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Local governance, inter-governmental funding and sustainable socio-economic development in the Gomoa West District of Ghana

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Abstract

The *governance* and pursuit for socio-economic growth at the lowest level has become de rigueu in sustainability and development discourse. Framed from the public finance theory and the qualitative approach, this study examined the inter-governmental funding system and implications for sustainable socio-economic development in the Gomoa West District. About 50 official respondents were drawn utilising the purposive approach. Self-designed interviews were the methods for data collection. The district heavily depends on government revenue transfers for local development. Though partner in sustainable development, the district was excluded from decision making process regarding its share of government funds. Delayed release of funds and deductions at source were setbacks to availability of funds for socio-economic development. Transfer of the District Assemblies Common Fund (DACF) was erratic while equalisation factor in the DACF formula had no indicators. Service pressure and responsiveness factors could deepen development gaps. Indicators in the DACF should be reviewed. Funding capacities should be increased and DACF disbursement should be needs-based and pro-poor development oriented. An effectively decentralised governance system should enable transfer of resources and galvanising support for development. Local self-governance helps to break the monopoly of power at the national level, enables transparency in funding allocation and delivery of public goods to local people. Funding allocation decisions should not be centrally-driven as it defeats the purposes of decentralisation. Participation of the districts in government funding decisions will strengthen responsiveness and accountability to citizens, improve the monitoring of performance and provision of goods and services at the district level.

Keywords: Local Governance; Inter-governmental Funding; Sustainability; Socio-Economic Development; Gomoa West District; Ghana

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1. Introduction

The *governance* and pursuit for socio-economic growth at the lowest level has become de rigueu in sustainability and development discourse. However, funding remains a critical constraint for guaranteeing self-governance, collective action and welfarism among districts. As a result, funding constitutes a key pillar for sustainable development. Therefore, the national legislature in both developed and developing economies enacts legislations to provide constitutional basis and legal framework for transfer of funds from the central government to state and sub-national governments for promotion of local level development (Shah, 2006). This inter-governmental relation is enhanced through decentralisation. This pathway to sustainability enables a transfer of power, resources and competencies/ capacities to local governments to enable them to discharge their statutory responsibilities as promoters of local development (Hope, 2009). As a service delivery machinery, it has often been argued that a local governance approach enables efficiency and effectiveness of public service and socio-economic growth of localities. Since the districts and bio-regions have control over their minimum geographic areas, a governance system closest to localities would internalize benefits and reduce cost of providing public goods and services (Olowu and Wunsch, 2004). This assertion supports the subsidiarity principle adopted by the Maastricht Treaty as a guiding principle for the assignment of responsibilities among European Union (EU) member states (Meadowcroft, Farrell and Spangenberg, 2005). The subsidiarity principle argues that "taxing, spending, regulatory and development functions should be exercised by lower levels of government" (Shah, 2006: 3). As a result of the potential development benefits of local system of governance, several African countries are adopting this strategy as a model for development. In Ghana, the Metropolitan, Municipal and District Assemblies (MMDAs) constitute the key pillars to the local government structure. Ghana's local governance system dates back to the colonial era with the introduction of Indirect Rule Policy (IRP) by the British in 1878 (Olowu and Wunsch, 2004). The structure of local governance, funding and socio-economic policies were based on a top-bottom approach. Moreover, the exercise of political and economic power, authority and decision making was vested in the British Queen, the Governor and the District Commissioners (Olowu, 2006; Zanu, 1996).

The formulation of colonial policies and decisions were taken by the British Queen and conveyed through the British Governor and the District Commissioners to the native authorities who were basically composed of traditional rulers (i.e. Chiefs). The chiefs were custodians of the land and embodiment of the spirit and tradition of the people. Although largely illiterate, their functions included jurisprudence, passage of bye-laws relating to local matters, revenue mobilisation and promotion of local development (Ahwoi, 2010). However, having attained independence in 1957, to express the politico-economic and social realities of independence and enhance development equity, Ghana has witnessed a paradigm shift in governance structure with the introduction of diverse models of decentralized arrangements by successive governments. The Provisional National Defense Council (PNDC), in 1988, introduced a decentralisation programme as a blueprint to expedite development and bridge existing gaps in goods and services provision in Ghana (Ayee, 2008).

Consequently, the promulgation and adoption of the 1992 Constitution, Article 240 (1 and 2), established the current decentralisation model and gives the legal and theoretical impetus for the establishment of

MMDAs in Ghana. Under the current model, MMDAs are empowered and mandated by Act (462) revised as (Act 936 in 2016), as the highest political entities responsible for making and implementing local development plans in Ghana (Government of Ghana, 2016). To enable them to fulfil their statutory responsibilities, Article 240 (c and e) provides for the transfer of 5% (reviewed to 7.5% in 2008) of total national revenue to MMDA's for pursuit of local level development. Although the MMDAs are the key pillars of subnational level governance, their capacity to effectively perform their statutory responsibilities as promoters of development at the local level, is preconditioned on timely and sufficient funding from central government and capacities to raise revenue locally.

In pursuance of this, the 1992 Constitution established the District Assemblies Common Fund, an inter-governmental funding scheme, which serve as means for marshalling financial resources from central government to MMDAs to implement their development projects. Despite its socio-economic importance to the districts, studies thus far reveal that the DACF have been woefully inadequate and challenged with management problems (Awaitey, 2003; Yankson, 2008). Funding therefore remains a critical factor obstructing Ghana's decentralisation policy. This is due to dysfunctional governance structures and variances between the financial resources of MMDAs and their core statutory responsibilities of promoting local level development. These have had adverse effect on the timely transfer of funds to subnational bodies which consequently impact on MMDAs development planning. Nevertheless, our knowledge on how spaces are/can be created to allow transparency, participation in funding allocation and how the districts participate in common fund administration to influence their local development choices remains scanty.

It is the lack of or inadequate access to space for financial engagement, strict common fund formula application, lack of accountability by relevant authorities in the funding and development of rural Ghana which is partially limiting funding capacities of rural districts and discouraging local people from contributing towards development projects. This present study is a step towards filling this gap, by adding space for financial accountability and participation in the existing debate on funding district level development programmes. The contribution of this study is to bring to the forefront the principal-agency relationship, and articulate perspectives on governmental transparency and accountability in development fund administration in Ghana. The "principals" are hegemonic and power wielding (government and common fund administrator) with oversight responsibility for national financial administration yet failing to address development disparities among the districts. The *"agent"* in development discourse is highly subjective and political, hence makes this article, in part, an unmasking critique of MMDAs as autonomous and independent development agents.

This study argues that although the agents constitute the legitimate development funding beneficiaries as they are empowered as promoters of local development (Zanu, 1996), yet without much capacities to voice their concerns on constraints bedevilling the common fund administration, they turn to lack adequate funding capacities to execute their mandate effectively at the local level. These considerations are important in showing the power-relations among those involved in the design, implementation and administration of inter-governmental funding policies. This ensures equity, social justice and pro-poor considerations in the disbursement of national development funds are effectively achieved by involving development agents through participation and accountability in the common fund administration (Ayee et al., 2004).

The remainder of this study proceeds as follows: Section two presents the objectives of the study while section three analyses the theoretical framing and briefly reviews the empirical literature from different perspectives. Section four describes the Gomoa West District as the case study area and methodology employed by the study. Section five and its sub-sections present the findings and discussions. In section six, the study presents some conclusions drawn with some recommendations and policy implications. Section seven covers the limitations and delimitations of the study and finally, section eight covers suggested areas for future research.

2. Objectives of the study

The objective of the study is to examine the governance and inter-governmental funding systems in Ghana and the implications for sustainable socio-economic development in the Gomoa West District. The local government systems in Ghana play a crucial role in transforming living standards of people because they are more physically closer to local communities. Moreover, a vibrant and local self-governing district is considered important because it emphasises upon freedoms of the locally to formulate and implement policy decisions for socio-economic growth of localities. The Gomoa West District is mandated to perform both administrative and provision of public services.

In terms of administration, the district provides services while the needs delivery function entails the representation of central government in the administration of localities and supply of public goods. In democratic societies, effective performance of local government functions requires funding and participation of localities in policy making**.** Although there is research investigating public perceptions of local government administration, citizen participatory opportunities and efforts, little research focuses on understanding the inter-governmental funding regimes and financial resource capacities of local government agencies to effectively administer public services in local jurisdictions. This seeks to understand the inter-governmental funding system in place and the pathways in which the existing local government funding regime promotes or otherwise, the socio-economic development of localities under the jurisdiction of the Gomoa West District.

3. Theoretical framing and empirical literature

The narratives on politics of development, decentralisation, public funding and sustainability has received contrasting opinions based on subjective scholarly postulations within the social sciences. This review highlights how politics are articulated through the lenses of public finance, macro-economics and dispersal of power and how understanding such political and economic processes has implications for institutional, governance effectiveness and sustainable development at the micro level. In his seminal work on the theory of public finance, Musgrave (1959) separates the functions of central government into three; macro-economic stabilisation, income redistribution and resource allocation. With respect to macro-economic stability, Musgrave argues that central governments are better equipped in dealing with corruption, spill-over effects of local spending and inflationary pressures than local governments. Income redistribution function deals with central government expenditure on wages and salaries of public and civil servants.

While the resource redistribution function centres on the transfer of national revenue to stabilize both national agencies and sub-national governments for the promotion of local level development. Musgrave's theory assumes that for central government to effectively transfer resources to sub-national bodies there must be adequate measures of checks and balances in the inter-governmental transfer system. This afford beneficiary agencies opportunities to participate and hold funding administrators accountable, hence, enhancing transparency in the allocation of development funds. Carrying Musgrave's arguments forward, Oates (1972) formulates his decentralisation theorem as; "each public service should be provided by the jurisdiction having control over the minimum geographic area that would internalize benefits and costs of such provision" (Oates, 1972: 55). Oates' theorem is premised on the assumption that due to imperfect information, central government will provide a uniform level of public goods across districts.

While uniform provision is appropriate for goods with national benefits, it may be inefficient and inappropriate for goods that are local in scope. This is because it will ignore heterogeneous needs and preferences across districts. Sub-national governments being closer to local constituencies can obtain better information about preferences and other idiosyncrasies unique to their constituencies at a relatively lower cost, hence will better serve their needs than do remote central government. Central government transfers are therefore needed to undertae development projects unique to the needs of sub-national government constituencies. In local governance and inter-governmental funding process, Lukes (2005) postulates that a multiplicity of actors exercise power by influencing, shaping or determining others' wants, perceptions, cognitions, and preferences in such a way that they accept their role in the existing order of things. Moreover, invisible manipulation of funding schemes at the national level has implications on capacities of districts to fund their local development projects. Peet and Watts (1996) refers to invisible manipulation as where political power operates in the construction of development and financial discourses as the means for shaping the material and social world. Therefore, drawing on the connection between governance, decentralisation and public funding, this rural sustainability driven study analyses blind spots which are apparent in sub-national development funding. The financial–cube is important in showing how district assemblies can have the capacity to act, how they mobilise national resources to get their development projects implemented and respond to public demands in their jurisdictions (Gaventa, 2006). The rationale, therefore, underlying the transfer of central government revenue to sub-national governments is based on the need to: i) Address vertical fiscal imbalances (Ma, 1997).

Beyond the rationale for sharing central government funds to sub-national governments, another critical factor to be considered should be the type of grants transferred. Ma (1997) identifies two broad types of central government grants, namely, conditional grants and unconditional grants. These are further explained sequentially. Conditional grants are sometimes referred to as specific purpose grants or categorical grants. It is a type of grant where the central government specifies the purposes and modalities for which the recipient government (s) can use the funds. There is no flexibility on the part of sub-national governments regarding the application of conditional grants. They are strictly required by the conditions attached to the grant to apply the funds transferred for specific development projects. Such grants are often used to address concerns that are highly important to the centre but may be considered less important by the sub-national governments.

Smoke and Schroeder (2002) contends that the rationale for categorical transfers is that some seemingly local government services generate inter-regional or inter-jurisdictional spill-over effects, which are benefits or costs that extend beyond the borders of the locality. For example, health services, roads and highways provided in one jurisdiction may improve the overall health and transportation situation in neighbouring communities, districts, municipalities and regions. Due to limitation of resources and low capacity to generate own-revenues, sub-national governments may not be willing to provide certain goods and services if they believe that people who reside outside their locality will enjoy many of the resulting benefits. To ensure that the locality provides a greater amount of those goods and services, the central government may transfer resources to sub-national governments with the condition that such resources be spent on goods and services that generate spill-overs.

For central government to effectively transfer revenue to sub-national governments, the nature of the transfer system and the transfer process should be based on legally accepted criteria or formula. Ma (1997), Smoke and Schroeder (2002) suggests that such formula should satisfy certain conditions or criteria, namely; adequacy, local revenue collection or tax efforts, equity, transparency and accountability, and stability of the formula. Each of these criteria is further explained briefly. Foremost of the conditions or criteria is the adequacy of transferred revenue from central government. Consideration the complex and enormous responsibilities expected to be performed by sub-national governments, the sub-national authorities should have sufficient resources, with the transfers, to undertake their constitutionally designated responsibilities as promoters of development at the local level.

In view of this, Kelly and Montes (2001) argue that the basic pillars for effective decentralized governance system should include a grant system which aims at transferring adequate financial resources from central government to sub-national governments to enable them effectively perform their basic statutory responsibilities. The basic assumption here is that to achieve balanced growth and pro-poor development outcomes, responsibilities of sub-national governments must commensurate their resources.

Besides, there is the need for building capacities of sub-national governments to ensure robust, accountable and prudent public expenditure at the local level. This will ensure that transferred funds from central government are used at the sub-national level to improve the general wellbeing of citizens. In Brazil the 1988 constitution specifies the pool and the broad criteria for revenue-sharing transfers and the Senate serves as the primary decision-making body for establishing the formula and monitoring compliance (Shah, 1991). Critics (Ayee, Olowu and Wunsch, 2004; Owusu, owusu, Oppong and Dogoli, 2005) points out that adequate funding from central government will make sub-national governments spending agents at the local level. Besides, it will bloat central government budget and have adverse effects on macroeconomic indicators including inflation. Besides, empirical evidence in most countries have shown that adequate funding for sub-national governments is elusive as resources are limited relative to development needs and wants of citizens (Zanu, 1996). The second condition is that the criteria or the formulas for revenue transfer should consider local tax effort and expenditure controls. This would ensure sufficient tax efforts by local authorities and discourage fiscal deficits at the sub-national level. To achieve this, Bird (2000) recommends that sub-national governments should be legally empowered and given the needed capacity building to design strategies for generating sustainable revenue locally through tax impost.

The idea of local taxation has not escaped the sceptical lenses of sections of scholars. Owusu et al. (2005) and Egbenya (2005) observe that in Ghana and most developing countries of the world, sub-national governments lack the capacity to generate sustainable revenue locally, hence, they continue to depend on grants from central government to finance their expenditures. Furthermore, Smoke and Schroeder (2002) posits that the locally generated funds of sub-national governments are not sufficient to meet the costs of providing the services they have been constitutionally assigned.The resulting gap between sub-national oversight responsibilities and transferred funds can be filled by vertical equalisation by either increasing local revenue-raising powers and capacities of sub-national authorities or transferring resource from higher levels. Besides, the allocation formula must encourage equity in development. Revenue transfer should vary directly with local fiscal needs and inversely with local fiscal capacity.

The assumption here is that, central governments are typically big in structure and far remote from local communities and so may not be able to meet the specific development needs of local people. The rationale for equitable transfer of central government funds is that sub-national governments are closer to their local constituents. Comparatively, sub-national governments will have more accurate information about the specific development needs and preferences of people within their jurisdictions, hence would be in a relatively better position to effectively provide development needs of people in their areas at a relatively cheaper cost than would remote central government (Oates, 1972; Smoke, 2001).

The fourth condition is that the revenue allocation formula must promote transparency, simplicity, predictability and national stability. The formulas should be announced and each locality should be able to forecast its own total revenue (including transfers) in order to prepare its budget. Smoke and Schroeder (2002: 23) indicates that sub-national governments planning require that a reasonable degree of certainty be associated with the flow and timing of resources of central government to localities with relatively more resources to the neglect of less resource endowed and impoverished localities.

This could result in imbalanced growth and development. Evidences with the transfers to Tambons or districts in Thailand and communes in Cambodia under an early unconditional donor-funded experiment revealed that sub-national governments initially received equal block grants regardless of differences in population and other development indicators of sub-national governments (Smoke, 1999; Smoke and Schroeder, 2002). The rationale here is that it is desirable for sub-national governments to have a general idea of how much money they are likely to receive from their various sources of revenue as they begin the planning and budgeting process for the next fiscal year. This will provide a solid basis for making future development plans and minimizes sub-national development expenditure. Besides, sub-national government officials and their constituents should be able to ascertain how their share of a particular transfer was determined. Even if they are not satisfied, at least they will understand why they received a different amount than other jurisdictions. Such an understanding is facilitated by relatively simple but explicit transfer formulas. In Vietnam, for example, the funds allocation criteria for an early programme were not transparent, such that sub-national units and their constituents had no way of knowing if they were being treated fairly (Smoke and Schroeder, 2002). Finally, Ma (1997) contends that he revenue sharing formulas should be stable for at least a few years (3-5 years) to allow long-term development planning at the local level. Lewis (1998) found that until recent reforms in Indonesia, the volume of transfers was unpredictable because it was determined through annual negotiations in the central government budgeting process. This made it difficult for sub-national governments to plan and budget in a stable way from year to year.

Faguet (2004) suggest that beside timing and transparency, effective application of a revenue allocation formula will require that appropriate data on development needs of sub-national governments are available and that local governments should not be able to manipulate the values of the factors included in the formula. In western matured democracies for instance to ensure a proper application of revenue transfer formula, systems of check and balances are built into their government structures which has formed the core of decentralized governance and have helped empowered citizens. It has created a platform for ensuring transparent and accountable revenue transfer systems that help determine the course of economic development and social equity, especially for the poor and disadvantage groups (Boadway and Shah, 2007).

In sub-Saharan Africa, Nigeria and Ghana's intergovernmental transfers readily comes to mind. In Nigeria, the Federation Account and revenue sharing from VAT are the dominant methods of resource sharing in the public sector. All federal revenue sources accrue to the Federation Account at the Central Bank of Nigeria is shared among all levels of government using a formula-based approach. The formula used is based on a five measurement factors, namely; equality, population, land mass and terrain, social development factors and fiscal efforts. Equality factor allocates equal amount to the states and local governments from the Federation Account regardless of population size. The implicit rationale for the use of the equality factor is that both large and small states alike need to support a governor, state ministries and bureaucracies. The logical implication is that states with a smaller population receive a larger amount of federal funding when considered on per capita basis (Alms and Boex, 2002).

The second factor is population. Data used for computing the population factor is based on census figures from the states and local government areas. Population estimates from subsequent years are then computed by multiplying each state and local government's population count by the national average population growth rate per annum. The population estimation approach is mandated by federal statistical authorities. States and local governments are constitutionally prohibited from modifying these estimates. Land mass and terrain factor uses proxies including geographical coverage of states and local governments. Indicators for social development factor include physical infrastructure such as hospital beds and number of schools while the fiscal effort measure seeks to stimulate local revenue collection efforts by states and local governments (Alms and Boex, 2002). In Ghana, decentralized governance system dates back to colonial era with the introduction of indirect rule policy by the British colonial powers in 1878.

To enable the chiefs, who were the pillars behind successful implementation of indirect rule to carry out the decisions of the British government conveyed through District Commissioners, the British government established what was called the Native Authorities. The Native Authorities were composed of chiefs. Their functions included jurisprudence, passage of bye-laws relating to local matters, revenue mobilisation and promotion of local development (Zanu, 1996; Ahwoi, 2010). After political independence in 1957, successive governments in Ghana have variously pursued decentralized programmes for various purposes. The Provisional National Defense Council (PNDC), in 1988, introduced the decentralisation programme based on developmental values such as empowerment, revenue mobilisation, equity, stability, accountability and checking rural-urban drift (Ayee, 2008). Following Ghana's transition into constitutional democracy in 1992, Article 240 (c and e) of the 1992 Constitution, expressly endorsed the decentralisation policy in Ghana. It established the local government system, provided legal backing for their sound financial base through the transfer of adequate and reliable sources of revenue from central government to sub-national government for financing local level development programmes (Government of Ghana, 1992).

Under section 10 of the Local Government Act, 2016 (Act 936), the Assemblies have deliberative, legislative and executive functions. They serve as the highest political and administrative authorities charged with the responsibility for making and implementing local level development plans (Government of Ghana, 2016). Ghana's new local government structure (presented in Figure 1) is composed of Regional Coordinating Councils (RCCs) and four-tier Metropolitan and three-tier Municipal/District Assemblies structure. In Ghana, Assemblies are either Metropolitan (population over 250,000), Municipal (one-town Assemblies with population over 95,000) or District (population of 75,000 and over). Between 2008 and 2010, there are ten Regional Coordinating Councils, six Metropolitan Assemblies, forty Municipal Assemblies and one hundred and twenty-four District Assemblies in Ghana (Ahwoi, 2010). In Figure 1, the Regional Coordinating Councils (RCCs) are established to monitor, coordinate and evaluate the performance of the Assemblies in the ten regions (MLGRD, 1996).

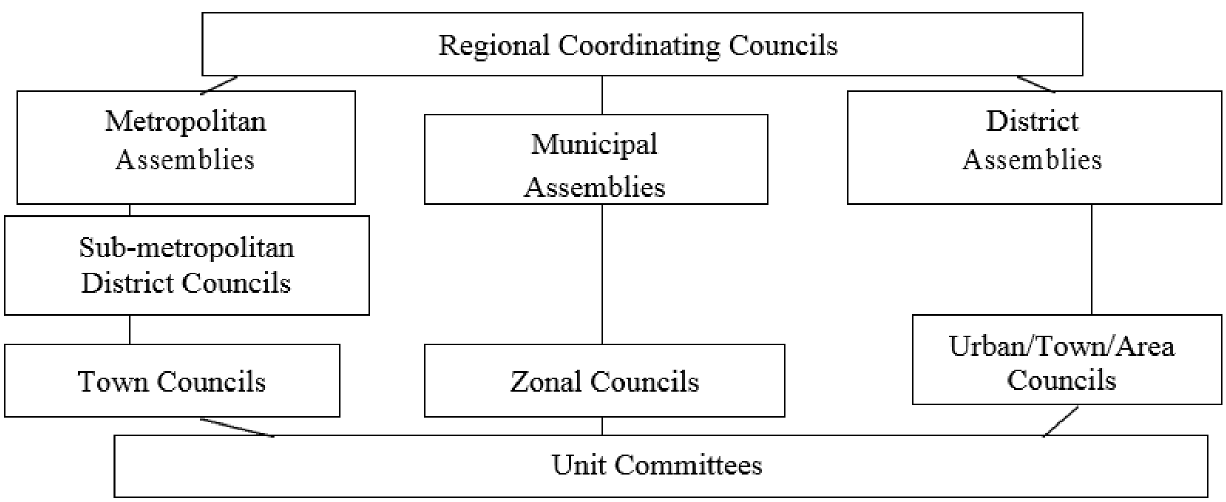

Figure 1. Structure of local government system in Ghana (Source: MLGRD, 1996)

The Metropolitan, Municipal and District Assemblies (MMDAs) are established as monolithic structure responsible for the political, planning, administrative and equitable allocation of power, wealth and geographic dispersion of development. MMDAs are composed of the Chief Executive, seventy percent elected members, the Presiding Member, Member(s) of Parliament representing the various constituencies in each district and (30%) appointed by the President in consultation with chiefs and other interest groups in the districts (Ahwoi, 2010). At the lower part of the structure (see Figure 1) are subordinate bodies of the Assemblies. The sub-structures are the Sub-metropolitan Councils, Urban/Town/Zonal/Area Councils and Unit Committees (Mensah and Kendie, 2008: 309). The sub-Metropolitan Councils are below the Metropolitan Assemblies. Their creation was necessitated by the complex and special socio-economic, urbanization and management problems that confront the Metropolises (Ahwoi, 2010: 69). The level below the District Assemblies (DAs) is the Urban/Town/Zonal/Area Councils. Town Councils are established for settlements with population between 5, 000 and 15,000 and Area Councils for settlements with population below 5,000 (GoG, 2016).

Unit Committees are the lowest tier in the structure. It is normally a settlement with a population of 500 and 1,000 in the rural areas and a higher population of 1,500 for the urban areas. Unit Committees perform the roles of awareness creation, organization of communal labour, revenue mobilization, promoting environmental cleanliness and implementation and monitoring of self-help projects (Mensah, 2005: 249). Funding is at the heart of intergovernmental matters in all countries with decentralized systems including Ghana. Therefore, any system of local government will be meaningless unless the system provides sufficient financial resources to support responsibilities transferred to the local system (Ayee, 2008). Against this background, the PNDC government, under the Local Government Law of 1988, took a giant step to revolutionarise the financial viability of MMDAs and to accelerate development at the local level.

The financial provisions for MMADs are contained in Articles 245 and 253 of the 1992 Constitution and Section 34 (part vii, part viii, part ix and part x of the Local Government Act, 1993, Act 462. Revenues from these sources may be broadly categorised into two, namely central government transfers and locally generated revenues, otherwise known as traditional revenue sources (Government of Ghana, 1992; GoG, 2016). Central government transfers are revenue transferred from central government to local government units. In Ghana, central government revenue transfers include recurrent expenditure, ceded revenue, the DACF and the District Development.

The DACF has its origin from the 1992 Constitution of Ghana. Article 252 makes provision annually for the allocation of not less than five percent (5%), (amended to 7.5% in 2008) of the total revenues of Ghana (excluding foreign grants) to the DAs for development and the amount is paid into the DACF in quarterly installments. The fund is administered by the DACFA who is appointed by the President of Ghana and approved by Parliament. The DACF is allocated to MMDAs based on a formula proposed by the DACFA and approved by Parliament (Government of Ghana, 2016). In recognition of the need for adequate funding for local development as necessary for local development, central government, through Parliamentary approval, increased the DACF from five percent to 7.5 percent in 2008. Ahwoi (2010) asserts that the percentage increment of the DACF was due to the creation of new MMDAs which resulted in an increase in the number of MMDAs from 138 to 170 in 2008. This necessitated a corresponding establishment of offices for the newly created MMDAs and residential accommodation for staff as well as other administrative expenses.

4. Study area and methodology

The Gomoa West District was created with the passage of legislative instrument (L.I) 1896 in 2008, to be responsible for planning, legislation and development of communities under its jurisdiction. The Assembly functions through its Chief Executive and key decentralized departments including the finance, planning, budget, and district coordinating directorate. The district was chosen for this research because it is one of the oldest local government units with established district structures yet experiencing difficulties of accessing development funds from central government (Gomoa West District Assembly-GWDA, 2010). The district's economy is predominantly agric-based, characterised by fishing, crop cultivation and livestock raring. However, constrained by its financial capacities, the commerce, industrial sectors, service, education and health sectors are the least developed. The map of the study district is presented by Figure 2.

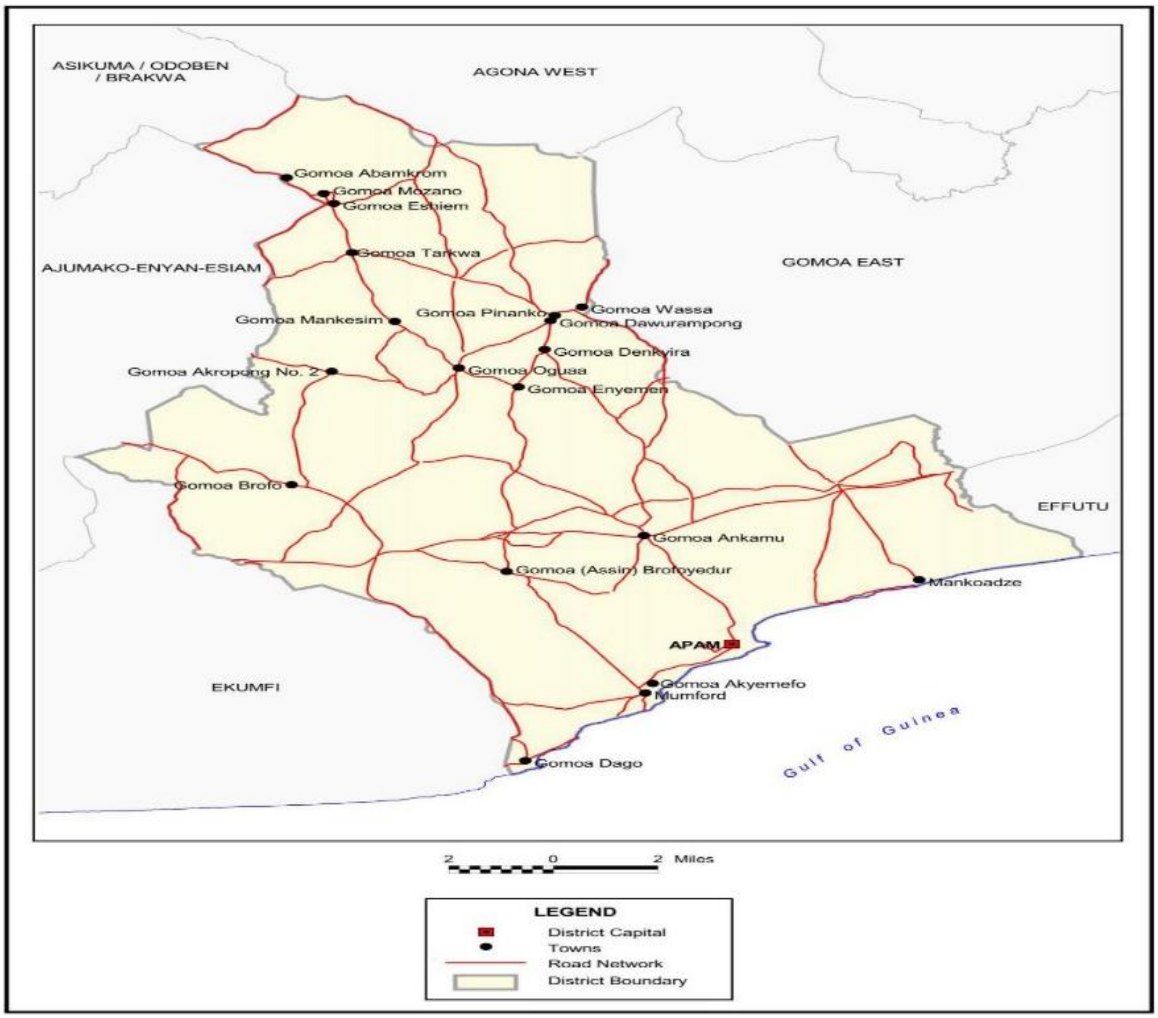

Figure 2. Map of the Gomoa West District (Source: Ghana Statistical Service; GSS, 2014)

In terms of geography and location, the district stretches from Gomoa Antseadze in the west to Gomoa Bewadze in the east. From Figure 2, the district shares boundaries on the west with Ekumfi district, North-West by Ajumako-Enyan-Essiam district, North by Agona East and Gomoa East districts and East by Effutu Municipal, as well as the Atlantic Ocean in the south. The district covers a total land area of 458.5 square kilometres. Apam is the district capital and political administrative centre of the district. Gomoa west is a single constituency district, made up of an urban council, two town councils and four area councils (GSS, 2014).

The general assembly consists of fifty-three assembly members including the district chief executive and a member of parliament. It has thirty-six electoral areas constituting the elected members and fifteen government appointees. The district chief executive is both the political and administrative head whiles the district co-ordinating director is the public administrator and secretary to the Assembly (GWDA, 2008). The district has a population of 135,189, composed of 60,417 males which constitute 44.7% of the total population and 74,772 females which also constitute 55.3%. The population in the urban areas is 57,568 (42.6%) and 77,621 (57.4%) for the rural areas (GSS, 2014). Due to financial constraints and increasing population, demand for socio-economic facilities including schools, sanitation, water, marketing centres and accessible roads continue to increase beyond the financial capacities of the district (GWDA, 2009). Hence, this study draws on fieldwork conducted between December 2010 and January 2011 in order to permit an analysis of the inter-governmental funding regime for development activities in the area. Since public funding of local development is a sensitive subject, a qualitative approach and critical theoretical paradigm was appropriate for exploring the emic views of the public officials (Gravetter and Forzano, 2016). This is because social construction of people is shaped by their environment and values. Moreover, nature cannot be seen as it "really is" or "really works" except through a value window (Creswell, 2014). To secure information from key informants such as experts and technocrats, purposive sampling was used to recruit 50 District Assembly officials who were targeted in order to explore local governance and inter-governmental funding systems and the implications for sustainable socio-economic development.

Drawing from Babbie (2016), the study relied on participants who were readily available at the time of the fieldwork and were willing to participate in the interviews. A self-designed semi-structured and open-ended interview schedule was utilised to guide the conduct of in-depth interviews until no new themes were emerging. The interviews created an opportunity to ask questions, listen to variety of views and experiences and ask probing questions for clarifications in order to properly construct the views of the respondents on the subject of the study.

Moreover, a desktop research was conducted to help triangulate data. The data analysis employed two approaches: Foremost, documentary analysis was undertaken, involving the analysis of legislative, financial policies, budgets, and development documents to understand their authenticity, implementation and development effects at the district level. Where deemed appropriate and required, clarifications were further sought from the Assembly officials through interviews. Secondly, utilising the Nvivo software, thematic analysis helped to code content from the documents and interviews into themes. Moreover, ethical considerations were ensured at every stage of the study and confidentiality of the respondents were maintained by use of pseudonyms and symbols.

5. Findings and discussions

5.1. Socio-demographic characteristics of the respondents

Emerging from the analysis of data, respondents were categorised based on age groups as follows: 18-25 (18 is legal voting age in Ghana-20%), 26-35 (40%), 36-45 (21%) and 46 and above (19%). On average, more males (80%) were engaged by the Assembly than females (20%). Staff had a combination of high school (5%) and tertiary (95%) level education backgrounds. However, educational attainments were not significantly different for both males (51%) and female staff (49%). Due to the sensitive nature of the study, it was initially assumed demographic characteristics including the age, gender, staff position and level of education would determine their willingness to participate in this study.

However, the study discovered that socio-demographic factors did not influence participation especially on matters of development funding, district development budget and implementation of development plans which affects the livelihoods and well-being of communities in the district. This was evinced by the overwhelming positive attitude of officials to participate in the study despite their official schedules. Nonetheless, respondents perceived that the involvement of the Assembly staff in DACF allocation at the national level was either ineffective or non-existent. This agree with the public finance theory and the principal-agency idea (Gaventa, 2006) of socio-economic justice which contend that multiplicity of actors exercise power in order to influence, shape and determine others' wants, perceptions, cognitions, and preferences in such a way that they accept their role in the existing order of things (Lukes, 2005).

5.2. DACF formula and effects on socio-economic development

The preparation of the formula for sharing the common fund started in 1994. Since then, five major factors have been developed for the formula. These are equality factor, needs factor, responsive factor, service pressure factor and reserve factor. The amount earmarked for the reserved factor was often deducted at source before the application of the DACF formula to the remaining funds for distribution to the MMDAs. Under the period of review (2008-2010), the study found that these factors had been repeated over the years, but the indicators and weights had been varied by the DACFA to improve equity, promote growth and development of MMDAs. In developing the formula, the overriding criterion has been to attain a balanced and equitable development, with the overall goal of improving the living conditions of people. The trend in the development of the formula is presented in Table 1.

The socio-economic need factor was meant to redress imbalances or disparities in the development of MMDAs. The study found that, between 2008 and 2010, about 40 percent of the total weight was allocated respectively to the needs factor by the DACFA. The study further discovered that this factor had three measurement indicators, namely; education services, health services and water coverage which were captured by the United Nations Human Development Index. This factor sought to adhere to international development standards and fulfil central governments' recognition of development as the satisfaction of basic human needs. The findings confirm Smoke and Schroeder (2002) assertion that the locally generated funds of sub-national governments are not sufficient to meet the costs of providing the services they have been constitutionally assigned.

Table 1. Trends in developing the DACF formula

Measurement factor	Development indicators	Year and Weight (%)		
		2008	2009	2010
Socio-economic needs	Education, health and water.	40.0	40.0	40.0
Equalisation	No indicators.	50.0	50.0	40.0
Responsiveness	Local revenue collection performance of MMDAs.	5.0	5.0	10.0
Service pressure	Population density in each MMDA.	5.0	5.0	10.0
Total		100.0	100.0	100.0

Source: District Assemblies Common Fund Administrator (2008; 2009; 2010)

With regard to education, the levels of provision of basic and second cycle education in each MMDA were considered. Selected measures were the number of schools and trained teacher/pupil ratio in each district. In terms of health, the indicator considered health services enjoyed by the people in each district. The selected measures were the number of health facilities in the districts including hospitals, clinics, doctor/population ratio and professional nurses/population ratio. The third indicator was water coverage i.e. the percentage of population having access to potable water in each district. Therefore, the availability or non-availability of health, educational facilities and access to potable water determined the amount of money allocated to MMDAs. From Table 1, the findings implied that decentralised local governance is conducive for transfer of central government resources and galvanising local support for development in the long run. This is because local self-governance helps to break the monopoly of power at the national level, hence, bringing decision making and delivery of public goods closer to local people. Local governance must strengthen governments' responsiveness and accountability to citizens by involving citizens in monitoring government performance, demanding corrective actions and equalisation of service delivery. From Table 1, the second factor used for the formula was equalisation. This was to ensure that each MMDA had a minimum amount from the fund for significant development programmes including health, education, agriculture, industry and commerce to be initiated.

The results validate Oates (1972) and Smoke (2001) who postulate that local governments are relatively better positioned to effectively provide development needs of people in their areas at a relatively cheaper cost than would remote central government. In Table 1, the equalisation factor was based on the principle that whatever a district did or did not do should not deprive it of the needed fund to pursue its development goals as part of the unitary state of Ghana. Each MMDA received 50 percent of the equalisation fund in 2008 and 2009 respectively and 40 percent in 2010 as minimum allocation so that if all the factors did not favour it, it still had some allocation to run as the entity empowered to promote development at the local level.

The findings agree with Alm and Boex (2002) who found that about (40%) of Federation Account in Nigeria are equally allocated to the states and local governments for development projects at the local level. The study found that, the DACFA had no operational measurement indicators with which to make equal allocations to the MMDAs. This corroborates a study conducted by Arthur (2004) who revealed that measures of personal incomes were commonly used as measurement indicators for the equalisation factor in developed countries including United States of America, United Kingdom and France, but were rarely available below the national level in a developing country such as Ghana.

The third factor was responsiveness in service delivery. In 2008 and 2009, the DACFA allocated five percent respectively to the responsiveness factor, but increased it to 10 percent in 2010 to incentivise/motivate MMDAs to double their efforts towards additional revenue generation for development. The DACFA observed that when local authorities expect sizable grants from central government, they relaxed their effort to improve their local revenue collection efforts. MMDAs were therefore expected to raise funds locally for their development and the DACF was meant to supplement their efforts such that the introduction of the DACF did not make the MMDAs lethargic in raising funds locally for their development.

The measurement indicators for the responsiveness factor considered each MMDAs approach to revenue generation and the total Internally Generated Fund (IGF) collected over a period of one year in each district. This implied that the greater the total revenue collected locally by a district, the greater could be its share in the portion of the DACF allocated to the responsiveness factor and vice-versa. This confirm the study of Smoke and Schroeder (2002) which found that transfers which are intended to motivate subnational governments to improve on local revenue mobilisation may adversely result in relative transfer of greater resources of central government to localities with relatively more resources to the neglect of less resource endowed and impoverished localities. This could further result in imbalanced regional and district growth and development. From Table 1, the fourth factor was service pressure caused by urbanisation due to rural-urban migration. This phenomenon could result in overconcentration of population in urban districts and depopulation of rural districts. The effect of this concentration of population could be that as a result of population pressure, urban facilities would tend to deteriorate rapidly. It would also lead to depopulation of other districts which would result in smaller share of the DACF to such depopulated districts. Thus, the greater the population density of a district, the greater would be its share in the portion of the DACF allocated to the service pressure factor. In 2008 and 2009, the DACFA allocated five percent respectively to the service pressure factor but increased it to 10 percent in 2010. The study found that, this factor for disbursing the DACF had the possibility of being skewed in favour of already developed and resource endowed districts in the country which has a consequence of further deepening the development gap between resource-poor and resource endowed districts in Ghana. The findings agree with Alms and Boex (2002) who discovered that in Nigeria, migration from rural to urban areas causes urban growth rates to be higher than rural population growth. Similarly, there are likely to be differences in population growth rates due to difference in demographic, ethnic, religious, social and economic characteristics. Failure to account for differences in growth rates will introduce biases in the allocation of public resources for the population factor.

5.3. Disbursement pattern of the DACF and reserved funds

In Table 2, the study presents findings on the distribution of DACF and reserved funds between 2008 and 2010. The findings revealed that 85 percent of the common fund was disbursed in 2008 and 2009 respectively to the MMDAs in accordance with the approved DACF formula. In 2010, MMDAs share was reduced to 61 percent due to the introduction of new indicators such as the fund for National Youth Employment Programme (NYEP), cured lepers, People with Disabilities (PWDs), and capacity building programmes for MMDAs. In 2008 and 2009, five percent of the fund was respectively disbursed to qualified MMDAs as government of Ghana (GoG) contribution towards MMDAs development under the District Development Facility (DDF).

Table 2. Allocation and District's development expenditure guidelines for reserved fund and DACF

		Annual Percentage Allocation (%)		
Allocation	Expenditure Guidelines	2008	2009	2010
District Assemblies Common Fund (DACF)	MMDAs development projects.	85.0	85.0	61.0
		10.0	10.0	10.0
Reserve fund:				
i. Members of Parliament (MPs) common fund	Used by MPs for Constituency development.	(6.0)	(6.0)	(6.0)
ii. Regional Coordinating Councils (RCCs)	Used for monitoring, coordinating and evaluation by RCCs.	(1.5)	(1.5)	(1.5)
iii. Ministry of Local Government and Rural Development (MLGRD)	Used by MMDAs as authorised by MLGRD.	(2.0)	(2.0)	(2.0)
iv. DACFA	Monitoring, evaluation and administrative expenses.	(0.5)	(0.5)	(0.5)
GoG contribution towards DDF	MMDAs development projects.	5.0	5.0	-
National Youth Employment Programme (NYEP)	Implementation of NYEP by MMDAs.	-	-	25.0
People with Disabilities (PWDs)	Fund for PWDs in MMDAs.	-	-	2.0
Capacity building for MMDAs	Training of MMDAs staff.	-	-	1.0
Cured Lepers	Fund for cured lepers in MMDAs.	-	-	1.0
Total		100.0	100.0	100.0

Note: Percentage allocation of the yearly (10%) reserved fund are in parentheses and the dash (-) means the indicator was not introduced. Source: DACF (2008; 2009; 2010)

In 2010, about twenty-five percent of the common fund was allocated for implementation of the NYEP by MMDAs, two percent was allocated for PWDs and one percent was disbursed to MMDAs which was used for capacity building programmes including staff training and as a sourced fund for cured lepers in the districts.

Table 2 further reveals that about 10 percent of the DACF was deducted annually by the common fund administrator before the formula was then applied to the remaining funds for onward disbursement to MMDAs. Between 2008 and 2010, ten percent of each Assembly's annual share of the common fund was retained as reserved fund. According to the DACFA, the rationale for the deduction of reserved funds was to provide resources for special expenses including the following: Six percent of the reserved fund was shared to 230 Members of Parliament (MPs).

This fund served as the MPs share of the common fund for constituency-based development projects and for monitoring and evaluation of projects by MPs. About 1.5 percent of the reserved fund was shared among the ten Regional Coordinating Councils (RCCs) which was used for monitoring, supervision, coordination and evaluation of the performance of MMDAs in their respective regions and for emergency expenses. While 50 percent of the 1.5 percent allocated for RCCs was shared equally to all the ten RCCs, the remaining 50 percent was shared proportionally to the regions using the number of districts in each region as a basis. Two percent of the reserved fund was used by MMDAs under authorisation of the Minister for Local Government and Rural Development, while 0.5 percent was annually allocated to the DACFA for administrative expenses, monitoring and evaluation programmes.

The national efforts to monitor and appraise the delivery of goods and quality of service provision by the districts enables institutions such as the DACFA and the MLRD to compel the district authorities to address development inequalities, corruption and its causes. However, one must pay attention to the institutional and local environment and the risk of local capture by elites at the national level. From the local institutional context, the findings agreed with Owusu et al. (2005) assertion that typical of some developing countries, when in a geographical area, feudal or political interests dominate and institutions of participation and local accountability are weak or ineffective and political interference in local affairs become rampant, centralisation of funding disbursement and of service delivery may increase opportunities for corruption (GWDA, 2009).

In Table 2, the results generally affirm Peet and Watts' (1996) assertion of "invisible manipulation" where political power operates in the construction of development and financial discourses as the means for shaping the material and social world. The findings further give credence to (Gaventa, 2006) who suggest that the "financial–cube" is important as it shows the capacity of District Assemblies to implement development projects and respond to public demands in their jurisdictions. Again, the existing inter-governmental funding regime in the district agree with Lukes' (2005) contention that a multiplicity of powerful actors exercise power by influencing, shaping or determining others' wants, perceptions, cognitions, and preferences in such a way that they accept their role in the existing order of things.

5.4. Stakeholder participation, accountability and transparency in DACF disbursement

A space for participation is not only germane but an apriorism for transparency, accountability and sustainable funding of local development. From Table 3, this study revealed that the Ministry of Finance and Economic Planning (MoFEP), the Ministry of Local Government and Rural Development (MLGRD), the District Assemblies Common Fund Administrator (DACFA), Parliament of Ghana, Controller and Accountant

General's Department (CAGD) and the Auditor General 's Department (AGD) were the principal stakeholders who were involved in the legislation, administration, disbursement and supervision in the use of the fund. The DACFA proposed the formula used for allocating the DACF to the MMDAs on quarterly basis subjected to Parliamentary approval.

After Parliamentary approval, details of the 7.5 percent transfer of the fund were computed by the MoFEP. The Bank of Ghana lodged the 7.5 percent of government revenue in the accounts of the DACFA. The CAGD debited MMDAs accounts with amounts earmarked as their share of the DACF. The MLGRD formulated and published guidelines on the use of the DACF and ensured MMDAs formulated budgets covering their share of the DACF. The AGD ensured the utilisation and management of the fund in accordance with the guidelines on the use of the DACF. The central government mandated these agencies to ensure that national resources are equitably distributed to promote development. Despite decades of local governance practice in Ghana, the findings of this study shows the allocation of central government funding appeared to be centrally-driven. Although the local people and the districts are key local development actors, Table 3 shows that they were not legally required to participate in decision making on the allocation of central government funds to the district (Smoke and Schroeder, 2002).

Table 3. Stakeholders involved in the allocation of DACF

Type of Stakeholder	Responsibilities in DACF Disbursement
District Assembly Common Fund Administrator (DACFA)	Develops and proposes the DACF formula used for allocating the fund.
Parliament of Ghana.	Approves the proposed DACF formula.
Ministry of Finance and Economic Planning (MoFEP)	Computes (7.5%) of national revenue to be transferred as DACF.
Bank of Ghana	Transfers the computed (7.5%) national revenue to DACFA account.
Controller and Accountant General's Department	Debits accounts of MMDAs with amounts earmarked by DACFA as their share of the DACF.
Ministry of Local Government and Rural Development (MLGRD)	Formulates national development guidelines on the use of the DACF. Collaborates with National Development Planning Commission to publish national development guidelines. Ensures MMDAs formulate composite budgets and Medium Term Expenditure Frameworks (MTEF) to cover their share of the DACF.
Auditor General's Department	Audits the management and use of the DACF by MMDAs through the Internal Audit Units of the various MMDAs.

Source: Fieldwork (2011)

Hence, to improve the practice of decentralisation, local self-governance should be made conducive. The participation of the districts and local people in centrally-driven government funding decisions can help to break the monopoly of power at the national level, hence, improve financial capacities of the district for effective delivery of public goods and services to the local people. To achieve and sustain local development, the district and government must strengthen local governments' responsiveness and accountability to citizens by involving citizens in monitoring government funding decisions, government performance, demanding corrective actions and equalisation of service delivery. From the institutional and systemic context, the findings of this study give credence to Easton (1965) systems model, which argued that at the policy level, a system is that group of interrelated structures and processes which function authoritatively to generate and allocate values and resources in a society.

The results further agree with Parker and Kirsten (1995) study on the framework for decentralisation choices which found that closer collaboration, networking and development of appropriate legal framework which define relationships and functions between institutions and structures are essential in any fiscal decentralisation process. Though MMDAs were the principal beneficiaries of the common fund, the findings of this study showed that they were not involved in the determination of their share and the allocation processes of the fund. It was therefore not possible for MMDAs to know in advance how much or when to expect their share of the common fund. These could adversely affect development planning and implementation of development projects in the districts which can have adverse effect on the living standards of citizens. The results affirm institutional basis for local governance (Government of Ghana, 2016) and the principal-agency theory (Gaventa, 2006). Nonetheless, the findings suggest there exist enormous deficiencies in the decentralisation strategy as blueprint for development in Ghana (Ayee, 2008).

5.5. Delay in the release of the DACF and effects on the development of the District

Analysis of records from the DACF and interviews with the District Finance, Budget and Planning officers of GWDA, revealed the existence of wide gaps between the expected time of receipt of the fund, the time the Assembly actually received its first quarterly share of the DACF and time lapse in the allocation of the fund. From the records of the DACF, under the period of review, the fund was supposed to be disbursed on quarterly basis to the district. However, the fund was never released on scheduled date. Interview with the District Finance officer revealed that, in 2008, the district expected the fund to be disbursed in March; however, the fund was received in July indicating a time lapse of four months. In 2009, the district received its last quarter instalment for 2008 in June but received the first quarter allocation for 2009 in September, indicating a delay for six months. In 2010, the second quarter instalment for 2009 was received in June 2010 and the first quarter allocation for 2010 was received in December indicating nine months' time lapse. The Common Fund Administrator attributed the causes for these delays to the inadequacy of national funds. Again, since budgets and reports on the use of funds were required for both previous and new disbursements, failure or delay thereof resulted in delays in subsequent disbursements of the DACF.

Besides, the formula for disbursement of the fund must be approved yearly by Parliament which was often preoccupied with several equally important national legislative assignments. This could result in delays in getting the proposed allocation formula approved by Parliament, hence, the delay in the disbursement process. The Finance and Budget officers of GWDA attributed the delays to the fiscal and monetary policies of government which sometimes led to delay as central government deliberately decided to control inflation rate by withholding disbursement of the fund. According to the Budget officer, these delays adversely affected the Assembly's budget by increasing the costs of development projects and making district development planning an exercise in futility. The Planning officer considered delayed release of funds as the major cause for uncompleted projects in the district which arose due to the inability of the Assembly to pay contractors. It also resulted in the accusations of deliberate refusal of the Assembly to carry out development projects in some communities. This corroborates Bandie (2003) who found delayed release of the DACF to be the major cause of non-completion of development projects in the Bolgatanga, Sissala and Nadowli districts.

6. Conclusions and recommendations

The study concludes the MMDAs in Ghana depended heavily on central government revenue transfers for effective implementation of the decentralisation policy in Ghana. The Gomoa West District was a major beneficiary of the DACF. Despite its crucial role in promoting local level development and in local governance, the district was excluded from decision making on the allocation process of the common fund. In addition, the delayed release of the common fund, lack of adequate accountability and deduction of funds at source were critical setbacks to the availability of funds for development of the districts. These drawbacks obstructed the successful implementation of fiscal decentralisation and development policy implementation at the local level. The delay in releasing funds accounted for the rate of uncompletion, high cost of projects, abandonment of projects and lack of sustainability of socio-economic projects in the district.

Consequently, this study suggests that government should effectively collaborate with its agencies (i.e. Common Fund Administrator, Parliament, Bank of Ghana etc.) mandated for the management, disbursement and regulating the use of the DACF to ensure timely release of the common fund to the district. In addition, Parliament and DACFA should develop indicators for the equalisation factor and review indicators for the service pressure factor in the DACF formula to make the fund pro-poor development oriented. Again, the DACFA should timely publish the proposed common fund formula to facilitate budget making and development planning by the district. Besides, Parliament and DACFA should develop means for verifications in the DACF formula to avoid arbitrary allocation of funds and strengthen accountability measures. The DACFA should consult the district for its inputs and priority needs before deduction of funds from the district's share of the common fund in respect of purchases made on behalf of the district. This would avoid arbitrary deduction of funds at source which tend to reduce the district's share of the common fund for micro level development. The decentralisation and localisation of governance should be made conducive for transfer of central government resources and galvanising local support for development in the long run. This is because local self-governance can help to break the monopoly of power at the national level, hence, bringing decision making and delivery of public goods and services closer to local people. To achieve and sustain local development, the district and government must strengthen local governments' responsiveness and accountability to citizens by involving citizens in monitoring government performance, demanding corrective actions and equalisation of service delivery.

7. Limitations and delimitations of the Study

The study scope and context were delimited to Ghana and the data collected were narrowed to the jurisdictions of the Gomoa West District. The analyses only covered the administration and utilisation of the District Assemblies Common Fund (DACF) from 2008 to 2010. The sample size of 50 official respondents who participated in the study was quite small. Moreover, the utilisation of quota sampling approach for drawing the respondents limited the ability of the study to make inferential conclusions from a representative distribution of staff in the district. Hence, it was quite impossible to generalise the results and limited the utility of the findings to the District Assembly alone.

In addition, **t**he use of qualitative measures made the study findings subjective as data collected was based purely on the perceptions of the respondents. The qualitative measures introduced could be refined and made more robust by feather research. Furthermore, **i**nformation on privatisation of internally generated fund collection in the district were not available at the Assembly. The analysis on accountability and transparency was limited to the Assembly excluding the sub-district structures. This was due to time limitation which did not allow for a comprehensive review.

8. Suggested areas for future research

The following areas are suggested for future direction of research: First, the study proposes that further research should assess the Assembly and the sub-district structures for accountable and transparent utilization of their internally generated funds and the Assemblies common fund. Meanwhile, research into innovative and sustainable approaches for plugging resources and building financial capacities of the district are specifically encouraged. Again, future studies should explore possibilities for privatization or commercialization of local revenue collection at the district level.

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