideration to the complex set of challenges that they face. In some instances, it has been realised that the legal instruments that set up the decentralised local government units are even constraints to local governments (Olowu, 2003; Chinsinga, 2008; Steiner, 2008). In addition the tendency of local elite capture where powerful local elites use their knowledge or power to the disadvantage of the poor masses also affects the performance of local governments as far as decision making and service delivery are concern (Olowu, 2003; Smoke, 2003; Hussein, 2004). In some areas, poorly articulated fiscal decentralisation or the absence of it has been blamed for the poor performance of local governments (Chinsinga, 2008; Steiner, 2008). Since finance is the life-wire of local governments, poor funding affects their capacity to effectively perform their expected functions (Hussein, 2004; Muriisa, 2008; Steiner, 2008; Akudugu, 2012). “Clearly, without properly defined fiscal decentralisation, political and institutional decentralisation would have little impact. Poorly articulated roles and resource deficiencies can cripple local governments and undermine incentives for local officials and elected representatives to perform effectively” (Smoke, 2003). The inability of many local government authorities to effectively mobilise revenues locally compounds the situation. This has led to calls on central governments to give more meaning to the decentralisation process by promoting authentic fiscal decentralisation or financially empower the local government units. This paper explores the use of financial resources to induce the performance of District Assemblies in Ghana.

The paper focuses on the role of the District Development Facility in improving the performance of District Assemblies in the country.

## 2. METHODS

Data for this paper were obtained from three methods: in-depth interviews, review of relevant documents and participation in a district budget forum. I conducted in-depth interviews with experts such as the Bongo District Planning Officer, the Bongo District Budget Officer, the Upper Regional Budget Officer and the Brong Ahafo Regional Economic Planning Officer. These are knowledgeable people on the subject, as they are involved in the activities relating to the District Development Facility, and district development financing as a whole. The in-depth interview with these experts helped me get deeper insight into the subject under investigation. Documentary review was another valuable method used in obtaining data for this paper. Three documents: the 2012 Budget Statement of the Bongo District Assembly, the Operational Manual for the Implementation and Administration of the District Development Facility, and the Functional and Organisational Assessment Tool Operational Manual were particularly useful for my investigation. The review of these documents provided useful information on the structure, procedure and the utilisation of the District Development Facility. These methods were complemented by participation in the Bongo District Budget Forum. The 2012 Public Budget Hearing of the Bongo District held on 13<sup>th</sup> October, 2011 was a public event organised by the Bongo District Assembly to present its 2012 Budget Statement to the local citizenry. The event was witnessed by the Upper East Regional Minister and officials of the Ministry of Finance and Economic Planning. Aside gaining insight into the budget structure of the Bongo District Assembly, it was an event where issues relating to the District Development Facility, and the Organisational and Functional Assessment Tool Operational Manual were clarified by officials of the Ministry of Finance and Economic Planning present. These three methods essentially complemented each other, and proved a useful combination for this investigation.

## 3. PROMOTING THE DECENTRALISATION AGENDA

Decentralisation has been widely promoted across the globe and has become a household word in most part of the world. In many developing countries, the concept of decentralisation has been actively promoted as part of neoliberal reforms that were introduced in the 1980s. In the view of [Gravingholt et al. \(2006\)](#), these reforms are aimed at enhancing efficiency and effectiveness of local administration in public service provision by bringing decision-making processes and responsibilities as close to the people as possible. [Jutting et al. \(2005\)](#) broadly defined decentralisation as “embracing the transfer of power and resources from higher tiers to lower tiers of government”. In the view of [Johnson \(2001\)](#), decentralisation must be democratic. “Democratic decentralisation can be defined as meaningful authority devolved to local units of governance that are accessible and accountable to the local citizenry, who enjoy full political rights and liberty”, [Johnson \(2001\)](#). Devolution and deconcentration are the most preferred forms of decentralisation. According to [Johnson \(2001\)](#) “decentralisation involves both deconcentration in which local bodies are asked (or, more appropriately, instructed) to assume responsibilities that have

traditionally been carried out by central line agencies; and devolution, in which local bodies are granted the political and financial authority to undertake these duties”, cited in (Johnson, 2001). The aim of deconcentration has been to increase the local input to policy design in order to increase policy efficiency, while the aim of devolution is to increase policy effectiveness by developing entirely new policies as well as to improve governance by bringing decision-making closer to the people affected, (OECD, 2001).

Devolution reflects a true form of decentralisation. Devolution involves the real transfer of power and authority to local or sub-national units. The OECD (2001) defines devolution as “a process of transfer of powers between central, nation-state, government and lower levels of government, principally operating at city and region level”. Devolution confers autonomy on the local governments than the other forms of decentralisation. According to Bardhan (1997), “the centralised state has lost a great deal of legitimacy owing to its many failures, and decentralisation is often suggested and implemented as a way of reducing the role of the state”. By devolving appropriate powers to city and region level, decisions can be rendered more responsive to the needs and preferences of local people, democracy can be strengthened and the effectiveness of the public sector can be improved by helping to ensure that the right public services are provided in the right way, (OECD, 2001).

There are also different types of decentralisation:

- Financial decentralisation, entailing the transfer of financial resources in the form of grants and tax-raising powers to sub-national units of government;
- Administrative decentralisation (sometimes referred to as deconcentration) where the functions performed by central government are transferred to geographically distinct administrative units, and,
- Political decentralisation where powers and responsibilities are devolved to elected local government, (Robinson, 2003).

All the three types of decentralisation are elements of devolution. Fiscal decentralisation is usually considered more important and difficult to pursue among the three types of decentralisation. But as pointed out, fiscal decentralisation is the fuel that runs the engine of decentralisation. According to Berg (2004), “the success of decentralisation reforms hinges on the way fiscal decentralisation is designed and implemented”. Fiscal decentralisation according to Bardhan (1997) “largely involves assignment of expenditures and revenues to lower-level governments”. “Fiscal decentralisation comprises the assignment of responsibilities, including sectoral functions, as well as the assignment of own-source revenues to sub-national governments” (Smoke, 2003). Essentially, the object of decentralisation is not only to improve political participation, but also to improve service delivery and local development as a whole. This requires money, which is tied to fiscal decentralisation. The OECD (2001) notes “devolution opens up new possibilities and challenges for economic development policymakers because it gives them the capacity to develop their own distinctive approaches to economic development and to develop new institutional relationships suited to their own city or region”. Devolution has resulted in the creation of independent sub-national structures like District Assemblies tasked with the responsibility of promoting democratic decision making and local development at the local level.

The sub-national units of governments resulting from the implementation of decentralisation reforms are also to serve as a means of promoting balance development across geographic regions. The [UNCDF \(2006\)](#) in supporting the quest for decentralisation argues “a response must be found to the emergence of the local entity as the appropriate place for the emergence of the new democracy as well as the provision of public services, according to the principle of subsidiary”. The pursuit of decentralisation in line with the principle of subsidiary places the responsibility of creating area prosperity and self-sufficiency on local government authorities. According to the [UNCDF \(2006\)](#), a significant aspect of decentralisation is to ensure territorial balance and to give both rural and urban communities the means to offer necessary public services and to become catalysts for development in general. Similarly, as [Gravingholt et al. \(2006\)](#) note “local economic development is one important area, or policy field, in which decentralised governance is supposed to make itself felt most clearly”. The promotion of decentralisation is this considered essential step in enhancing local participation in development decision-making, ensuring effective service delivery, socio-economic development and poverty reduction.

Since the 1980s, many African countries including Ghana have implemented comprehensive decentralisation reforms aimed at reforming the local government system and promoting balance and meaningful local development. According to [Crook \(2003\)](#) “this implies not only vertical transfer of responsibilities and resources from central to local governments, but also the simultaneous engagement by the former of the latter and local non-state institutions in service delivery and development activities”. In the view of [Olowu \(2003\)](#) this is accounted for by the democratisation of African states, and the “growing appreciation of the need to develop local governance and not local governments”. Decentralisation has to great extent taken roots in many parts of Africa. Local government entities are now seen as agents of local development in many parts of Africa, including Ghana.

### 3.1 Role of District Assemblies in Ghana

Decentralisation and local government administration has been in practice in Ghana since the pre-independence era. “Local government in Ghana has from time immemorial been a part of the country’s way of life, its heritage and culture. [...] The history of local government in Ghana is traceable to the pre-independence era where the chiefs and traditional authorities held military, political and social power to administer local affairs”, ([Ahwoi, 2010](#)). In 1988 however, the government of Ghana implemented a comprehensive decentralisation programme that gave meaning to the decentralisation process and local government system in the country. This new decentralisation process resulted in the creation of District, Municipal and Metropolitan Assemblies as the highest political authority responsible for decision making and development at the lower level of government. According to [Diaw \(1997\)](#), “the overall processes of decentralisation were aimed at restructuring the political and administrative machinery of government for development decision-making at both the national and local levels”. The new local government reforms policy in Ghana has the following features:

- decentralisation of political and state power to enhance participatory democracy through local level political institutions with District Assemblies as the pivot;

- decentralisation by devolution of administration, development planning, implementation and budgeting decision-making in which local level authorities will be actively involved;
- establishment of a national development planning agency responsible for the integration of the overall planning process, the coordination of development planning activities of sectoral agencies at the national level, as well as sub-national agencies at the local level, (Diaw, 1997).

According to Ahwoi (2010) “District Assemblies were constituted into the highest political authorities in the district with deliberative, legislative, executive and administrative powers”. District Assemblies in Ghana were also constituted into District Planning Authorities, (Diaw, 1997; Kokor, 2001; Ahwoi, 2010). Massing (1994) also notes “the PNDC Law 207 established the District Assembly as the third-highest organ in the country, following the national and regional government; the Assembly was henceforth responsible for the planning and coordination of all development activities within the district”. Diaw (1997) further notes, “on the basis of the Local Government Act 1993 (Act 462), 110 Districts and Metropolitan Assemblies were established to perform local development planning functions as part of an overall national development planning process”. In addition to their deliberative, legislative and executive functions, District Assemblies in Ghana shall:

- be responsible for the overall development of the district;
- formulate and execute plans, programmes and strategies for the effective mobilisation of the resources necessary for the overall development of the district;
- promote and support productive activity and social development in the district and remove any obstacles to initiative and development;
- initiate programmes for the development of basic infrastructure and provide municipal works and services in the district;
- be responsible for the development, improvement and management of human settlements and the environment of the district;
- be responsible for the maintenance of security and public safety in the district;
- perform such other functions as may be provided under any other enactment (Ahwoi, 2010).

As part of efforts to empower the District Assemblies to effectively carry out their mandated functions, including their developmental role, the Government of Ghana set up the District Assemblies Common Fund (DACF) to provide financial resources to the District Assemblies. Article 240 (2c) of the 1992 Constitution of the Republic of Ghana states “there shall be established for each local government unit a sound financial base with adequate and reliable sources of revenue”. This constitutional provision has resulted in the establishment of the District Assemblies Common Fund, which has become the major source of revenue to the District Assemblies in Ghana.

Despite these efforts, concerns have been raised about the outcome of decentralisation. As Crook (2003) points out “finding systematic evidence for decentralisation outcomes in Africa or elsewhere is difficult [...]. Although there are examples of decentralised government in Africa enhancing participation, there is very little evidence that it has resulted in policies that are more

responsive to the poor – or indeed to citizens generally”. Local governments in Ghana have not been able to deliver effective development to the citizenry. In view of this, efforts have been made by the Government of Ghana to remove the obstacles that impede the effective performance of the District Assemblies in the country. One of these measures is the formulation of a new decentralisation policy. The new decentralisation policy formulated in 2010 seeks to:

- clarify the status, roles and relationships between levels of government and the different actors, and strengthen their participation and contribution to local governance.
- improve the administrative and human resource capacity of the Metropolitan, Municipal and District Assemblies (MMDAs) and other local government stakeholders to ensure quality service delivery.
- strengthen the capacity for coordination and implementation of spatial, physical and development planning at the local level and its integration with budgeting and the national agenda generally.
- facilitate economic growth, employment and income generation in order to promote household welfare and alleviate poverty.
- improve funding and financial management of Metropolitan, Municipal and District Assemblies (MMDAs).
- promote local democracy, participation and accountability through strong and more viable stakeholder involvement in local governance.
- promote a right-based orientation to local level development, ensuring equitable access to public resources and inclusiveness in decision making.
- clarify and strengthen the roles and relationships between key non-state actors such as the traditional authorities and civil society groups in local governance.
- streamline, harmonise, and coordinate development partner interventions to ensure optimal use of donor resources for local level development ([Ministry of Local Government and Rural Development, 2010](#)).

However, hardly had these comprehensive policy measures been implemented than the government introduced a financial mechanism to induce the performance of District Assemblies in the country. This has been the setting up of the District Development Facility (DDF), which seeks to provide financial incentives to the District Assemblies to encourage or motivate them to perform their functions.

#### **4. THE DISTRICT DEVELOPMENT FACILITY**

The District Development Facility (DDF) is a special fund set up to motivate District Assemblies in Ghana to effectively carry out their constitutional mandate. Currently, this fund is made up of financial contributions from the Government of Ghana and four of her development partners, namely, Agence Francaise de Developpement (AFD), Canadian International Development Agency (CIDA), Danish International Development Agency (DANIDA), and Kreditanstalt für Wiederaufbau (KfW). The objectives of the District Development Facility as stated in its operational manual are to:

- mobilise additional financial resources for Metropolitan, Municipal and District Assemblies
- provide incentive for performance for complying with Government of Ghana legal and regulatory framework
- establish a link between performance assessments and capacity building support
- ensure harmonised systems for investment funding and capacity support to Metropolitan, Municipal and District Assemblies (Ministry of Local Government and Rural Development, 2012a).

As a performance grant, District Assemblies can only access the District Development Facility after their performance have been evaluated using the Functional and Organisational Assessment Tool (FOAT). The Functional and Organisational Assessment Tool has a set of indicators where the performance of each District Assembly is evaluated. These indicators are categorised as minimum conditions and performance measures. The minimum conditions are the basic things that the District Assemblies must have or do before they can access the District Development Fund. The condition here is that, District Assemblies must fulfil all the minimum conditions before they can access the District Development Facility. This means that District Assemblies must:

- have a functional District Planning Coordinating Unit;
- formulate Annual Action Plans;
- prepare annual statement of accounts;
- have no adverse audit comments bordering on dishonesty;
- prepare annual procurement plan;
- hold minimum number of General Assembly Meetings per year; and
- show evidence that progress reports on the implementation of Annual Action Plans have been submitted (Ministry of Local Government and Rural Development, 2012b).

The performance measures on the other hand show the relative performance of each District Assembly. It is the performance measures that usually make the difference in terms of the allocation of the District Development Facility to each District Assembly. As shown in Table 1, the performance measures are grounded on nine indicators with assigned scores:

**Table-1.** Performance Measures and their Scores

<b>Performance Measures</b>	<b>Maximum Score</b>
Management and Organisation	10
Transparency, Openness and Accountability	12
Planning System	16
Human Resource Management	7
Relationship with Sub-Structures	6
Financial Management and Auditing	16
Fiscal Capacity	15
Procurement	12
Environmental Sanitation Management	6
<b>Total</b>	<b>100</b>

**Source:** (Ministry of Local Government and Rural Development, 2012b)



The performance indicators show how well or how far a particular District Assembly has performed in a given task. Based on the outcome of the assessment using the Functional and Organisational Assessment Tool, the District Development Facility is allocated as follows:

“A basic grant (20% of the overall pool) is allocated to all Metropolitan, Municipal and District Assemblies that fulfil all the minimum conditions [...]. A performance grant (68% of the overall pool) is allocated as an addition to the basic grant for districts which fulfilled all minimum conditions [...]. A capacity building grant (12% of the overall pool) is allocated equally to all Metropolitan, Municipal and District Assemblies to address their capacity gaps as identified by the assessment ...” (Ministry of Local Government and Rural Development, 2012a).

District Assemblies receive different allocations because they record different degree of performance in succeeding years, and among each other. Since their performance is not fixed, a District Assembly can even receive less than what it got from the previous year(s). Table 2 for instance shows the varying amount of money the Bongo District Assembly in the Upper East Region of Ghana obtained over the years based on the assessment results from the Functional and Organisational Assessment Tool.

**Table-2.** The Bongo District Assembly Allocation of the District Development Facility

<b>Year</b>	<b>Amount Obtained (in Ghana cedi/ GH¢)</b>
2009	446,496.54
2010	1,306,398.00
2011	560,000
2012	1,306,395.00 (Projected)

**Source:** Bongo District Assembly

As can be seen from Table 2, the amount of money that the Bongo District Assembly receives has not been consistent over the years. For instance, the Assembly share of the District Development Facility dropped from GH¢1,306,398.00 in 2010 to GH¢560,000.00 in 2011. This means that the Bongo District Assembly performed better in the Functional and Organisational Assessment Tool in 2010 than in 2011. Since the amount of money obtained from the District Development Facility is dependent on the Assemblies' performance, the Bongo District Assembly decided to project the same amount of money it received in 2010 (GH¢1,306, 395.00) for 2012. This means, going back to the drawing board to do the same things it did in 2010 or better. This case shows that the District Development Facility to some extent put District Assemblies on their feet to discharge their functions as required of them.

For expenditure purposes, the District Development Facility is divided into investment grant and expenditure grant; which is captured in item 2 (Use of Goods and Services) and item 3 (Assets) in the Medium Term Expenditure Framework (MTEF). The utilisation of money gotten from the District Development Facility is highly regulated. As far as the utilisation of this allocation is concern, there are “allowable” and “disallowable” expenditure areas.

“Items that cannot be financed from the District Development Facility for both grants include: investment outside of the District Medium Term Development Plans; purchase of

cars; purchase of plant and equipment not justified by the Functional and Organisational Assessment Tool, such as furniture, motor bikes, computers and accessories; construction and furnishing of District Administrative offices and residential accommodation; investments in loans, other micro credit schemes and other securities; payment of allowances to Assembly Members and staff; and the acquisition of land” (Ministry of Local Government and Rural Development, 2012a).

The District Development Facility can thus be described as earmarked revenue. The utilisation of the District Development Facility must be carried out within the Medium Term Development Expenditure Framework (MTEF). In addition, “allowable expenditure will be those covered by the approved Medium Term Development Plan and Annual Action Plans” (Ministry of Local Government and Rural Development, 2012a). According to Banful (2011) “the prevailing assumption is that distributing resources by a formula based on economic and welfare variables will suspend the arbitrariness that allows politically motivated targeting”. Similarly, as Merat (2004) notes “in order to strengthen accountability, the funds transferred to municipalities were earmarked to ensure that bureaucratic costs would be kept within defined limits and that sufficient resources would be invested in social services”. The financial management guidelines that govern the use of the District Development Facility are designed to ensure effective use of the funds to further the decentralisation system, and efficient financial management and accountability on the part of the recipient District Assemblies.

#### 4.1 Implications

Enhancing the performance of local government is an important task to pursue. But, there is the need to acknowledge that the concept of local government performance is a value-laden variable and becomes difficult to measure. One must also acknowledge that there are specific governance context regarding the capacity needs of each district (see (Fritzen, 2007)). As Bratton (2012) notes “African countries display considerable degree variation in the institutionalisation of local government structures as marked by age, coverage, and capacity”. Even within countries, local governments differ from each other in various areas. As such, performance varies, and sometimes it is difficult to adequately measure it. As Eckardt (2008) posits “local government performance increasingly varies depending on the extent to which local government took advantage of the opportunities offered by decentralisation”. As such, “a one size fits all” approach may not suit or address the unique political, economic, social and operational contexts that the different districts are situated (see (Chibba, 2009)). There are context-specific issues that affect the performance of each District Assemblies; but the Functional and Organisational Assessment Tool appears to rely on a set of “universal” indicators to assess the performance of all the District Assemblies. Though important, the Functional and Organisational Assessment Tool does not cater for these differences or context-specific issues.

What is also critically missing in the Functional and Organisational Assessment Tool is a set of indicators to measure performance of the District Assemblies from the perspective of the local residents. As it exists now, there is no participatory evaluation mechanism where the views of the

local residents regarding the performance of their respective District Assemblies are captured. But decentralisation is meant for the local people and not the “technical experts”.

“Clearly, giving authority to local governments that are not responsible to their local populations may not improve outcomes. If political accountability is incomplete, decentralisation may in fact create powerful incentives for local elites to capture the local political process and divert public resources to march their own aspirations rather than those of the broader community [...]. ... management of local government officials’ political incentives and the existence of institutions fostering local accountability of governments are necessary preconditions for effective local government performance – and thus for the success of democratic decentralisation” (Eckardt, 2008).

This explains why it is necessary to capture the views of local residents in each district in order to clearly appreciate their perspective regarding the performance of the District Assemblies. The assessment of the performance of District Assemblies on technical indicators that failed to capture the views of the beneficiaries of local government services is thus inadequate.

In addition, it should be noted that the transfer of financial resources to the District Assemblies is not necessarily a solution to the performance challenges of the District Assemblies. The transfer of financial resources to local governments is often based on the assumption that these decentralised units have the capacity to effectively allocate these resources to competing socio-economic uses at the local level (Mogues and Benin, 2012). But receiving more money without the capacity to manage such funds can further result in non-performance. As Ma (2009) points out, the capacity of the state or local government is a critical determining factor for socio-economic development. The factors that negatively affect the performance of the District Assemblies go beyond inadequate financial resources. As Graves and Dollery (2009) note “it is acknowledged that reform achievement constraints include limitations to technical capacity to understand and implement technical financial reforms and informal resistance to achieve funding compliance, predominantly caused by national political pressures to expand basic services growth”. With respect to Africa, most local governments do not have adequate skilled personnel, particularly in the technical areas such as planning and budgeting (Hussein, 2004). “The District Assemblies also suffer a dearth of qualified personnel to man positions especially in the areas of finance, planning and budgeting due to comparatively uncompetitive incentives” (Appiah, 2000). A range of factors thus affect the performance of District Assemblies. In the view of Dickovick (2005), “measuring decentralisation requires understanding of both what has been decentralised and what remains under the purview of the centre”. As Mogues and Benin (2012) also posit “the argument in favour of decentralisation rests strongly on the assumption that local governments have a substantial degree of fiscal autonomy and are able to use local discretion in resource allocation. However, the fiscal responsibilities of local governments often remain quite circumscribed, and their budgets are dominated by external transfers that are tied to specific investments, which may or may not match the priorities of local governments”. Similarly, “poorly articulated roles and resource deficiencies can cripple local governments and undermine incentives for local officials and elected representatives to perform effectively [...] Without appropriately designed and implemented structures and processes as well as adequate local capacity to manage the political and fiscal

functions of sub-national governments, decentralisation will fail” (Smoke, 2003). Thus, the transfer of more financial resources to the District Assemblies through the District Development Facility is a necessary but sufficient condition in improving the performance of the District Assemblies. A holistic approach beyond the provision of financial resources is therefore required to improve the performance of the District Assemblies.

Furthermore, the transfer of financial resources to the District Assemblies can also generate another set of performance challenges. Not only are such external transfers often poorly managed, they can also serve as a disincentive to effective local revenue mobilisation by the District Assemblies. As Mogues and Benin (2012) research in Ghana reveals “greater past external transfers to district governments do not encourage internal revenue generation, but instead have a depressing effect on own revenue”. Whilst the District Development Facility is a good initiative, efforts must be made to ensure that it does not further discourage internal revenue mobilisation by the District Assemblies. Internal revenue mobilisation is an important aspect of the decentralisation process, and for local government service delivery. As such, the fear that more external transfers could discourage internal revenue mobilisation by the District Assemblies must be taken care of in the Functional and Organisational Assessment Tool. There should be clear and realistic set of indicators in the Functional and Organisational Assessment Tool to assess internal revenue mobilisation efforts of the District Assemblies.

Although District Assemblies in the country are attaching seriousness to the Functional and Organisational Assessment Tool, I noticed that they still do not have a very clear understanding of what it really means. For instance, during the 2012 Public Hearing Forum of the Bongo District Assembly held on 13<sup>th</sup> October 2011, an official of the Assembly lamented that the Ministry of Finance and Economic Planning has been shifting the ‘goal poles’. In other words, the Ministry of Finance and Economic Planning has been changing the assessment criteria or indicators over time. In the course of the deliberation, an official of the Ministry of Finance and Economic Planning provided a response:

“We shift the ‘goal poles’ because many districts are now passing the ‘test’. As many districts pass the ‘test’, we devise new criteria [...]. If you miss one criterion, you suffer the consequences” (Remark by an Official of the Ministry of Finance and Economic Planning, Bongo, 13.10.2011).

This apparent misunderstanding between officials of the District Assemblies and the Ministry of Finance and Economic Planning raises the question of what constitutes performance and what indicators do we use to measure performance. It suggests that the key actors have not collectively agreed on what constitute performance indicators for the District Assemblies. This means that the performance indicators used for the Functional and Organisational Assessment Tool are developed in Accra, the national capital by “technical experts” without consulting the local actors, particularly the District Assemblies whose performance is being evaluated. As pointed out earlier, in “technical exercises” like the use of the Functional and Organisational Assessment Tool, local residents are not considered as experts; hence their views too are often not captured in such evaluations. In such events, only a one-sided view of performance can be obtained, usually performance on the “technical” point of view of the “experts”.

## 5. CONCLUSION

Decentralisation and its local government system have been embraced as instruments of development. The decentralisation process has improved local level elections and participation in decision making. However, as pointed out in this paper, the performance of the District Assemblies in Ghana as agents of local development leaves much to be desired. Whilst government or politicians continue to create more District Assemblies across the country, many rural communities are yet to be served with basic facilities or services such as schools, clinics, potable water and electricity among other things. This has raised concerns about the efficacy of decentralisation in delivering development outcomes. As part of efforts to reposition the District Assemblies in Ghana to effectively carry out their mandate, the District Development Facility has been set up to provide incentives as a means of encouraging performance. But as pointed out in this paper, the performance of District Assemblies in the country is affected by a wide range of factors including inadequate human resources, a poor legal framework that creates ambiguities in the local government system, elite capture and poor accountability mechanisms among other things. In view of the wide structural constraints, the use of financial resources alone is an inadequate response to a complex challenge. Efforts aimed at improving the performance of District Assemblies should go beyond the provision of financial incentives. In addition to financing resources, the policy makers must also take cognisance of the legal framework that defines the roles and responsibilities of the District Assemblies, accountability mechanisms, the notion of elite capture, and the quality of the human resource base of the District Assemblies in the country.

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