

## Fiscal decentralisation for local service delivery of water, sanitation, and hygiene: the case of Ghana.

The 96<sup>th</sup> edition of the National Level Learning Alliance Platform (NLLAP) engendered fruitful discussions among Water, Sanitation and Hygiene (WASH) sector experts and practitioners on fiscal decentralization for local WASH service delivery. The view of the participants is that a well-co-ordinated decentralized service delivery backed by relevant human resources and sustainable funding to Metropolitan, Municipal and District Assemblies (MMDAs) is the surest way to achieve the sustainable development goal six- "ensure the availability and sustainable management of water and sanitation for all by 2030".

The 97<sup>th</sup> National Level Learning Alliance Platform (NLLAP) meeting took place on 23<sup>rd</sup> March, 2023 at the Coconut Groove Hotel in Accra. Over 65 stakeholders from various institutions including Government Ministries, Agencies, NGOs, Private sector and the media participated in the event. The theme for the session was 2023 WASH budget analysis and fiscal decentralization in Ghana. The theme of the event was fiscal decentralization for local service delivery of water, sanitation and hygiene, the case of Ghana. The main purpose was to disseminate the findings of a six-country study on fiscal decentralization on WASH service delivery, including Ghana. One of the critical findings was the low priority and low funding for WASH activities in Ghana, particularly at the district level. The learning was for WASH stakeholders to accelerate advocacy to national and local governments as well as development partners to provide more funding to WASH activities to meet the WASH SDG six by 2030.

WaterAid Ghana led the discussions, and also shared findings of baseline study on system strengthening building blocks in Bongo district.

### Background/ Context

Over the past thirty to forty years, decentralization has been a key policy objective for many low- and middle-income countries (LIC/ MICs), including Ghana, and has been promoted as a vital governance reform by many international agencies. However, in many countries, there has been a greater decentralization of responsibilities than revenues or financial autonomy. Furthermore, there is often a significant gap between what theory suggests is best practice for fiscal decentralization and what is implemented in practice reinforced by challenges such as limited financial and human resources, delayed funding transfers, accountability at national and local levels, and complex accounting procedures. As a result, many local governments lack the technical and financial capacity to carry out the administrative duties that they have been assigned, including within the WASH sector. Recognizing that strengthening national processes for fiscal decentralization is a critical step in enabling local governments to fulfill their responsibility for delivering public services.

In simply term, decentralization means how best to get people participate in decisions and actions of Government that affect them. Ghana's decentralization pre-dated the colonial era. Local governance existed in pre-colonial, colonial and post-colonial eras. Since 1982, the Provisional National Defense Council (PNDC), through various commissions and committees developed the "Blue Book" to strengthen grassroots participation & established the District Assembly System-Local Governance Law 1988, PNDC 208. Also, with Ghana's return to constitutional democracy, article 240 of the 1992 Constitution is devoted to decentralization. Furthermore, article 252 District Assembly Common Fund (DAFC), Local Governance Act 2016, Act 936 all support decentralization in Ghana. In addition, decentralization also evolved and strengthened by Ghana's commitment to Africa regional and global agendas- Victoria Falls Declaration (1999) on an African Vision on Decentralisation, the 2015 Millennium Development Goals (MDG), and the 2030 Sustainable Development Goals (SDG).

WaterAid undertook a global study into decentralization of WASH financing and was concurrently undertaken in six (6) countries. The main objective of the study was to ascertain the effect of

decentralisation and fiscal decentralisation on sustainable WASH services delivery, as well as propose key improvements necessary for the effective delivery of sustainable WASH services. The Ghana study had two case studies at Ablekuma Central Municipal Assembly in the Greater Accra Region and Bongo District Assembly. The focus of the Ablekuma Central District Assembly was on sanitation, whilst that of the Bongo District Assembly was on rural water supply, sanitation, and hygiene (WASH). The study did a deep-dive analysis on financial flows and fiscal decentralization in the WASH sector in Bongo District. Assembly and Ablekuma Central Municipal Assembly, and the factors that impact its effectiveness and how this impacts the delivery and sustainability of WASH services.

Beyond getting the findings, the NLLAP was used: **(a)** to create opportunity for sector engagement on fiscal decentralization and its impact on WASH service delivery, **(b)** to highlight financial gaps in the WASH sector that hinder the achievement of sustainable and universal WASH access, and to **(c)** to provide evidence for sector stakeholders and equip other CSOs with evidence for national-level advocacy leading to improvements for more effective service delivery through broader fiscal decentralization.

### Typology of Ghana's Decentralization

The six thematic areas of decentralization are: Political, Administrative, Decentralized Planning (National Development Planning System, 1994, Act 480; Decentralized planning and framework, revised, 2010, Land use and spatial planning), Fiscal Decentralization (PFMA Act), Local Economic Development (National Development Planning System, 1994, Act 480; PPP Act, 2020, (Act 1039), and Popular Participation. The Local Governance Act, 2016 (Act 936) has well elaborated provisions to promote local level democracy and popular participation through active citizen engagement.

Decentralized development approach has contributed to enhance Ghana's socio-economic profile. Ghana has achieved major development gains over the past three decades, but progress has slowed down: the economy is more reliant on natural resources extraction and poverty reduced with high inequalities though, whilst job creation stalled.

In recent years, fiscal pressures are high-over the first half of 2022, fiscal deficit reached 5.6% of GDP well above 3.9 % target for the same period. Revenue underperformance as flagship e-levy was introduced late & faced major implementation challenges.

#### Key Findings of Research

The research findings covered sources of revenue, fiscal decentralization in WASH, case studies of Bongo and Ablekuma Assemblies, challenges of fiscal decentralization and advocacy issues.

**In terms of sources of revenue to District Assemblies**, the main revenue sources are:

- Internal Generated Funds (IGF: Rates, fees, Licences, Land and Royalties)
- Central Government Transfers, with District Assembly Common Fund (DACF)
- District Performance assessment Tool (DPAT)/District Development Fund (DDF)
- Urban Development Grant, Mineral Development Fund
- Transfers from line ministries. For example, Ministry of Health (MOH)

**In terms of fiscal decentralization in WASH**, there is no fiscal decentralization in urban water supply services- the Ghana Water Company Limited (GWCL), a public utility organization provides water to urban population with limited involvement of local authorities in planning, implementation, monitoring, evaluation, and reporting. No direct cash transfer goes to Districts for water service provision. In the rural and small peri-urban water sector where the Community Water and Sanitation Agency (CWSA) operates, the districts provide very minimal support to CWSA for new facilities and little rehabilitation, operation, and maintenance.

**Bongo** is a rural district in Upper East Region. It is a poor district with limited opportunities to generate high internal generated funds (IGF). Open defecation (OD) rate is above 70%. Between 60-80% of all WASH investments come from donors and CSOs such as WaterAid Ghana (WAG), Catholic Relief Services (CRS), World Vision International Ghana. The Assembly spends about 0.03% of her IGF on WASH. This is sometimes supplemented with WASH projects from Central Government implemented by the CWSA.

WASH Planning in Bongo District is integrated into the District Planning processes and reflected in District Medium Term Development Plans (MTDP), Annual WASH Action Plan and Bongo District Water Security Plan. Inclusive and participatory processes are followed to develop plans. With respect to fiscal decentralization, the main source of funds transferred to the Local Government is the District Assembly Common Fund (DACF). MMDAs like Bongo have the free will to allocate the DACF to various development sectors of the district. However, in the last five years the poor DACF releases by Central Government has constrained WASH activities in the district. This is compounded by many deductions at source by Central Government - as some projects for the districts are contracted and paid at the national level on behalf of the districts.

**Ablekuma Central** has made strides in water supply delivery

as an urban district, but still grapples with solid waste management challenges. Only About 65% of the 750 tonnes of waste generated is collected. 17% of households in the municipality depend on public toilets. Their ability to generate IGF is also limited, and they need support.

#### Potential Advocacy Areas

The study findings revealed some advocacy issues for WAG and its collaborators as well as Organizations interested in promoting universal access to WASH by deepening fiscal decentralization. Some of the areas include:

- At source deductions from DACF before transfers to MMDAs. The implication is that not all funds meant for the district is transferred, yet it becomes difficult for the district to exert control on the implementation of a project awarded at national level. There is also value-for-money infractions. WAG and other CSO need to advocate to stop the unnecessary at source deductions of DACF. In some cases total deductions can almost be 50% of total district allocated revenue
- More clarity is needed on CWSA future role. The uncertainty surrounding the future role of CWSA needs to be cleared. CONIWAS in collaboration with WAG and other CSOs should engage the MSWR and CWSA to clarify the future role of CWSA. The past strategic focus of CWSA on the rural and small-town WASH delivery should be juxtaposed to CWSA ongoing reforms with more clarity and alacrity.
- WAG and CONIWAS should lead tactical and focused advocacy to get Government attention more on sanitation with the needed financial support.
- WAG should intensify efforts on education on SDG six, with more efforts made to get MMDAs localize the SDG six and own the process of WASH service delivery.

#### Participants Contributions and Comments

Participants contributions centred on the need for intensive advocacy and dialogue with Central Government Ministries and agencies to promote effective decentralization and get more funds to the districts to sustain gains made on WASH service delivery. Participants expressed the fear that sustainability of WASH facilities and services will be compromised if districts do not have funds to undertake operation and maintenance and get needy communities the WASH they desire so much. It was also suggested to get the private sector partnership to provide WASH facilities and services to the last mile communities.



*NLLAP is a WASH sector multi stakeholder platform with the overall goal of improving sector learning and dialogue. It is hosted by the Ghana WASH Resource Centre Network (RCN). The platform offers learning and sharing opportunity for sector players as one of the practical approaches to improving sector engagements/sharing with the long term aim of achieving a knowledge driven WASH sector that delivers quality and sustainable services in Ghana. NLLAP meetings take place on the last Thursday of every month (with modifications when necessary) and are open to all interested parties. The discussions of each NLLAP meetings can be found on the RCN website [www.washghana.net](http://www.washghana.net).*

If you are interested to propose a topic for a meeting please contact us on,  
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