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Deeping Decentralisation in Ghana: Is More Districts the Way Forward?

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Abstract: It is statutory that creation of districts in Ghana should be determined by factors including particularly population size and economic viability of the areas concerned. From 1988 - 2012, the number of districts in the country almost doubled from 110 to 216. Similarly, population also doubled from 12 million in 1984 to 24 million in 2010.

An assessment of various revenue sources to the districts, however, revealed that general contributions of Internally Generated Funds (IGF) to the total revenue of the districts are miserably insignificant. The District Assemblies' Common Fund (DACF) is specifically noted to be a major developmental fund in the districts than the IGF.

Given the correspondence between population growth and the rising number of districts in the country, the study established that the creation of new districts in Ghana is influenced largely by population size to the neglect of economic viability of the areas.

It is therefore concluded that creation of more districts in Ghana is only prudent if the economic viability of the areas can be guaranteed to ensure autonomy and reduce overdependence of the districts on grants and the DACF, in particular.

Keywords: Decentralisation, District assemblies, Internally generated Funds, District Assemblies' Common Fund, Population.

Decentralisation and Development

Globally, local governance and decentralisation have become critical pathways in the quest of countries to improve upon governance and development. The rationale behind decentralisation in most countries since the past two decades has been to afford people at the grassroots the opportunity to contribute to decision making that results in policies, programmes and projects that impact on their lives. Such projects are meant to be owned by the people through their participation. According to Bebelleh and Nobabumah (2013), participation is an important ingredient for good governance and that it is a fundamental human right of people to take part in decisions that affect their lives. In the view of Bahl and Martinez-Vazquez (2006), the unprecedented move toward decentralized governance in many developing and transition countries in particular was due to perceived failure of the centralized units to deliver improved general welfare.

Indeed, it has been argued that the expectation of improved welfare or development from decentralisation stems from the assumptions that local governments are closer to the local people; know their needs and preferences; and will be more accountable and responsive to those needs and preferences (Crawford 2004; Bahl and Martinez 2006; Ahmad et al 2008; Mogues et al 2009; Akramov and Asante 2009; Obeng-Odoom 2010; Petio 2013). It is obvious that the arguments for decentralisation tend to be predicated on the presumption that decentralisation is the vehicle for enhanced development of local communities. This is affirmed by Zakari (2012) and Dick-Sagoe and Djimatey (2015) who reveal that the main reforms regarding decentralisation in sub-Saharan Africa particularly in Ghana is a system of devolution which involves transfer to the districts the onus of local development with autonomy and responsibility to determine the services required, the best approach to provide them and sources and types of funds to execute them.

In her quest to accelerate development at the local level, Ghana also chose the path of decentralisation in her national governance structure. Indeed, article 240 of the 1992 Constitution of Ghana provides for the country to have a system of local government and administration which shall, as far as practicable, be decentralized. The existence and practice of local governance and decentralisation in Ghana is thus institutionalised by the Constitution.

Under the local government system of Ghana, the country has been divided into districts, municipalities and metropolises depending on the population size of an area for administrative and, more importantly, development-oriented purposes. These districts, municipalities and metropolises are thus the basic units of the decentralisation programme and local government system in Ghana which are statutorily mandated to ensuring overall development of their various areas of jurisdiction mainly through internally generated funds (Section 1(4) and 10(3a) of the Local Government Act, 1993 of Ghana (Act 462)). This certainly conforms to the presumed benefit of accelerated development believed to be associated with decentralisation and local governance.

Development, as a terminology, has diverse meanings. It encompasses, among others, economic growth, environmental sustainability, and human well-being (See: Rapley, 2007; Soares Jr. and Quintella 2008; Bellu, G, 2011; Schoburgh 2014). It is, however, appropriate to put in perspective that in the context of decentralisation and local government particularly in Ghana, development largely connotes provision of infrastructure, facilities and municipal services at the local level which include clean water and sanitation, schools, clinics, roads, and waste management facilities and associated services (See: Osae 2009; Zakari 2012; Shirazu 2013; DACF 2014).

It is therefore without doubt that the districts, municipalities and metropolises need to have the capacity to mobilise substantial and stable internal revenues before they can achieve the development touted to come with decentralisation and local government.

In this paper, the term district(s) is/are used to refer to the three (3) local government units in Ghana (i.e. districts, municipalities and metropolises). This is chosen since the three (3) are said to be essentially equal in power and given equal consideration in any discussion (Friedrich-Ebert-Stiftung (FES) Ghana and the Institute of Local Government Studies (ILGS), Ghana (2010)).

Statement of the Problem

In recognition of the enormous financial requirement of districts to propel development in their areas of jurisdiction, Act 462 (Section 1(2)) in empowering the President of the Republic, by executive instrument, to declare an area as a district, further enjoins the President in the exercise of such power to obtain appropriate recommendations from the Electoral Commission. According to Section 1(4) of Act 462, the recommendations should be informed by factors, including:

a) In the case of

i) a district, that there is a minimum population of seventy-five thousand (75,000) people;

ii) a municipality, that the geographical area consists of a single compact settlement and that there is a minimum of ninety-five thousand (95,000) people;

iii) a metropolis, that there is a minimum of two hundred and fifty thousand (250,000) people; and

b) the geographical contiguity and economic viability of the area, namely, the ability of an area to provide the basic infrastructural and any other developmental needs from the monetary and other resources generated in the area.

The law (Act 462) therefore makes it contingent on the President in exercising the discretionary power to create a district to first ensure, through the advice of the

Electoral Commission, that the area has the stipulated population size and, secondly, that it is economically viable in terms of its ability to mobilise internal revenue and other internal resources for its own development. Thus, according to Act 642, the development of a district is to be primarily and largely financed from internally generated revenues and other resources mobilised from within the area or district.

Of the two preconditions, it is obvious that the population requirement for an area to be declared a district does not require any effort to attain particularly since Ghana, according to the Ghana Statistical Service (GSS) (2013), has a high annual population growth rate of about 2.5 percent. The second condition of economic viability of the area is however very critical and constitutes a determinant of the functionality of the districts as they are supposed to be autonomous and statutorily responsible for the overall development of their areas of jurisdiction mainly through internally generated funds (IGF).

It is therefore the focus of this study to ascertain the statutory requirement of economic viability of districts in Ghana so as to provide basis for an informed, valid and reliable conclusion on whether or not it is worthwhile and sustainable to create more districts in Ghana.

Objectives of the Study

The specific objectives of the study are to:

- assess the relative contribution of IGF and grants to the total revenue of the districts;
- assess the percentage of IGF to DACF in the districts;
- assess the contribution of DACF to total grants of the districts; and
- draw conclusion on whether or not it is worthwhile to create more districts in Ghana.

Methodology

The study relied on both quantitative and qualitative secondary data from published and unpublished sources such as journals, conference papers, newsletters, dissertations/theses, national surveys or reports relating to the subject matter and more importantly annual trial balances or final accounts of the districts.

Revenues of three (3) selected districts, namely the Kumasi Metropolitan Assembly (KMA) in the Ashanti Region, the Kassena Nankana Municipal Assembly (KNMA) in the Upper East Region and the Abura Asebu Kwamankese District Assembly (AAKDA) in the Central Region are examined to determine the relative contributions of Internally Generated Funds (IGF), the District Assemblies Common Fund (DACF) and other grants in the running and funding of development in the districts of Ghana.

The selection of the aforementioned regions was to reflect the various ecological zones of the country (i.e. northern/savanna, southern/forest and coastal zones) taking into account the different socio-economic characteristics of the three zones (See: GSS 2008; Yeboah and Obeng-Odoom, 2010). Selection of the districts was influenced by availability of secondary data coupled with the intention of the study to have one representation each of the three (3) local government units in the country i.e. district, municipality and metropolis.

Trend of Population Growth in Ghana

Just like most developing countries, the population of Ghana has been rising very fast over the years. According to the National Population Council (2011), the first post-independence population census in 1960 recorded a population of 6.7 million. From 1960 -2010, the population has more than tripled from 6.7million to 24.6million (GSS, 2013). The table below provides details on the trend of growth and doubling time of the population.

Table 1: Population Growth and Doubling Time in Ghana

Year	**Population**
1960	6,726,815
1970	8,559,313
1984	12,296,081
2000	18,912,079
2010	24,658,823
Period	**Doubling Time (in years)**
1960-1970	29
1970-1984	27
1984-2000	26
2000-2010	28

Source: GSS, 2013

The population is thus noted to double every 25 years with the doubling time between 2000-2010 being 28 years. Furthermore, the annual growth rate of the population for 1960 – 2010 has ranged from 2.4 to 2.7 per cent with that specifically for the period 2000 – 2010 being 2.5 per cent (GSS, 2013).

It is evident from the statistics that Ghana, indeed, experiences a rapid growth in her population and obvious that any intervention that would merely require population as a pre-requisite would easily be undertaken.

Creation of New Districts in Ghana

Major reforms to the decentralisation programme in the country took place with the passage of the PNDC Law 207 in 1988. This, according to FES and ILGS (2010), led to a re-demarcation of the country resulting in an increase in the number of districts at the time from 65 to 110. Since then, the 110 districts have increased to 216. The table below by Ayee 2012 cited in Mensah et al (2015) provides a summary of the trend of creation of new districts in Ghana.

Table 2: Trend of Creation of New Districts in Ghana

Year	No. of Districts	No. of additional (new) Districts Created	Total	Percentage Increase
Before 1988	65	45	110	69.2
2004	110	28	138	25.5
2008	138	32	170	23.2
2012	170	46	216	27.1

Source: Ayee (2012) cited in Mensah et al (2015)

Comparing the sequence and increases in the number of districts vis-à-vis the population trend in the country, it can be noted that it took 24 years for the 110 districts which existed in 1988 to almost double to 216 districts in 2012. This corresponds with the doubling of the country's population from 12.2 million in 1984 to 24.6 million in 2010, a period of 26 years, which is virtually in line with the time period it took for the districts to double.

Aside the influence of population in the creation of new districts, it is important to note the view of Swanzy (2015) that most districts created in Ghana after 1992 (that is when the country started practising multi-party democracy) seemed to have been done to fulfill political party election promises and win votes of particular constituents rather than to decentralise governance in the country.

Sources of Funding Development at the Districts

Districts in Ghana are empowered by the country's 1992 constitution and the Local Government Act 1993 (Act 462) to raise or mobilize revenue for their overall development. Revenues or funding to the districts are broadly grouped into two: 1) Internally generated revenues / funds (IGF) and 2) intergovernmental or central government or external transfers or grants.

Internally Generated Revenues/Funds (IGF): These are locally mobilised or raised revenues from within the jurisdictional area of a district. The sources of the IGF have been provided by Act 462 to comprise property rates, rent, lands, investments, fees and fines, and licenses. Studies have however shown that the districts are weak and incapable of raising adequate IGF for development leading to their overdependence on grants which erodes their accountability and autonomy (Inanga, E. O. and Osei Wusu, D. 2004; Mensah 2005; Mogues at al 2009; Petio 2013; Bandie 2015). It is additionally noted that where grants constitute a greater portion of local government revenue, the local governments (i.e. the districts) tend to become inefficient due to the fact that the funds may be erratic and often come as tied grants (Petio 2013; Adu-Gyamfi, E. 2015).

Sources of Grants

District Assemblies' Common Fund (DACF): This is a statutory fund, of not less than 5 percent (reviewed in 2007 to 7.5 percent) of total annual revenues of the country established under article 252 of the Constitution (1992) which is distributed among all the districts in quarterly installments, on the basis of a formula approved by Parliament. The DACF is said to constitute a major and in many districts the highest source of revenue (Mensah et al 2015) and also the most reliable form of grant from the central government to the districts (Shirazu, 2013). In some districts, the DACF (2014) reveals that the DACF covers about 80-90 percent of annual expenditure. Even with the enormous contribution of the DACF, Mogues et al (2009) argue that the 5 percent (currently 7.5 percent) share of subnational (i.e. the districts) to total spending in Ghana compares unfavorably with, for example, 29 percent in Bolivia; 34 percent in South Africa and 25 percent in Kyrgyztan.

Other Grants

Beside the DACF, there are a number of other grants available to the districts in Ghana. These include Urban Development Grant (UDG), HIPC funds, donor support, and more importantly the District Development Facility (DDF). Among these other grants, the DDF is of great importance due to its developmental impact on education, sanitation, health and roads in most Ghanaian districts.

District Development Facility (DDF): This is a performance-based grant or fund created by the Government of Ghana with support of her development partners to provide districts with additional developmental funding (Akurugu, 2013). An annual evaluation mechanism called the Functional and Organisational Assessment Tool (FOAT) is used to assess the performance of the districts to determine their eligibility for the grant or the quantum of the fund a district is eligible to (Akurugu, 2013). According to Farvacque-Vitkovic et al (2008), the DDF seeks to strengthen institutional performance of districts by linking access to discretionary development fund with regular performance assessments and capacity building support. For the period 2009-2012, Janus (2014) reveals that an amount of 211.45 million US dollars accrued to the DDF out of which the Government of Ghana only contributed 66 million US dollars. This therefore means that about 70 percent of the financial contributions from 2009-2012 to the DDF largely came from the development partners. Janus (2014) lists the development partners to comprise the Agence Francaise de Developpement (AFD) of France, Canadian International Development Agency (CIDA), Danish International Development Agency (DANIDA), and the German Development Bank (KFW).

With respect to developmental funding to the districts in the country, it is revealed that the districts receive about 70 percent of their budget from the DACF, 15 percent from the DDF and only 15 percent from IGF (Janus, 2014).

Analysis of Data

This section examines quantitative secondary data on the revenues of the three (3) selected districts for four (4) consecutive years i.e. 2007-2010. The revenues for each of the three (3) districts have been categorised into IGF, DACF and other grants for the analyses and are explained below.

Evaluation of Revenues of Kumasi Metropolitan Assembly (KMA)

Table 1A contains actual revenue figures of the KMA for the period 2007 – 2010. Three (3) complementary tables have additionally been generated from the data on table 1A.

These are table 2A, table 3A and table 4A each of which respectively contains the percentage contribution of the various revenue categories to the total revenue of the assembly, percentage of IGF to DACF and the percentage contribution of DACF to the total grants of the district.

Revenue Sources to the Kumasi Metropolitan Assembly

Table 1A: Composition of revenues (in Gh₵) to the Kumasi Metropolitan Assembly (KMA)

Year / Source	2007	2008	2009	2010
IGF	3,721,609.96	4,912,219.46	6,097,223.15	12,157,111.74
DACF	2,599,455.75	2,449,288.37	3,851,368.40	2,782,583.97
Other grants	5,170,971.16	3,396,760.67	6,154,234.18	7,281,963.41
Total Revenue	11,492,036.87	10,758,268.50	16,102,825.73	22,221,659.12

Source: Kumasi Metropolitan Assembly's Annual Trial Balances (2007-2010) cited in Adam 2011

Table 2A: Contribution (in %) of revenue by various components

Year / Source	2007	2008	2009	2010	Annual Average
IGF	32.40	45.70	37.90	54.70	42.68
DACF	22.60	22.80	23.90	12.50	20.45
Other grants	45.00	31.60	38.20	32.80	36.90
Total (%)	100.00	100.10	100.00	100.00	100.00

Source: Author's calculations from Adam 2011

From the above tables (1A & 2A), the KMA in 2007 realized a total revenue of Gh₵11, 492,036.87. Out of this, IGF constituted 32.40 percent, DACF representing 22.60 percent whiles other grants made up 45 percent of the total revenue of the assembly. In 2008, there was an increase in the percentage contribution of IGF to 45.7 percent of the total revenue of GhȻ10, 758,268.50 realised by the assembly with contributions of DACF and other grants constituting 22.80 percent and 31.60 per cent respectively. For the years 2009 and 2010, the percentage contributions of IGF to the total revenues for the respective years were 37.90 percent and 54.70 percent. For the same years, the DACF contributed 23.90 percent in 2009 and 12.50 percent in 2010 to the total revenues of the assembly whilst other grants raked in 38.20 percent and 32.80 percent to the 2009 and 2010 total revenues of the assembly respectively.

As a summary therefore, the annual average percentage contributions of the various revenue sources for the period 2007 to 2010 for the KMA were 42.68 percent for IGF, 20.45 percent for DACF and 36.90 percent for other grants. In effect, over the period of 2007-2010, grants constituted about 57 percent of the total revenue or funding to the running and development of the KMA.

Percentage of IGF to DACF of the KMA

Table 3A examines further the relative contribution of IGF and DACF to the administration and development of the KMA. The assessment is on the basis of the actual figures of the two revenue sources. This analysis is intended to determine whether the DACF is actually being an external supplementary revenue source to the assembly or it has, in quantum, been consistently higher than the assembly's IGF and thus become the major revenue source for development funding in the district.

Over the four year period as can be seen in the table below, IGF of the KMA has consistently exceeded the DACF. Specifically, IGF exceeded the DACF by 43.17 percent in 2007, 100.56 percent in 2008, 58.31 percent in 2009 and 336.90 percent in 2010.

Table 3A: Percentage of IGF to DACF of the KMA

Year / Source	2007	2008	2009	2010	Annual Average
IGF	3,721,609.96	4,912,219.46	6,097,223.15	12,157,111.74	6,722,041.08
DACF	2,599,455.75	2,449,288.37	3,851,368.40	2,782,583.97	2,920,674.12
% of IGF	143.17	200.56	158.31	436.90	230.15

Source: Author's Construct from Adam 2011

On the average, KMA's IGF exceeded its DACF by 130 percent between 2007 and 2010. This may imply that the KMA can undertake reasonable development interventions from its IGF.

Percentage Contribution of DACF to Total Grants of the KMA

At this point, the study intends to examine the contribution of the DACF as a fixed-rate constitutionally guaranteed developmental grant to the total grants of the KMA. This is to determine the weight or impact, in percentage terms, of the DACF on the total grants of the assembly.

From table 4A, the percentage contributions of the DACF to total grants of the KMA for 2007-2010 were 33.45 percent, 41.90 percent, 38.49 percent and 27.65 percent respectively.

Table 4A: Contribution (in %) of DACF to Total Grants

Year / Source	2007	2008	2009	2010	Annual Average
DACF	2,599,455.75	2,449,288.37	3,851,368.40	2,782,583.97	2,920,674.12
Total Grants	7,770,426.91	5,846,049.04	10,005,602.58	10,064,547.38	8,421,656.48
% of DACF	33.45	41.90	38.49	27.65	34.68

Source: Author's calculations from KMA Annual Trial Balances cited in Adam 2011

The annual average percentage contribution of the DACF to total grants for the 4 year duration is further assessed to constitute 34.68 percent.

Abura Asebu Kwamankese District

Evaluation of Revenues of Abura Asebu Kwamankese District Assembly (AAKDA)

From tables 1B and 2B, the annual average percentage contributions of the various revenue sources for the period 2007 to 2010 for the AAKDA were 6.28 percent for IGF, 52.54 percent for DACF and 41.17 percent for other grants.

Table 1B: Composition of revenues to the Abura Asebu Kwamankese District Assembly (AAKD)

Year / Source	2007	2008	2009	2010
IGF	50,077.20	87,864.70	90,431.75	74,644.17
DACF	446,918.02	308,175.86	477,105.52	750,543.47
Other grants	341,401.97	430,262.79	271,541.31	1,986,672.27
Total Revenue	838,397.19	826,303.35	839,078.58	2,811,859.91

Source: Abura Asebu Kwamankese District Assembly's (AAKDA) 2012 Composite Budget and AAKDA's Annual Trial Balances (2005- 2010) cited in Dick-Sagoe and Djimatey, 2015.

Table 2B: Contribution (in %) of revenue by various components

Year / Source	2007	2008	2009	2010	Annual Average
IGF	5.97	10.63	10.78	2.65	6.28
DACF	53.31	37.30	56.86	26.69	52.54
Other grants	40.72	52.07	32.36	70.65	41.17
Total (%)	100.00	100.00	100.00	100.00	100.00

Source: Author's calculations from Dick-Sagoe and Djimatey, 2015 and AAKDA's 2012 Composite Budget

It is thus obvious from the above statistics that the development of AAKDA practically depends entirely on grants since the DACF and other grants overwhelmingly represent about 94 percent of funding to the district.

Percentage of IGF to DACF of the AAKDA

From table 3B below, IGF of the AAKDA has consistently been insignificant compared to the DACF. This results in an equally very low annual average IGF percentage to DACF of about 15 percent.

Table 3B: Percentage of IGF to DACF of the AAKDA

Year / Source	2007	2008	2009	2010	Annual Average
IGF	50,077.20	87,864.70	90,431.75	74,644.17	75,754.46
DACF	446,918.02	308,175.86	477,105.52	750,543.47	495,685.72
% of IGF	11.21	28.51	18.95	9.95	15.28

Source: Author's calculations from Dick-Sagoe and Djimatey, 2015 and AAKDA's 2012 Composite Budget

Percentage Contribution of DACF to Total Grants of the AAKDA

The percentage contributions of the DACF to total grants of the AAKDA for 2007, 2008, 2009 and 2010 were 56.69 percent, 41.73 percent, 63.73 percent and 27.42 percent respectively. See details in table 4B.

Table 4B: Contribution (in %) of DACF to Total Grants

Year / Source	2007	2008	2009	2010	Annual Average
DACF	446,918.02	308,175.86	477,105.52	750,543.47	495,685.72
Total grants	788,319.99	738,438.65	748,646.83	2,737,215.74	1,253,155.30
% of DACF	56.69	41.73	63.73	27.42	39.55

Source: Author's calculations from Dick-Sagoe and Djimatey, 2015 and AAKDA's 2012 Composite Budget

The annual average percentage contribution of the DACF to total grants for the 4 year duration represents 39.55 percent.

Kassena Nankana Municipal Assembly (KNMA)

Revenue Components of the KNMA

In the KNMA, the annual average percentage contributions of the various revenue sources for the period 2007 to 2010 are 6.57 percent for IGF, 39.72 percent for DACF and 53.71 percent for other grants.

It is thus evident that the KNMA is also practically dependent on grants. This is because 93 percent of funding to the district is grants i.e. the DACF and other grants. The details are provided in tables 1C and 2C.

Table 1C: Composition of revenues (in Gh₵) to the Kassena Nankana Municipal Assembly (KNMA)

Year / Source	2007	2008	2009	2010
IGF	169,349.43	173,935.28	119,857.52	145,073.37
DACF	755,376.81	988,395.42	970,169.01	986,983.53
Other grants	1,214,467.86	970,284.68	954,944.20	2,181,646.36
Total Revenue	2,139,194.10	2,132,615.38	2,044,970.73	3,313,703.26

Source: Kassena Nankana Municipal Assembly's Annual Final Accounts (2007-2010)

Table 2C: Contribution (in %) of revenue by various components

Year / Source	2007	2008	2009	2010	Annual Average
IGF	7.90	8.16	5.86	4.34	6.57
DACF	35.30	46.34	47.44	29.78	39.72
Other grants	56.80	45.50	46.70	65.84	53.71
Total (%)	100.00	100.00	100.00	100.00	100

Source: Author's calculation from KNMA's Annual Final Accounts (2007-2010)

Percentage of IGF to DACF of the KNMA

Again, just as in the case of AAKDA, the IGF of the KNMA has also been consistently insignificant compared to the assembly's DACF resulting in an equally very low annual average IGF percentage to DACF of about 16 percent. For the details, look at table 3C. This seems to paint a picture that the KNMA is incapable of mobilising adequate and sustainable internal funds for development. It is even further evident from the data that the DACF which is a constitutionally guaranteed fund to supplement districts' IGF has rather become the major development fund for the KNMA.

Table 3C: Percentage of IGF to DACF of the KNMA

Year / Source	2007	2008	2009	2010	Annual Average
IGF	169,349.43	173,935.28	119,857.52	145,073.37	152,053.90
DACF	755,376.81	988,395.42	970,169.01	986,983.53	925,231.19
% of IGF	22.50	17.60	12.35	14.70	16.43

Source: Author's calculations from KNMA's Final Accounts (2007-2010)

Percentage Contribution of DACF to Total Grants of the KMA

For the period 2007 to 2010 as contained in table 4C, the annual average contribution of the DACF to total grants of the KNMA is about 41 percent. This certainly results from the very significant yearly percentage contribution of the DACF to total grants which ranged from 31 percent to 50 percent.

It is clear from the above that the contribution of the DACF to total grants of the KNMA is very significant just as in the case of AAKDA and cannot therefore be downplayed.

Table 4C: Contribution (in %) of DACF to Total Grants

Year / Source	2007	2008	2009	2010	Annual Average
DACF	755,376.81	988,395.42	970,169.01	986,983.53	925,231.19
Total grants	1,969,844.67	1,958,680.10	1,925,113.21	3,168,629.89	2,255,566.97
% of DACF	38.35	50.46	50.40	31.15	41.02

Source: Author's calculations from KNMA's Final Accounts (2007-2010)

Findings and Discussions

Scantily Low Contribution of IGF to Total Revenue of the Districts

From the study, it is established that, generally, the contribution of IGF to total revenue of districts in Ghana is insignificant. With the exception of the KMA which experienced almost 43 percent IGF contribution to the total revenue of the assembly for the 4 year duration, the IGF of the remaining two districts for the same period i.e. the AAKDA and KNMA, only contributed paltry rates of about 6 percent and 7 percent respectively to the total revenues of the two districts.

It is evident therefore that the existing districts are not economically viable as they do not have the ability to mobilise substantial internal revenues for development. This is affirmed by a number of studies including Inanga and Osei Wusu (2004); Mensah (2005); Mogues at al (2009); Petio (2013); and Bandie (2015) which established earlier that districts in the country are weak and unable to mobilise adequate internal revenues for development and as a result rely heavily on grants to function. This finding of scantily low IGF to total revenue of the districts reveals further that the requirement of economic viability of an area specified in Act 462 as a precondition for declaring the area a district is not even met or satisfied by the existing districts. Worryingly, more new districts have been created in total disregard of addressing the key issue of economic viability of the existing districts. This gives credence to the assertion by Swanzy (2015) that the creation of most districts in Ghana after 1992 appeared to have been done primarily for political expediency rather than to decentralise governance in the country.

Low Percentage of IGF to DACF of the Districts

As regards the percentage of IGF to DACF, the study reveals that it is only the KMA which has consistently mobilized internal revenues far in excess of its DACF. Specifically, over the four (4) year period, IGF of the KMA far exceeded its DACF by 130 percent. The case is however pathetically different for the AAKDA and the KNMA. For the AAKDA, the IGF constituted just about 15 percent of the DACF for the four (4) year period and that of the KNMA also representing only about 16 percent for the same period. It therefore implies that for the AAKDA and the KNMA, the DACF contributes about 85 percent and 84 percent respectively of development funding over their IGFs. The very high percentage of DACF over the districts' IGFs confirmed the assertions by Janus (2014) and Mensah et al (2015) that the DACF constitutes a major and in many districts the highest source of revenue for developmental financing. It is also true the finding of the DACF (2014) that the DACF covers 80-90 percent of annual expenditure in some districts.

Furthermore, given the fact that the DACF constitutes about 80 percent of funding to the districts, it is important to reiterate that the DACF is the only supplementary guaranteed grant at a fixed rate of 7.5 percent of annual national revenues of the country that is shared or allocated, on quarterly basis, to all the districts and so the more new districts are created, which obviously would depend on it, the less the quarterly allocations and the developmental impact the DACF can bring to the districts.

DACF, a Major Contributor to Total Grants of the Districts

Even though it has been established that the districts depend on grants to function, the DACF as the only constitutionally guaranteed development grant has further been noted to be a major contributor to the total grants (i.e. the DACF plus other grants) of the districts. With respect to the three (3) districts studied, the DACF in the four (4) year period contributed about 35 percent, 40 percent and 41 percent respectively to the total grants of the KMA, the AAKDA and the KNMA.

On the average, the DACF therefore singly constitutes about 40 percent of the multiplicity of grants to the districts in Ghana and as already indicated, being a fixed rate of 7.5 percent of annual national revenues allocated quarterly to all districts, the developmental impact of the DACF is undermined with creation of more districts that cannot capably mobilise adequate internal revenues for their own development.

Creation of New Districts largely influenced by Population size and not Economic viability

The study also found out that the trend of creation of new districts in the country is influenced largely by population size rather than economic viability of the areas. Given both trends of creation of new districts and population growth as provided by Ayee (2012) cited Mensal et al (2015) and the GSS (2013) respectively, Ghana would have about 432 districts in 2038, that is the next 28 years (the average doubling time of the country's population) from 2010, if population size continues to largely influence the creation of new districts. Such a high number of districts would definitely be unsustainable since the DACF which is the main funding source to the districts is only a fixed rate of annual national revenues distributed quarterly to all the districts.

Conclusion

Generally, the study established that the contribution of IGF to the total revenue of districts in Ghana is miserably insignificant for development and as a consequence, the districts almost wholly depend on grants particularly the DACF for development. This undeniably proves a point that the districts are not economically viable since they are unable to provide basic infrastructural and other developmental needs from monetary and other resources generated within their areas of jurisdiction. In spite of this, many more new districts have been created over the years - that continue to depend largely on grants especially the DACF - without regard to first actually ascertaining the statutory requirement of economic viability of the areas as provided for in Section 1 (4) of the Local Government Act, 1993, Act 462. It needs to be emphasised that the requirement of economic viability is a determinant of functionality and autonomy of the districts such that where economic viability cannot be guaranteed, then the districts automatically lose their autonomy in deciding on their developmental priorities and the time to undertake them. Furthermore, as the districts depend largely on grants to function, decentralisation cannot also be said to be truly responsive and accountable to the needs of the local people since the districts might sometimes be dictated to as a condition for the grants which invariably might not conform to the developmental priorities and needs of the people.

Relatedly, though grants are noted to be the major source of budgetary funding to the districts, it has been ascertained that the DACF which is a constitutionally guaranteed grant of 7.5 per cent of annual national revenues alone constitutes about 40 per cent of the multiplicity of grants to the districts. Given this together with the fact that the DACF is the major developmental fund to the districts, creation of more districts that are not economically viable would put extra stress on the DACF and thus undermine its developmental impact in the districts.

Beyond all the above, it is particularly necessary to again draw attention to the worrying phenomenon that the creation of new districts over the years has been dictated by population size to the neglect of the requirement of economic viability of the areas. For new districts to actually live up to their statutory obligation of ensuring development at their territorial areas, it is imperative that the requirement of economic viability should rather always be given top priority over population size in the creation of new districts.

In the light of these revelations, it would therefore only be prudent to create more districts in Ghana if the economic viability of the areas can be guaranteed to ensure functionality and autonomy of the new districts. There is need for capacity building for the existing districts to improve upon internal revenue mobilization to lessen their over-reliance on the DACF.

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