

**THE IMPACT OF DISTRICT ASSEMBLY COMMON FUND ON SOCIO-  
ECONOMIC ACTIVITIES IN THE NEW JUABEN MUNICIPALITY**

BY

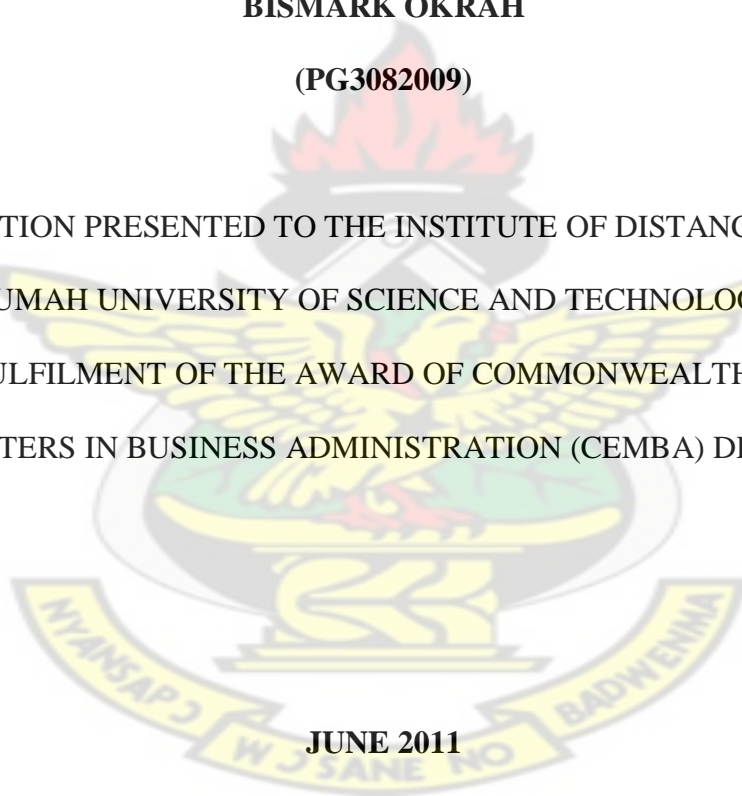
KNUST

**BISMARCK OKRAH**

**(PG3082009)**

A DISSERTATION PRESENTED TO THE INSTITUTE OF DISTANCE LEARNING,  
KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI, IN  
PARTIAL FULFILMENT OF THE AWARD OF COMMONWEALTH EXECUTIVE  
MASTERS IN BUSINESS ADMINISTRATION (CEMBA) DEGREE

**JUNE 2011**



## DECLARATION

I hereby declare that this submission is my own work towards the Commonwealth Executive Masters in Business Administration and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

KNUST

BISMARK OKRAH

.....

.....

STUDENT ID: PG 30822009

Signature

Date

Certified by:

JOSEPH A. MENSAH

.....

.....

Supervisor

Signature

Date

PROF. I. K. DONTWI

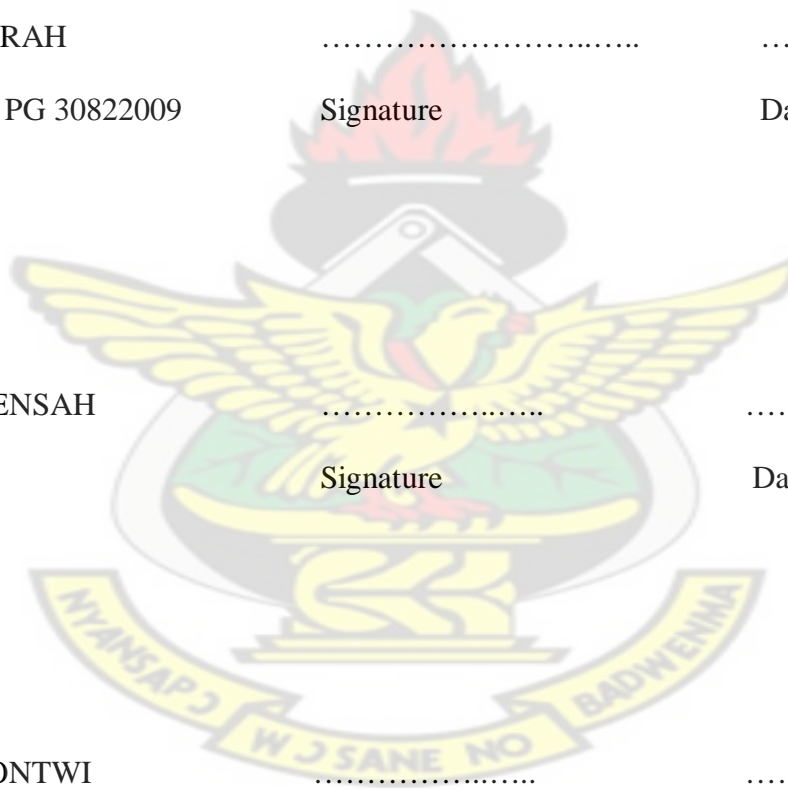
.....

.....

Dean - IDL

Signature

Date



### **(ABSTRACT)**

The research investigates the impact of the District Assembly Common Fund on socio-economic activities in the New Juaben Municipality. The objectives of the study were to determine how the New Juaben Municipal Assembly (NJMA) has been using its share of the common fund over the past 5 years; analyse the socio-economic impact of the use of the DACF on the people in the Municipality and also analyse the problems the Municipal Assembly encounters in the use of the DACF in the Municipality. The population for the study was all the people in NJM. However, it was divided into five main respondent groups based on the five main research questions. This elicited the use of a variety of sampling techniques and sampling sizes. The main data collection instruments were questionnaire, interviews and observations, and these were focused on education, health, poverty alleviation, social amenities and infrastructural development. It was found that the NJMA has used its share of the DACF to promote education in the municipality. This has benefited the communities through an increase in enrolment in schools. There is an improvement in the health delivery system as a result of the use of the DACF to build a community health clinic in one of the communities, which other communities can easily have access. On the benefits from the poverty alleviation fund, there were mixed feelings. Some people have benefited, others have not derived any benefit. On social amenities, it was revealed that none of the six communities used as the research area has benefited from any form of social amenity. The NJMA has used its share of the DACF to provide infrastructural facilities. Infrastructure like septic tank latrine, hand dug well, feeder roads and electricity have been provided through DACF. It is recommended that government and other stakeholders should strengthen the financial management and use of the DACF and other public resources by the MMDAs and also streamline the system through: Public education on the DACF and its uses, transparency in the disbursements and utilization of the Fund. Reconsideration of the allocation of the Fund; flexibility in the guidelines of the allocation, disbursements and utilization of the Fund to cater for peculiarities in the various communities ; strengthening of mechanisms for mobilization of internally generated funds (IGF); minimization of political interference in the

administration of the DACF; and Institutionalisation of the tracking of the DACF, using participatory methods.

# KNUST



## **DEDICATION**

This work is dedicated to my father Mr. Stephen K. Okrah and my mother Comfort Abena Domase Okrah for showing profound interest in my education.

# KNUST



## TABLE OF CONTENTS

DECLARATION.....	ii
ABSTRACT.....	iii
DEDICATION .....	iv
ACKNOWLEDGEMENT .....	v
TABLE OF CONTENTS .....	vi
LIST OF TABLES .....	vii
LIST OF FIGURES .....	viii
ABBREVIATIONS .....	ix
CHAPTER ONE: INTRODUCTION	
1.1 BACKGROUND OF THE STUDY .....	1
1.2 STATEMENT OF THE PROBLEM .....	4
1.3 OBJECTIVES OF THE STUDY.....	5
1.4 RESEARCH QUESTIONS .....	5
1.5 SIGNIFICANCE OF THE STUDY .....	6
1.6 SCOPE AND DELIMITATIONS.....	7
1.7 ORGANISATION OF THE STUDY.....	8

## **CHAPTER TWO: LITERATURE REVIEW**

2.1 CONCEPT OF DISTRICT ASSEMBLY COMMON FUND .....	9
2.2 DECENTRALISATION AS A TOOL FOR RURAL DEVELOPMENT .....	13
2.3 REVENUE AS PREREQUISITE FOR EFFECTIVE RURAL ECONOMIC EMPOWERMENT .....	18
2.4 MEASUREMENT OF BENEFITS OF DECENTRALISATION.....	19

## **CHAPTER THREE: METHODOLOGY**

3.1 TYPES OF DATA .....	20
3.2 POPULATION AND SAMPLING TECHNIQUES.....	20
3.3 SAMPLE SIZE .....	22
3.4 METHODS USED FOR DATA COLLECTION.....	22
3.5 METHODS OF DATA ANALYSIS.....	23

## **CHAPTER FOUR: ANALYSIS AND DISCUSSING OF DATA**

4.1 DATA ANALYSIS .....	26
4.2 CONCLUSION.....	Error! Bookmark not defined.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION**

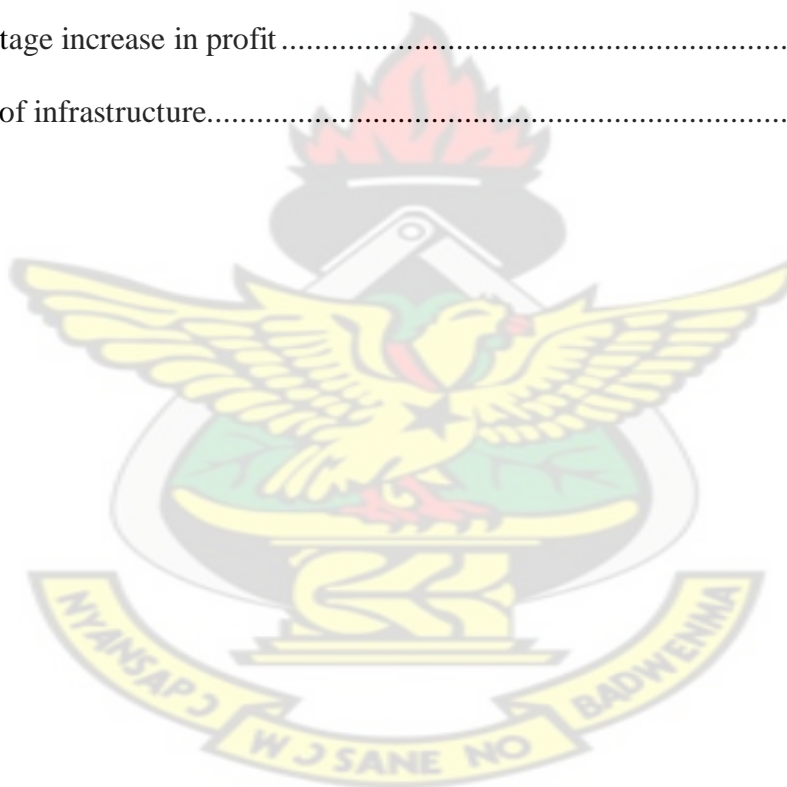
5.1 SUMMARY .....	Error! Bookmark not defined.
5.2 CONCLUSION .....	45
5.3 RECOMMENDATIONS.....	46

<b>REFERENCE LIST.....</b>	<b>53-55</b>
----------------------------	--------------

<b>APPENDICES .....</b>	<b>56-61</b>
-------------------------	--------------

## LIST OF TABLES

Table 1: Enrolment in the schools .....	246
Table 2: Types of illness and average attendance at the clinic.....	30
Table 3: Amount released by HJMA for disbursement .....	31
Table 4: Disbursement to beneficiary groups.....	330
Table 5: Amount collected by the beneficiaries .....	33
Table 6: Percentage increase in profit.....	38
Table 7: Types of infrastructure.....	41





## LIST OF FIGURES

Figure 1: Disbursement of the poverty alleviation fund .....	34
Figure 2: Respondents and their respective business ventures.....	36
Figure 3: Benefits from the poverty alleviation fund.....	38

KNUST

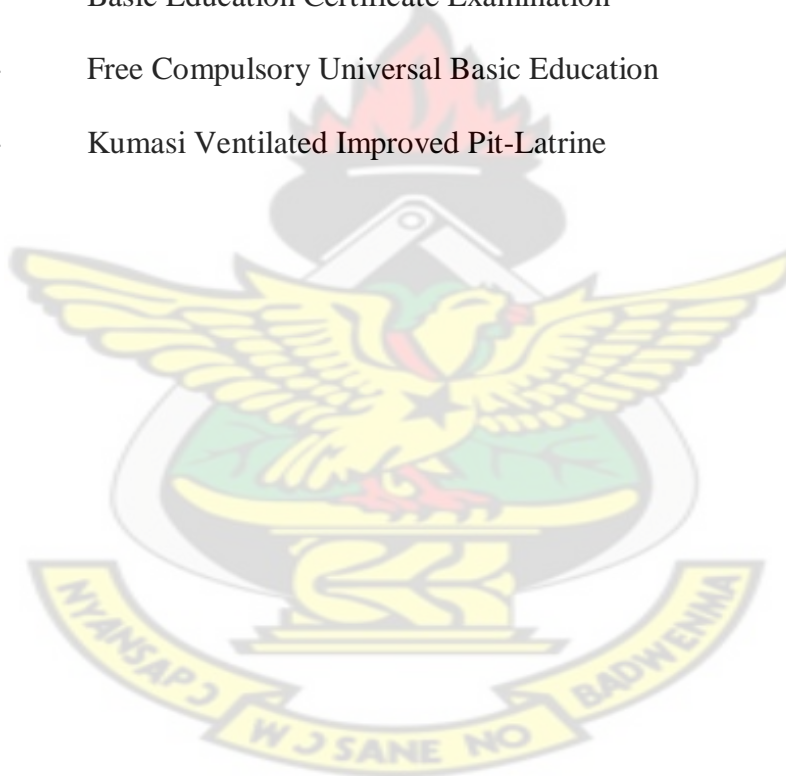


# KNUST



## LIST OF ABBREVIATIONS

DAs	-	Districts Assemblies
DACF	-	District Assembly common fund
NRCD	-	National Redemption Council Decree
NJM	-	New Juaben Municipality
NJMA	-	New Juaben Municipal Assembly
SSS	-	Senior Secondary School
SSSCE	-	Senior Secondary School Certificate Examination
BECE	-	Basic Education Certificate Examination
FCUBE	-	Free Compulsory Universal Basic Education
KVIP	-	Kumasi Ventilated Improved Pit-Latrine



## **ACKNOWLEDGEMENT**

In coming out with this work I owe a debt of gratitude to all those who helped in diverse ways to make this work a success. I wish to express my sincere gratitude to Mr. Joseph Mensah of the Institute of Distance Learning, KNUST, who took time to read through the manuscript and made the necessary suggestions.

I am indebted to Mr. Stephen K. Okrah, my father for his support and endurance in my education. The same gratitude goes to my wife Mercy Agyeiwah Okrah, my son and daughters Abrampa, Ameyaa, Domase Okrah and friends, Mr. Amos Karikari, Mr. Thomas Ameyaw, Mr. Ofori, Mr. G.K Ocloo and all those I have failed to mention but who contributed in diverse ways towards the successful completion of my programme at KNUST.

I am also very grateful to the New Juaben budget officer Mr. J. Donkor and the financial controller Mr. Djato for their advice and support.

Lastly I thank Mr. Reginald Ankrah who took pains to type the manuscript.

To everybody I say thank you and God bless you all.

## **CHAPTER ONE**

### **INTRODUCTION**

KNUST

#### **1.1 BACKGROUND OF THE STUDY**

The system of local government in Ghana today can be said to have its roots in the colonial era when the system of traditional authorities and the local councils were set up as advisory boards whose only effective independent function was the levying of rates on immovable household property. According to Ahwoi (1992), the governments appeared in the past not to have put any serious premium on local governments as agencies for development because of their very structures, functions and roles inherited at independence, which have remained unchanged for a very long time.

Ever since independence in 1957, successive governments of Ghana have accepted decentralised administration as part of the main machinery of government. Thus, the Mills-Odoi Report (1968) as well as the Siriboe Report (1968) contained provisions relating to the establishment and functions of local level government. Also NRCD 258 Local Administration Amendment Decree 1974 as well as the abrogated constitutions of the Second and Third Republics of the 1969 and 1979 respectively supported this issue (The Constitution of the Second Republic, 1969; The Constitution of the Third Republic, 1979).

In 1993, the Local Government Act, Act 462 made it possible for the establishment of the District Assemblies (DAs) in support of the decentralisation process (The Constitution of the Fourth Republic, 1992). Section 10 (3) of this Act specifies the following functions of the DAs:

- (a) responsible for the overall development of the district;
- (b) formulate and execute plans, programmes and strategies for effective mobilisation of resources necessary for the overall development of the district;
- (c) promote and support productive activities and social development in the district and remove any obstacles to initiative and development;
- (d) initiate programmes for the development of basic infrastructure and provide municipal works and services in the district;
- (e) be responsible for the development, improvement and management of human settlements and the environment in the district;
- (f) in co-operation with the appropriate national and local security agencies, be responsible for the maintenance of security and public safety in the district;
- (g) ensure ready access to courts in the district for the promotion of justice;
- (h) initiate, sponsor or carry out such studies as may be necessary for the discharge of any of the functions conferred by the Act or any other enactment;
- (i) perform such other functions as may be provided under any other enactment.

There is no doubt that for effective and efficient implementation of the above functions, there is the need for strong financial support. Hitherto, the traditional sources of funds for the local authorities have been the following:

- (a) Identified Licenses, Rates and Taxes
- (b) Interest on Investments

- (c) Shared Revenues
- (d) Profits from trading activities and projects
- (e) Loans and overdraft facilities to the tune of twenty million cedis (¢20,000,000) subject to the approval of the Ministers of Local Government and Finance
- (f) Local and foreign grants

Notwithstanding the above traditional sources of funds for development in the various districts, most districts were not financially sound due to difficulties in collecting these revenues. The inadequacy of these traditional sources of fund led to the introduction of the concept of “Ceded revenue” by the Local Government Act, 1993 (Constitution of the Fourth Republic, 1992). By that arrangement, a percentage of the monies collected by the central government agency, the Internal Revenue Service (IRS), are distributed to the DAs by a formula by the Ministry of Local Government and Rural Development.

Even though the DAs were expected to be self-sufficient through the “Ceded fund” and the traditional sources of finance, most were finding it difficulties in getting enough money for salaries, wages and development projects. Thus to address these financial deficiencies among the DAs, the District Assembly Common Fund (DACF) was established by the 1992 Constitution. Section 252 of the constitution provides the following:

- (i) There shall be a fund to be known as the District Assemblies Common Fund,
- (ii) Subject to the provision of this constitution, Parliament shall annually make provision for the allocation of not less than five percent (5%) of the total revenues of Ghana to the District Assemblies for development and the amount shall be paid in quarterly installments.
- (iii) The monies accruing to the DAs in the Common Fund shall be distributed among all the DAs on the basis of a formula approved by Parliament.



- (iv) There shall be appointed by the President with the approval of Parliament, a District Assemblies Common Fund Administrator.
- (v) Parliament shall by law prescribe the function and tenure of office of the Administrator in such manner as well to ensure the effective and equitable administration of the DACF.

It has been argued that the introduction of the DACF is one of the most innovative and people-centred measure ever introduced into the country's local government system. The rationale behind this DACF concept is to ensure the central pooling of resources so that both the financially advantaged and disadvantaged Districts would be fairly financed to enable them carry through the building of the requisite infrastructure and logistics to improve the standard of living of the rural folks (Ahwoi, 1992).

## **1.2 STATEMENT OF THE PROBLEM**

The decentralisation of administration in Ghana has been anti-rural, to the extent that it has denied the rural dwellers the resources and capabilities to provide for their needs. The reliance on the central government to develop rural areas has not been effective as the government has rather concentrated on the satisfaction of the needs of urban people. Part of the problem is the absence of a well-defined concept of rural development and the failure to articulate and adhere to policies consistent with the achievement of the goals of rural development. The DACF concept has come to stay as a main source of funding for rural development in Ghana, and has also revitalized the local government system by making it more financially sound.

The New Juaben Municipality (NJM) is made up of 54 electoral areas of which over 30 are low income rural communities. Most of these rural communities do not have access to pipe-



borne water, electricity, second cycle schools, and health facilities as well as good road infrastructure. Thus economic deprivation in most of these rural communities is high.

This work therefore is to find out the impact of the district assembly common fund on the socio-economic activities in NJM.

### 1.3 OBJECTIVES OF THE STUDY

The main aim of the work is to find the impact of the district assembly common fund on the socio-economic activities of the people in the NJM. The specific objectives are as follows:

1. To determine how the New Juaben Municipal Assembly (NJMA) has been using its share of the common fund over the past 5 years.
2. To analyze the socio-economic impact of the use of the DACF *on the people in the Municipality*
3. To analyze the problems the Municipal Assembly encounters in the use of the DACF in the Municipality
4. To find out how Poverty Alleviation Fund been instituted out of the Common Fund to help the local people towards economic empowerment in NJM.

### 1.4 RESEARCH QUESTIONS

1. How does NJMA has been using its share of common funds over the past five past?
2. What are the social economic impacts of the use of DACF *on the people in the Municipality?*
3. What are some of the problems that municipal Assembly encounter in the use of DACF in the Municipality?

4. Does Poverty Alleviation Fund have been instituted out of the Common Fund to help the local people towards economic empowerment in NJM?

## **1.5 SIGNIFICANCE OF THE STUDY**

The rationale of this study is to establish a sound base on which the contributions of DACF in terms of total socio-economic development of the districts could be evaluated and assessed.

It is purported to provide a framework for the Government, the District Assemblies and the Common Fund Administrator to come to the realisation that the DACF contributes significantly towards economic development in the rural areas and therefore it should be given the necessary support.

The research work would also reveal to policy makers the adequacy as well as the misuse of the fund for the necessary action to be taken so that the aim of establishing the fund is achieved. It will also indicate how to improve socio-economic development and reduce poverty and material deprivation; also serve as a means of accountability to the people, and finally, the study would guide future researchers into the area.

## **1.6 SCOPE AND LIMITATIONS**

The study is limited to the New Juaben Municipality. However, due to the relatively large number of thirty (30) communities in the area, the study is restricted to some selected communities due to financial and other logistics and time constraints.

Finally, the term socio-economic activities embrace a lot of activities; the research work will be based on only education, health delivery system, poverty alleviation, social facilities and infrastructural development.

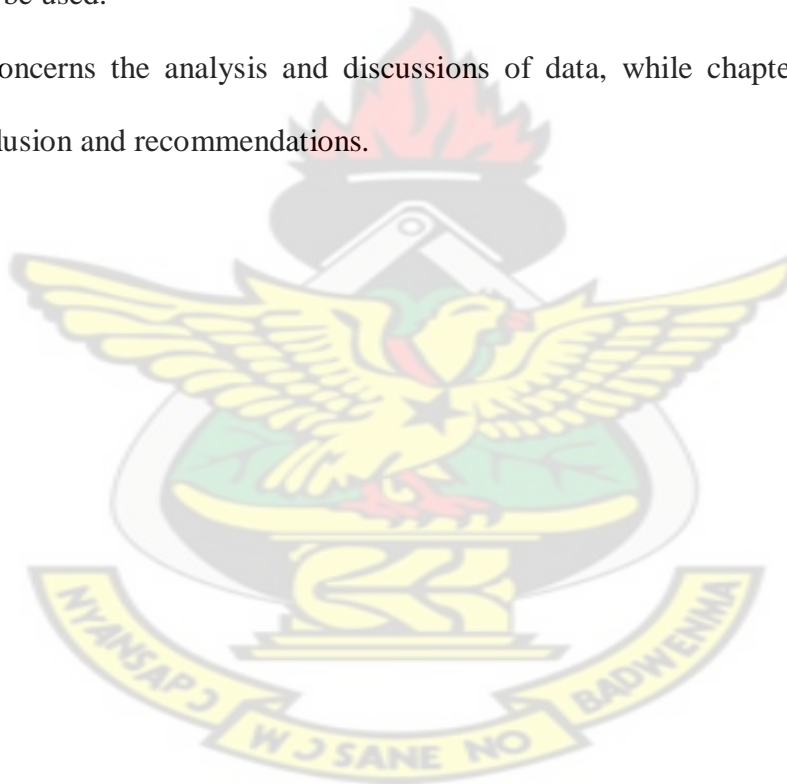
## **1.7 ORGANISATION OF THE STUDY**

Chapter one deals with a broad and general background of the Local Government system and the Metropolitan, Municipal, District Assembly and its Common Fund concepts. It also deals with the research problem and the objectives of the study. Significance of the study as well as the research questions are found in this chapter.

Chapter two is devoted to the review of literature. In this chapter, references are made to articles and other works that have been done on the topic.

Chapter three considers the methodology. This talks about data collection, data processing, and methods to be used.

Chapter four concerns the analysis and discussions of data, while chapter five is on the summary, conclusion and recommendations.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 INTRODUCTION**

The impact of DACF on socio-economic activities is vital for economic development in Ghana. Consequently, there is comprehensive literature that deals with the local government and its financial activities towards economic development. Various attempts have been made by various writers to digest the topic area. Studies in this area vary in their objectives, scope and approach. The researcher has therefore reviewed some of these studies which are based on historical and contemporary legal points of view.

#### **2.1 CONCEPT OF DISTRICT ASSEMBLY COMMON FUND**

The District Assemblies Common Fund 1993, Act 455 states that there shall be a fund to be known as the “District Assemblies Common Fund”. According to the Act the Fund shall consist of all monies allocated by Parliament and any interests and dividends accruing from investments of monies from the common fund. The monies accruing to the DAs on the basis of a formula approved by Parliament and that the allocation shall be paid in quarterly instalments. Parliament shall annually allocate not less than five per cent of the total revenue of Ghana to the DAs through the Common Fund for development (The Constitution of the Fourth Republic, 1992).

In defining the functions of DAs, Local Government Act 1993, Act 642 provides that a DA shall exercise political and administrative authority in the District, provide guidance, give directions to and supervise all other administrative authorities in the district. The DAs, according to the Act, shall be responsible for the overall development of the districts and shall ensure the preparation and submission, through the Regional Co-ordinating Council, the

development plans of the district to the Ministries of Finance and Local Government and Rural Development (The Constitution of the Fourth Republic, 1992).

Commenting on PNDC Law 207, Local Government Law 1988, Boachie-Danquah, (1990) made it clear that in Ghana the concept of rural development cannot fully be operationalised without talking about rural industrial development. The law therefore charges the DAs with the function of the comprehensive development of their respective areas. In his remark this comprehensive development approach should be in the form of promotion of small scale cottage industries to provide employment in the rural areas so as to mitigate the problem of rural urban migration.

In the argument of Ahwoi (1992), the strategy has been for the government, by means of the concept of ceded revenue to distribute funds to the DAs. According to him, this had been found to be much more reliable than the grants-in-aid which were not tied to any specific source of national revenue but depended on how much could be granted at any particular time. In his submission the Constitution improves on resource distribution obligation by providing for the establishment of the DACF into which allocation of not less 5% than of the total revenue of the country would be made in favour of the DAs.

According to Rojas and Rosenbaum (1992) the issue of distribution of resources between the centre and the periphery is always a complex one in any society. They emphasise that it is even more complex in transitional societies where there is often a shortage of resource at the central level. In their view, this has certainly been the case in Sierra Leone over some time where there has been a steady concentration of power, authority and resources leading to conflicts which had both geographic and ethnic implications on the issue of who is going to get what and how.

In the words of Vengroff and Johnson (1987), financial autonomy is one of the most important aspects of successful decentralisation. They noted that in Senegal, authority is commonly delegated to local organisations but they are not given the necessary resources to perform their new function efficiently. Due to this there are no prospects for the rural communities to undertake actions designed to directly contribute to local productivity and rural development. In their opinion the involvement of the Councils in productive project only seems possible through external financing.

A decentralized organization is one in which decision making is not confined to a few top executives but rather is throughout the organization, with managers at various levels making key operating decisions relating to their sphere of responsibility. Decentralization is a matter of degree, since all organizations are decentralized to some extent out of necessity. At one extreme, a strongly decentralized organization is one in which even the lowest-level managers and employees are empowered to make decisions. At the other extreme, in a strongly centralized organization, lower-level managers have little freedom to make decisions. Although most organizations fall somewhere between these two extremes, there is a pronounced trend toward more and more decentralization.

**Benefits of Decentralization:**

1. Top management is relieved of much day-to-day problem solving and is left free to concentrate on strategy, on higher level decision making, and coordinating activities.
2. Decentralization provides lower level managers with vital experience in making decisions. Without such experience, they would be ill-prepared to make decisions when they are promoted into higher level positions.



3. Added responsibility and decision making authority often result in increased job satisfaction. Responsibility and the authority, that goes with it makes the job more interesting and provides greater incentives for people to put out their best efforts.
4. Lower level managers generally have more detailed and up to date information about local conditions than top managers. Therefore the decisions of lower level management are often based on better information.
5. It is difficult to evaluate a manager's performance if the manager is not given much latitude in what he or she can do.

### **Disadvantages of Decentralization**

1. Lower level managers may make decisions without fully understanding the "big picture." While top level managers typically have less detailed information about local operations than the lower level managers, they usually have more information about the company as a whole and should have a better understanding of the company's strategy.
2. In a truly decentralized organization, there may be a lack of coordination among autonomous managers. This problem can be reduced by clearly defining the company's strategy and communicating it effectively throughout the organization.
3. Lower-level managers may have objectives that are different from the objectives of the entire organization. For example, some managers may be more interested in increasing the sizes of their departments than in increasing the profits of the company. To some degree, this problem can be overcome by designing performance evaluation system that motivates managers to make decisions that are in the best interests of the organization.

4. In a strongly decentralized organization, it may be more difficult to effectively spread innovative ideas. Someone in one part of the organization may have a traffic idea that would benefit other parts of the organizations, but without strong central direction the idea may not be shared with, and adopted by other parts of the organization .(<http://www.ischool.utexas.edu>)

## **2.2 DECENTRALISATION AS A TOOL FOR RURAL DEVELOPMENT**

Greenstreet (1979) identifies that the main aim of the Ministry of Rural Development and Social Welfare was to devise for the rural areas, machinery for specific developmental projects and services. In his submission, a serious concern of the Ministry was to see to it that the phenomenon of the exodus of the youth from the rural to the urban areas in search of white collar jobs was reversed through the provision of infrastructural facilities in the rural areas.

Osuji (1986) claims that the devise to achieve co-ordination in local government is to link the local developmental plans to that of state and national development goals. According to him this is important because to ensure maximum contribution to a nation's effort towards rapid socio-economic development, the growing self-help activities in the rural communities have to be planned and harmonised with state and national development programmes. He concludes that, in the absence of such links, there could be disharmony between what the national government considers vital for socio-economic development and the developmental activities in which local committees engage spontaneously.

In her research work on decentralisation, Conyers (1983) identifies that decentralisation programmes of the 1950s and 1960s were closely related, especially in Anglophone Africa, with the transition from colonial status to political independence. In her assertion the local government was seen as a necessary part of the structure of an independent democratic government and more specifically as a means of removing some of the burden of providing



local services from the central government. In conclusion, she says the role of decentralisation in improving the planning and management of rural developmental programmes which is part of a general concern with rural development has manifested not only in efforts to increase the amount of resources devoted to rural development programmes but also in increasing satisfaction of the limited achievements of such programmes.

According to Ahwoi (1992), the DA concept was introduced against a back-drop of a discriminatory socio-economic system which includes the scourge of under-development and deprivation, especially in the rural areas, poverty, unemployment and under-employment. Therefore the DACF was designed to attack and resolve these problems through effective local level planning and development implementation.

In his contribution on rural development Opoku-Afriyie (1974) made it clear that one of the key problems confronting developing countries today is rural decadence. The situation is aggravated by rural-urban migrations, the causes of which are various and include lack of adequate social, economic and physical facilities in rural areas. According to him, to ensure an effective national development, rural development must be given increasing attention since most developing countries have 70% to 80% of their population living in rural areas. Therefore the primary objective of rural development is to modernise the rural economy so as to raise the living standards of rural dwellers above the marginal.

In the argument of Wood (1986), local government is needed because there is no example of successful democratic state. Therefore any modern state of any size will need to have some form of local autonomy in its system. According to him, local government should continue to exist because they are needed to handle human functions like education, basic health, sanitation and other issues that are best managed in small units. In his view, decentralisation has failed to deliver the goods and that rural dwellers cannot rely on Ministries, Public Corporations and other Agencies centred in Accra to bring efficient government that could

bring about rural development. He recommended that the answer to the problem of managing the affairs of localities towards development lies within the local government system itself.

## **IMPACT OF DECENTRALIZATION**

The decentralized structure of outsourcing can offer both economic and non-economic benefits. Economic benefits can be reached because services or tasks are not controlled by a centralized control structure, but are guided by market factors to determine cost and levels of service. Additionally, outsourcing can be extremely flexible, thereby reducing opportunity costs and adding strategic value. In companies working with short product life cycles, critical components, resources or expertise can be obtained faster than could be developed internally. Through outsourcing, a company can adapt quickly by accessing areas of expertise that are not immediately available to the organization internally and that would otherwise be costly and time consuming to develop or purchase. An exceptionally successful example of this can be seen in the Toyota automobile company (Watts, 2003). Toyota consists of approximately two hundred different companies that are integrated to supply all the parts and expertise to create their cars and trucks in an extremely efficient manner. For companies involved in projects with short life spans, specific combinations of skills and people can be utilized only for the duration that they are needed (Malone, 2004). This flexibility also allows organizations to access a higher level of knowledge and expertise and to be more competitive than might normally be affordable on a full time basis.

Decentralization offers benefits to employees as well. Malone (2004) describes decentralized structure as one where "power, ownership, and initiative [are] distributed throughout a whole market. The freedom and autonomy of working in a decentralized way, where employees maintain a greater level of control over their own business, provides a more enjoyable work

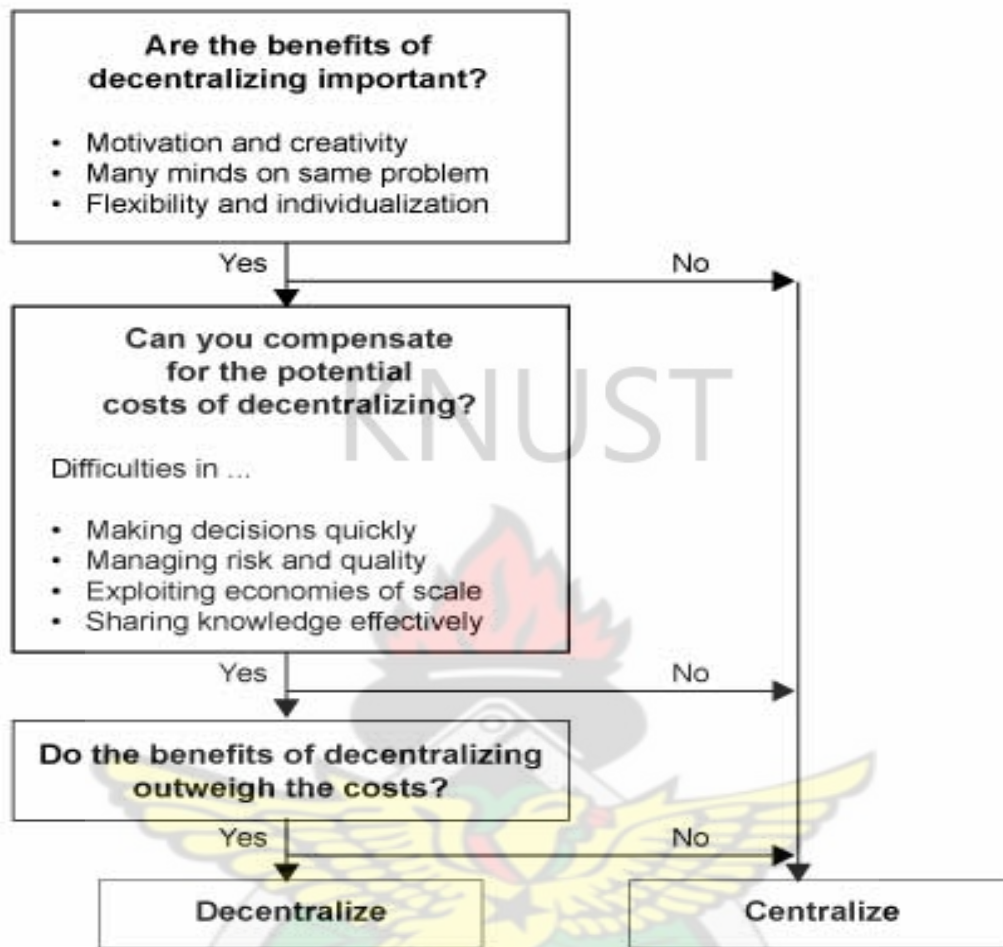
environment. This increased control and sense of ownership often creates additional benefits. People are more motivated by the increased ownership of responsibility. Additionally, employees feel in more direct competition with other providers of the same service, which leads to increased innovation and levels of specialization. These benefits are subsequently translated directly to the company that utilizes this outsourced service.

There are also strategic benefits from being geographically distributed. Overseas outsourcing in multiple time zones for example, offers the potential for a 24-hour workday without having to pay for overtime. And even a less global distribution can provide reduced impact from regionally specific problems such as a natural disaster or a local system outage.

Even with all the optimistic possibilities, a decentralized organization is not always desirable. Some organizations that require the ability to coordinate large-scale systems with relatively little communication may be better suited to a hierarchical structure. The classic example of this is military organizations where a clear chain of command and rapid response times are critical (Malone, 2004). Also, companies that have long product life cycles, long life spans, or working on difficult or complex problems may not be well suited to decentralization.

[blewis@ischool.utexas.edu](mailto:blewis@ischool.utexas.edu)

## Factors to Consider in Choosing Whether to Decentralize a Given Decision



Consideration of Decentralisation

Source: 2011

## 2.3 REVENUE AS PREREQUISITE FOR EFFECTIVE RURAL ECONOMIC EMPOWERMENT

Ampiah (1996) states that over the last decade or so, thousands of families have benefited from the loans provided by micro credit institutions and programmes which have had no impact on their living standards. Therefore to him, the policy objective of allocating part of DACF to Poverty Alleviation Fund is to remove the obstacle of access to credit to self-employed, micro, small and medium scale entrepreneurs. To implement this policy, District

Assemblies are required to establish by resolution, a revolving credit scheme and appoint a bank preferably in the District, with proven ability to manage the Fund on its behalf for the benefit of citizens in the District.

In the view of Nwankwo (1984) even though the state of governments in Nigeria have exercised their constitutional powers to create more local government units, the viability of the new local government remains a crucial question. According to him, prospects are not promising due to their lack of adequate revenue to engage in capital projects. He therefore recommends the appointment of a Presidential Commission which can review the funding, functions and the creation of new local governments in order to suggest certain legislative and management measures that may strengthen the present local system in Nigeria which would in turn help in the release of funds for developmental activities at the local level.

Oppong-Fosu (1999) noted that the Assembly's credit scheme which is from the DACF has come as a great relief for the farmers of his constituency. In his argument, these farmers who lack access to credit and had to resort to private money lenders at an interest rate of 100% have had a great relief from the Assembly's credit scheme and have enhanced their productivity and income levels. According to him ₦15 million was allocated to a Tomato Growers' Co-operative group while another ₦15 million went to other groups in food crop production. This facility has improved the living standards of the people. He however said that some party activists constituted themselves into co-operative groups and took some loans and decided not to pay back resulting in the failure to achieve a 100% recovery rate.

Dasoberi (1999) cried over the timing for the release of the common fund which he said is irregular and does not follow a set pattern. He blamed the Parliament for delay in approving the formula proposed by the Common Fund Administrator for distribution to the Assemblies.



According to him, an informal discussion with some Members of Parliament revealed that the Administrator of the fund delays in presenting the formula for approval. Therefore he finds it very difficult to identify the source of delay of the release of the fund which is sometimes in the third quarter of the budget year.

## **2.4 MEASUREMENT OF BENEFITS OF DECENTRALISATION**

In the assertion of Elizabeth (1979) the cost-benefit analysis of an investment decision of the government involves a weighing only of the costs and benefits to its constituents. According to her, it is always in the interest of the government making the decision to maximise the benefits and minimise the cost to the people residing in the area. She emphasises that the problem for the State or Local Government is how to get the most benefit for their residents for the money they must raise through taxation.

In his contribution on citizen satisfaction, Brain (1979) lays emphasis on the fact that policymakers might compare satisfaction levels in different geographical areas and conclude that an area reporting lower overall satisfaction receives poorer quality services and perhaps even relocate expenditure accordingly. Similarly, satisfaction might be expressed by different types of citizens from different demographic groups. According to him, although such procedures may seem sensible in general, they are invalid and potentially misleading. He concludes that policymakers should not rely heavily on survey items asking citizens how satisfied they are with particular local services.

In looking at the benefit of local government, Osuji (1986) maintains that any discussion of the impact of local government reform, particularly in the delivery of social services, has to be based on a proper appraisal of institutional arrangements and performance prior to the reform so as to make comparisons and determine the extent to which the reform has brought about the improvement expected of it.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 INTRODUCTION**

This chapter focuses on the methodology that was used in data collection. It emphasises on the types of data, population, sample and sampling techniques, instruments for data collection and data analysis.

#### **3.1 Research Design**

##### **3.1.0 TYPES OF DATA**

To successfully elicit facts on the impact of DACF on socio-economic development in NJM in terms of education, infrastructural development, health delivery, social amenities and poverty alleviation, the work was largely based on primary data drawn from some chosen communities in the NJM.

Besides the primary data, secondary data were collected from the District Assemblies Common Fund Administrator, NJM Co-ordinating Director, Project Officer and Personnel from the Ministry of Local Government and Rural Development.

##### **3.1.1 POPULATION AND SAMPLING TECHNIQUES**

To study the target population or the whole population to arrive at generalizations are impracticable, for reasons such as a change in the characteristics of the population to be measured, cost, time space and the reliability of the measurements. It is noted that, analyses are best when conducted on samples that are still fresh (Sarantakos, 1998). Therefore, sampling is used to select a portion of the population to represent the entire population. Study population refers to aggregate of elements from which the sample is actually selected.

The population for the study was all the people in NJM. However, it was divided into five main respondent groups which were based on the five main research questions. This elicited the use of a variety of sampling techniques.

On education, a simple random sampling method was adopted to select twenty basic schools and four senior secondary schools in the municipality, and the headmasters of the schools were used for the study.

On health, the convenience sampling method was used to choose seven communities, the assembly man from each community and the medical assistant at the health facility in each community. However the simple random sampling method was used to select forty-seven people from each community.

On the poverty alleviation fund, names of beneficiary groups and individual beneficiaries were given to the researcher by the Project Officer. Seven beneficiary groups engaged in production, marketing and processing and twenty individuals engaged in trading and poultry farming were considered for selection. Stratified sampling technique was used to select ten beneficiaries from each group to get the average which represents the entire group, while a simple random sampling was applied to select ten people from the individuals.

In the area of provision of social amenities and infrastructural development, judgment sampling method was adopted to choose six communities for the study. It was used because I assumed the people have particular traits that I want to study, and I really based on my knowledge. However, simple random sampling was used to select ten people each from the six communities selected.



### **3.1.2 SAMPLE TECHNIQUES AND SAMPLE SIZE**

Sample selection – According to miles and Huberman (1994) when conducting research one cannot study everybody, everything ,everywhere usually when conducting qualitative research, one usually selects a small people, nested in depth. Rather than being random, the selected sample of people should be purposive.

The sample size for the study was based on the five research questions. Thus for education, only headmasters of twenty-four schools were used hence the sample size was twenty four. For health, fifty-nine were used, while in the other categories, eighty people were involved in the study.

## **3.2 DATA COLLECTION AND PROCESSING**

### **3.2.1 Literature Survey**

A questionnaire is a data collection technique or an instrument which involves the preparation and use of a series of questions (both verbal and written) to gather information on a subject from a target group. The researcher adopts and uses structured questions, which allows respondents alternative response with a set of possible.

The researcher also used unstructured questions which allow respondents to answer in their own or words. Researchers mostly use structured questions because it is easier to code and analyze.

The researcher prepared questionnaires that contain both open-ended and close-ended questions. The open-ended questions were constructed for the respondents to give information themselves while the close-ended questions were made up of a list of questions with possible answers for respondents to tick. Both types of questions focused on the impact of DACF on the lives of the people in the selected communities.

### **3.2.3 Interview**

The researcher interviewed the District Coordinating Director and the District Planning Officer of NJMA on the various projects undertaken by the Assembly with the Common Fund.

The researcher sought explanation on the basis of selecting the beneficiary communities as well as the various projects in the beneficiary communities.

The researcher also interviewed the Project Officer on the procedure adopted for the selection of the beneficiaries of the poverty alleviation fund as well as the disbursement of the fund to the beneficiaries.

### **3.2.4 Observation**

The researcher observed some projects that were undertaken by NJMA with its share of the common fund. Also production and processing activities of beneficiaries of the poverty alleviation fund were observed by the researcher.

## **3.3 DATA PROCESSION AND ANAYLSIS**

### **3.5 Methods of data analysis**

The data gathered were analyzed to reveal the impact of DACF on socio-economic activities in NJM. The data collected were edited and examined for consistency of responses. After editing the data, the researcher grouped the data according to the five main research questions. Tables, graphs and charts were used to present the data in a meaningful way for easy understanding

## CHAPTER FOUR

### RESULTS AND DISCUSSION

#### 4.0 INTRODUCTION

Pieces of information and data were collected from respondents in NJM which is the study area. Information gathered were edited and grouped into the five main research question areas.

##### 4.1.0 Educational Development

Twenty-four answered questionnaires were collected from four head masters of senior secondary schools and twenty headmasters of basic schools.

Data were analyzed into percentage increase in enrolment in schools and percentage increase in performance in SSSCE and BECE. The table below shows the percentage increase in enrolment in schools as a result of assistance the schools got from DACF.

**Table 4.1 Enrolment in the schools**

Percentage Increase (%)	Number of Respondent
1-10	2
11-20	5
21-30	8
31-40	2
41-50	4
51-60	2
61-70	1
<b>TOTAL</b>	<b>24</b>

Source: NJMA (2007)

### Arithmetic Mean of the Distribution

In order to find the arithmetic mean of the above distribution, the researcher has used assumed mean formula as computed below.

**Table 4.2**

	Mid-Pt (x)	Frequency (F)	Deviation (d)	Fd
1-10	5.5	2	-20	-40
11-20	15.5	5	-10	-50
21-30	25.5	8	0	0
31-40	35.5	2	10	20
41-50	45.5	4	20	80
51-60	55.5	2	30	60
61-70	65.5	1	40	40
		f 24	d70	fd 110

Source: Field Data (2011). Mean distribution table

From the above, the arithmetic mean of percentage increase in enrolment in schools as a result of construction of new classroom blocks as well as rehabilitation of old ones is approximately 27 %

Considering the central government's Free Compulsory Universal Basic Education (FCUBE) programme that aims at giving education to all school going age children, the use of DACF to augment this effort is in the right direction. About 27 percent increase in enrolment due to the assistance from the DACF is no mean an achievement and therefore needs commendation.

It was also realized from the study that six basic schools were new schools built by NJMA for the communities. Hitherto pupils had to travel for a distance of 8km to the nearest villages to attend school. This practice led many pupils especially the smaller ones to stop schooling due to the distance from their villages to the nearest villages where schools are located. Therefore building new schools in the villages not only helped those who were travelling to other villages to attend school but also afforded the opportunity of attending school to those who would not have attended school due to the distance.

In addition to the above benefit, four headmasters of basic schools said that before the assistance they were using dilapidated structures as classrooms and therefore classes were interrupted whenever there was rainfall. One Headmaster remarked that his class one pupils were even attending classes under a mango tree. According to him the construction of a three classroom block unit was a timely intervention as attendance was not encouraging.

### **Improvement in Academic Performance**

From the research work, two Headmasters of SSS said that the assistance from DACF has improved their schools' performance at SSSCE especially science due to the special assistance given to the science department. The other two said they have not seen any changes in the performance.

With regards to basic schools, five Headmasters said there have been improvements in their BECE due to the assistance while two maintained that even though there have been improvements, they were as a result of hard work of the teachers and not the rehabilitation of the blocks. Three however said there have been no improvements in academic performance. The other ten schools were new schools and therefore have not presented candidates for external examination.

It could be concluded that for the schools have an average increase in enrolment of about 27 percent due to the assistance from the DACF, the application of DACF towards educational development has not been misplaced. Therefore when one considers the aim of FCUBE programme vis-à-vis the number of school going age children in the villages who are not in school, this effort by NJMA towards FCUBE programme is commendable and therefore other districts in Ghana should follow this footsteps.

#### **4.1.2 Health Delivery System**

Out of fifty respondents who were asked to state how NJMA is helping to improve the health delivery system in their communities, forty-seven stated that the health post in the community treats minor illnesses and also serves as a first aid point for cutlass wounds and other farming injuries. This represents 94 percent of the respondents. They indicated that the role played by the health post of the community cannot be over emphasized. According to them, hitherto they were sending all cases including minor wounds and injuries to Koforidua government hospital which is about 15km away from the village. Therefore the building of the health post has relieved the people from the problem of travelling that distance for such minor treatments.

It was also realized from the medical assistant that on average thirty people attend clinic daily. The research revealed that the clinic serves other communities around the village in which the clinic is situated.

The study also examined the types of illness that are brought to the clinic for treatment. The Table below shows the types of illness that are normally treated at the clinic.



### Types of illness and average attendance at the clinic

**Table 4.3**

Type of Illness	Average Attendance	Percentage (%)
Malaria	14	46.7
Minor wounds	4	13.3
Fever	2	6.7
Diarrhea	3	10.0
Malnutrition	7	23.3
	<b>30</b>	<b>100%</b>

Source: NJMA (2007)

From the above 46.7 % of people who attend the clinic daily for treatment come with malaria disease. Malaria has been identified as a number one killer disease in Ghana and therefore the government is taking frantic effort to minimize this trend. Therefore it could be said that the efforts to the community clinic in helping the government to address this issues is commendable.

Minor wounds within farming communities normally result in the patient ending up with a tetanus disease due to the fact that rural dwellers do not apply any scientific medical treatment to cuts. Therefore a community clinic built through the assistance of DACF to deal with this problem is imperative towards health delivery in the rural communities.

Malnutrition among children is prevalent in rural areas due to the inability of rural folks to afford good diet for their children. In view of this many children especially from rural

communities die out of this disease and therefore the role played by the DACF in building community clinic cannot be over emphasized.

From the above it is clear that health delivery system in NJM has benefited from DACF. This could be inferred from the types of illness a community clinic treats thereby helping the rural dwellers to have medical treatment at their door steps.

#### 4.3.1 Poverty Alleviation

Data were gathered from NJMA, the executor of the Poverty Alleviation Fund. The table below shows the breakdown of the total amount released by the Assembly for disbursement to beneficiaries.

**Table 4.4: Amount released by HJMA for disbursement**

Year	Amount (GH¢)	Commission charge by the bank (10%)	Net Loadable Fund
	¢	¢	¢
2005	50,000	5,000	45,000
2006	60,000	6,000	54,000
2007	40,250	4,250	36,225
<b>Total</b>	<b>¢ 150,250</b>	<b>¢15,025</b>	<b>¢135,225</b>

Source: NJMA (2007)



**Table 2: Disbursement to beneficiary groups**

Year	Production	Marketing	Processing	Individuals	Total
	¢	¢	¢	¢	¢
2005	84.85	2,710	8,550	19,500	6,3635
2006	150.00	1,6575	7,825	12,950	5,2350
2007	100.00	1,0125	2,000	10,800	3,2925
<b>TOTAL</b>	<b>334.85</b>	<b>5,380</b>	<b>18,375</b>	<b>43,250</b>	<b>¢ 14,8910</b>

Source: NJMA (2007)

The difference between the total amount disbursed to the beneficiaries and the total amount released by NJMA represents a plough back of payments made by the beneficiaries.

The above disbursement was represented in a pie chart below

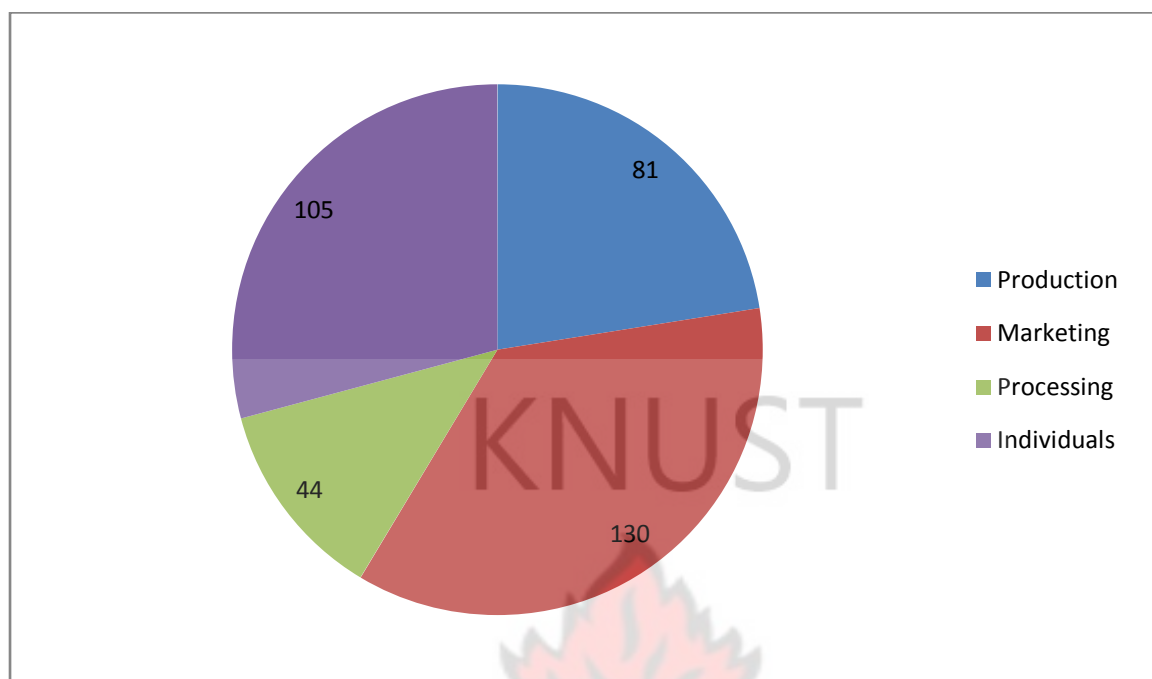
$$\text{Production} = \frac{33,485}{148,910} \times 360^\circ = 81^\circ$$

$$\text{Marketing} = \frac{53,800}{148,910} \times 360^\circ = 130^\circ$$

$$\text{Processing} = \frac{18,375}{148,910} \times 360^\circ = 44^\circ$$

$$\text{Individuals} = \frac{43,250}{148,910} \times 360^\circ = 105^\circ$$

**Figure 4.1 Disbursement of the poverty alleviation fund**



Source: Field Data (2011)

To find out the amount collected by the beneficiaries, the data below were the outcome.

**Table 4.6: Amount collected by the beneficiaries**

Amount Collected	No. of Respondents
GH¢	
100	18
150	20
200	12
225	15
300	8
400	5
1,000	2
Total	80

Source: NJMA (2007)

The average amount collected by the beneficiaries can be calculated as follows:

X	F	FX
GH¢		GH¢
100	18	1,800
150	20	3,000
200	12	2,400
225	15	3,375
300	8	2,400
400	5	2,000
1,000	2	2,000
	F=80	FX = 16,975

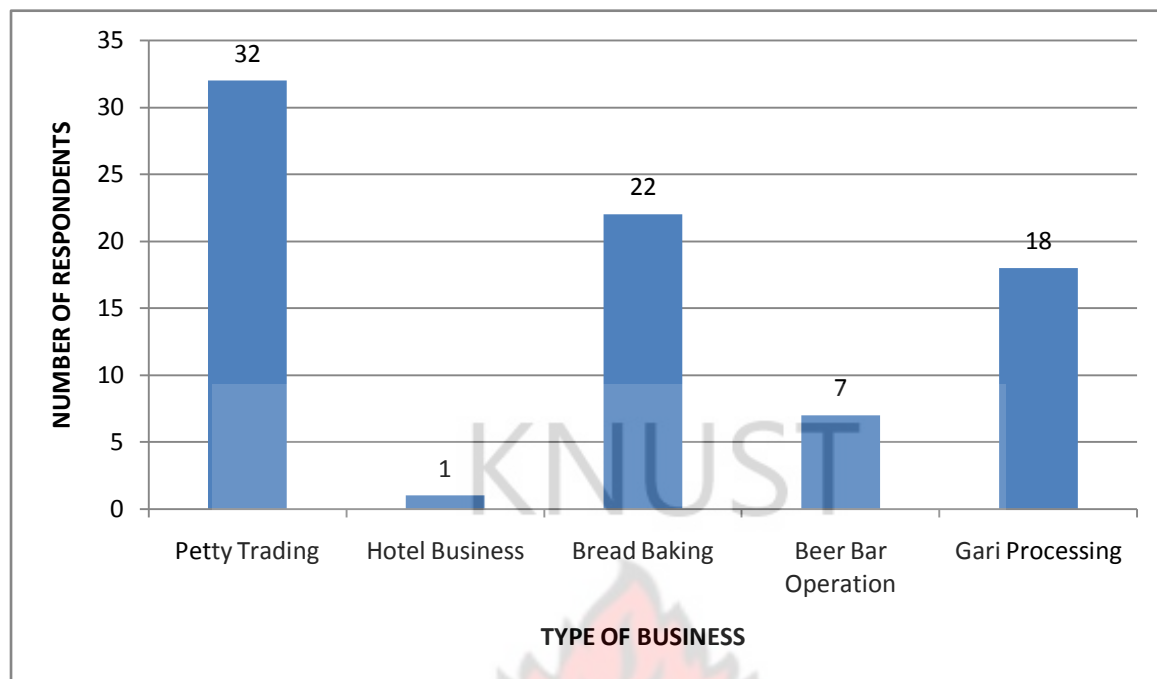
Source: NJMA (2007)

Arithmetic mean was GH¢212.19 (see Appenix 3(a))

On average, an amount of GH¢212.19 was distributed to each of the beneficiaries to undertake economic ventures to reduce poverty levels among the beneficiaries. A major problem confronting rural dwellers in Ghana is access to credit facility for economic ventures. Therefore this amount of GH¢212.19 to the people in NJM would go a long way to augment their business thereby improving their standards of living.

Based on the above, the study examined the extent to which the amount given to the beneficiaries is helping them. The attention was focused on the types of business ventures the loan was applied to and the benefit derived by the beneficiaries.

Figure 4.2 Respondents and their Respective Business Ventures



**Source: NJMA (2007)**

The above chart indicates that 32 were into petty trading, 22 were in bread baking, 18 were into gari processing, 7 were into beer bar operation, while 1 is into the hotel business.

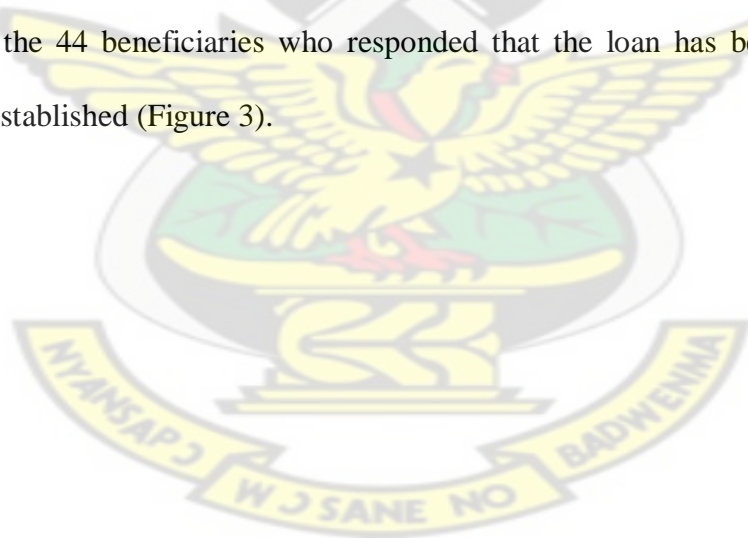
On the question of how the fund has benefited the beneficiaries, the study revealed mixed reactions from the beneficiaries. While some maintained that they had regretted collecting the loan since it had not benefited them, others had the opposite view.

It was revealed by the study that 13 out of 20 representing 65% of beneficiaries who responded in the negative way misapplied the loan that resulted in a loss leaving a debt to be settled. The other 7 beneficiaries representing 35% applied the loan to the purpose to which it was collected, but their operations did not earn any profit. According to them the repayment period of both the principal and interest which is between 4-6 months on bi-weekly payments did not help them. One beneficiary who is using the money for petty trading said that

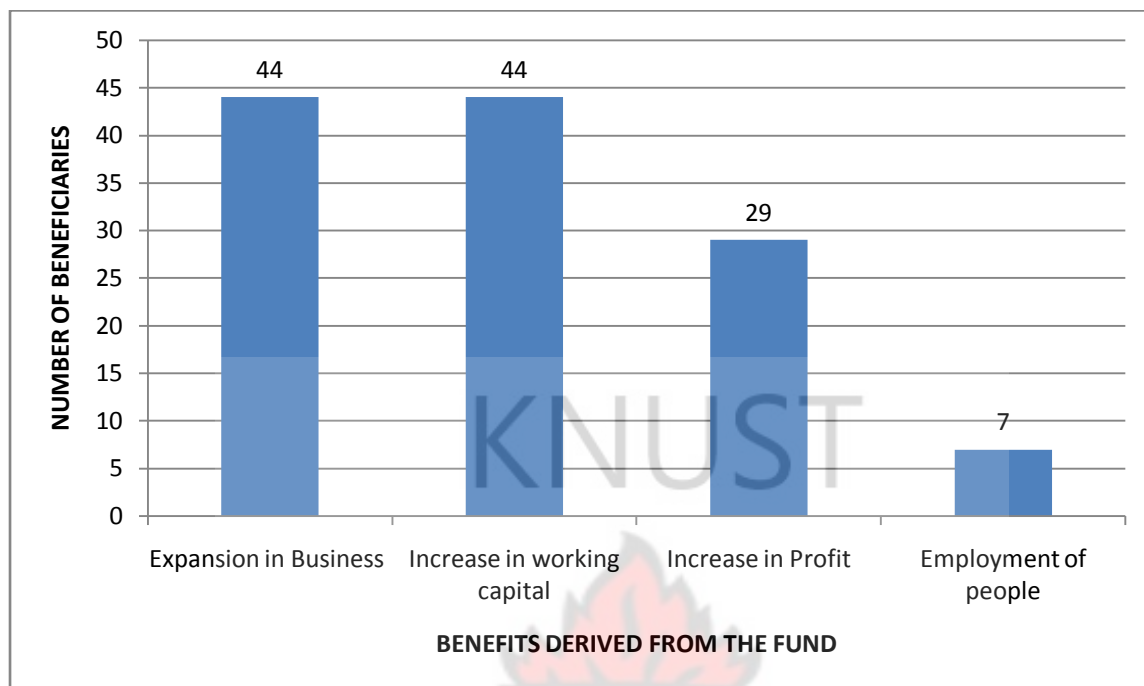
business is so bad that the ₵200 could not generate profit within the two weeks period within which part payment of both principal and interest were to be made. She remarked ₵200 these days is like weekly chop money for many house wives. How can I use this to trade for profit? Also some beneficiaries seeing the bad nature of business activities decided not to use the money at all. Therefore since interest should be paid notwithstanding the fact that the money was not put in any use, the loan has not benefited them but rather has brought debt to be settled from their own private sources.

On the part of those who were indifferent as to the benefits of the loan to them, they said that the loan is so small that considering their business operations the impact is negligible. Others also revealed that the duration of the loan which is between 4-6 months is too short for the money to be used for any viable economic venture. According to them the interest rate of 36% p.a. is too much considering the economic depression in Ghana these days.

With respect to the 44 beneficiaries who responded that the loan has benefited them, the following were established (Figure 3).



**Figure 4.3 Benefits from the poverty alleviation fund**



Source: NJMA (2007)

All the 44 beneficiaries declared that they have been able to expand their businesses and also increase their working capital. With increase in profit, only 29 indicated that the fund has brought about an increase in the profits they make. Seven of the beneficiaries indicated that they have been able to give employment to more people.

The study revealed that the above categories of beneficiaries received between GH¢225 and GH¢1,000. The study also showed that about 75% of these beneficiaries had payment duration of one year.

Of the 29 beneficiaries who benefited from the DACF through increase in profit over previous years among others the following relationships were established.



**Table 4.8 Percentage increase in profit**

Percentage Increase in Profit (%)	Number of Respondents
1-10	3
11-20	2
21-30	4
31-40	3
41-50	3
51-60	7
61-70	2
71-80	4
81-90	1
Total	29

Source: Field Data (2011)

Based on the above distribution the researcher has calculated the average percentage increase in profit by the beneficiaries due to the assistance of Poverty Alleviation Fund.

Table 4.9 Average beneficiaries from pervert alleviation fund

Age	Mid-Pt (x)	Frequency (f)	Deviation (d)	Fd
1-10	5.5	3	-50	-150
11-20	15.5	2	-40	-80
21-30	25.5	4	-30	-120
31-40	35.5	3	-20	-60
41-50	45.5	3	-10	-30
51-60	55.5	7	0	0
61-70	65.5	2	10	20
71-80	75.5	4	20	80
81-90	85.5	1	30	30
		F=29	D=40	Fd=310

Source: Field Data (2011)

From calculation (see Appendix 3b) on average the beneficiaries had about 63% increases in their profit from business activities due to the assistance from the Poverty Alleviation fund.

On employment to the people it was revealed that on average the beneficiaries employ three people within the communities in which their businesses are situated. In Ghana, unemployment is a serious problem especially in the rural areas where about 2/3 of the population live. Full employment which is unattainable in developing countries like Ghana has become a public policy objective of major significance in contemporary Ghanaian society. Therefore when one considers the consequences of unemployment vis-à-vis economic development, it is clear that for the beneficiaries to create jobs through the use of Poverty Alleviation Fund is no mean an achievement towards economic development especially in the rural areas.

#### **4.1.4 Social Amenities**

In all sixty respondents were contacted through questionnaire to find out the type of social amenities constructed by NJMA and how the community is benefiting from those amenities. None of the sixty respondents responded positively to this research question. All of them mentioned football field as the only social amenity found in their respective communities. However, none said they were provided by NJMA. Twenty-one out of the 60 respondents said that the fields are maintained by the youth in their various communities. The other 39 said the fields are maintained by schools in their communities.

From the above, it is clear that NJMA does not use its share of the Common Fund to provide social amenities for the people in rural areas.

The youth in the rural areas are attracted to city life due to lack of social amenities among others in the rural areas. Therefore it is the aim of the central government to provide amenities to rural areas to arrest the problem of rural-urban migration. It is however very strange to see that NJMA is not supporting the efforts of the central government in this direction even though DAs are responsible for the development in their various districts.

#### **4.1.5 Infrastructural Development**

The study showed that the following types of infrastructure were constructed by NJMA with the District Assembly Common Fund (DACF).

1. Septic Tank Latrine
2. Hand Dug Wells/Boreholes
3. Feeder Roads
4. Rural Electrification

The table below shows the number of communities and the type of infrastructural development that had taken place there.

**Table 4.10: Types of infrastructure**

Infrastructure	Number of Communities
Septic Tank Latrine	5
Hand Dug Wells/Boreholes	6
Feeder Roads	6
Rural Electrification	5

**Source: NJMA (2007)**

### **Septic Tank Latrine**

From the table, it can be seen that this type of infrastructure is found in 5 out of the 6 communities used for the research. Rural communities are known for their popular local KVIPs which are built through communal labour by the people themselves. These local KVIPs are not properly maintained and some are not even roofed. Therefore houseflies move from these toilets to homes thereby causing diseases like cholera among others. According to 38 respondents cholera which used to be a common disease within their communities has been reduced drastically by the building of septic tank latrine through DACF. Others also said that the indiscriminate human excreta within their communities cannot be found anymore.

### **Hand Dug Wells/Boreholes**

This type of infrastructure was found in all the six communities of the research area. Most rural areas in Ghana are noted for water borne diseases like guinea-worm among others. Communities in NJM are no exception. This is due to the fact that they all drink from stream water.

The study revealed that 4 out of the 6 communities were guinea-worm endemic areas. According to 25 respondents, the construction of the boreholes was a great relief to the people in their communities. The boreholes have reduced the incidence of guinea-worm disease and have also increased punctuality to school by the school children since hitherto they were going to school late because of the distance they have to go in order to get water.

### **Feeder Roads**

The study revealed that all the six communities have had their feeder roads rehabilitated by NJMA. It was found that four new feeder roads linking some of the villages in the area were constructed by NJMA from the DACF. Major repair works including construction of bridges and re-gravelling were also undertaken on some of the feeder roads in the research area.

The construction and rehabilitation of the feeder roads had made it possible for the farmers to cart foodstuffs and other farm products easily to the urban areas. Hitherto it was difficult to get means of transport for the urban areas due to the bad nature of the roads but the construction of these feeder roads has relieved them of this burden. People can now move easily from the rural communities to the urban communities for medical care as well as other economic activities.

### **Rural Electrification**

Rural electrification programme was introduced to open up the rural areas to attract cottage industries so that the problem of rural-urban migration by the youth would be reduced. Therefore the use of the DACF by NJMA for rural electrification is in the right direction to support central government's efforts in that direction.

It was realized from the study that 5 out of the 6 communities have rural electrification programmes that were undertaken by NJMA. Due to this, a palm-oil processing plant had been established in one of the communities, gives ready market to the farmers for their palm

nuts and this has brought about an improvement in the farmers' productivity and standards of living.

The availability of electricity in the communities has reduced the exodus of the youth to the urban centres. This is because cottage industries have been established and most of the youth have been trained in employable skills and are thus gainfully employed.

From the above, one could conclude that NJMA must be commended for using its share of the Common Fund for rural electrification.

MMDAs are responsible for the overall development of their respective districts. They are also to promote and support productive activities, and to remove any obstacle to initiative and development. For effective implementation these, there is the need for financial support. This financial support was lacking in many districts thereby resulting in the establishment of DACF to support the districts in their development project.

District Coordinating Councils are therefore expected to utilize their share of the Common Fund towards the purpose for which it was established. From the above discussions it could be concluded that the New Juaben Municipal Assembly has not deviated from the purpose for which the Fund was established. However, attention should be focused on the provision of social amenities which seem to be lacking in the municipality.

Decentralization has been advocated as an alternative approach for promoting a strategy for rapid development of poverty stricken rural areas. Central planning could not result in increases in economic development and higher standard of living in the rural areas (Rojos and Rosebaum, 1992).

Finance is the life-blood of every organization and therefore for the successful development of the rural areas, there is the need for funds to be available. However, the DAs which are the off-shoots of decentralization system have not been able to undertake adequate development projects from their own resources due to their inability to maximize revenue collection from



sources available to them. Revenue targets are generally not reached resulting in inadequate revenue generation which in turn has placed a limitation on the ability of the DAs to finance development projects (Boakye-Danquah), 1990)

# KNUST



## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION**

#### **5.0 INTRODUCTION**

This chapter summarizes the study and in particular the findings obtained from the study. In addition, it draws conclusion from the findings and finally makes recommendations that are necessary for the government, the District Assemblies and the general public.

#### **5.1 SUMMARY OF FINDINGS**

##### **Educational Development**

It was realized from the study that NJMA uses its share of the DACF on educational development in the municipality. This assistance has benefited some of the schools in the communities in terms of increase in enrolment in schools and improvement in performance of the schools in their external examinations. The study revealed that there is an average increase in enrolment of about 27% in 24 schools chosen for the study.

With respect to improvement in academic performance it was noticed that much improvement has not taken place. Only two headmasters of Senior Secondary Schools and five heads of Basic Schools said there have been improvements in performance in external examination in their respective schools. However, much improvement is expected from the ten new schools that have not presented students to external examinations.

##### **Health Delivery System**

The study showed that NJMA uses its share of the common fund to improve the health delivery system in the municipality. It was realized that a community clinic has been built in a particular community and this is serving other communities within the catchment area.

## **Poverty Alleviation**

The study showed that certain individuals and recognised groups have benefitted from the fund and the beneficiaries used the money obtained in such areas as production, marketing and processing. Some of the beneficiaries have been able to expand their business; some have experienced an increase in their profit and working capital while others have been able to gainfully employ more people. However, some maintained that they have not benefitted from the fund since the amount given them was meagre and not sufficient enough for any economic activities.

## **Social Amenities**

The study revealed that NJMA has not used its share of the DACF on social amenities. None of the sixty respondents from the six chosen communities said that their communities have seen any social amenities from the DACF and no such amenities were observed in any of the communities.

## **Infrastructural Development**

It came to light that the six communities which are the research areas have enjoyed the following infrastructural developments: septic tank latrine, hand dug wells/boreholes, feeder roads and rural electrification.

Hand dug wells and feeder roads have been built in all the six communities while septic tank latrine and rural electrification are found in five out of the six communities. On the benefits of these infrastructures to the communities, it was indicated that the building of the septic tank latrines has reduced the incidence of people contracting cholera disease while hand dug wells have reduced water borne diseases like guinea-worm in the communities.

Feeder roads in the communities have helped people to cart their foodstuffs to urban centres for marketing. They have also made the areas accessible and therefore the people could have means of transport to the urban areas for commercial and other emergency purposes.

On rural electrification it was revealed that the provision of this facility has resulted in the building of agro-based industry that employs the rural folks. Coupled with this electrification is the fact that many small business units especially hairdressing businesses have been established in the communities.

To arrest this situation, the DACF was established by the 1992 constitution to provide the DAs additional resources of income for development. Five percent of Ghana's budgeted revenue is paid annually into the DACF, in quarterly instalments for distribution to the DAs to be used solely for rural development projects. The DACF is supposed to enable the DAs to undertake and complete many projects mostly in areas of education, health, sanitation, social amenities, infrastructure, rural electrification etc.

## **5.2 CONCLUSION**

The researcher after careful analysis and considerations found that, NJMA has used its share of the DACF to promote education in the municipality. This has benefited the communities through an increase in enrolment in schools and also improvement in performance in external examination of the students.

There is an improvement in the health delivery system as a result of the use of the DACF to build a community health clinic in one of the communities, which other communities can easily have access. The clinic treats malaria, malnutrition among others thus relieving the people from travelling long distance to Koforidua Hospital for treatment of these problems.

The citizens of the NJM have benefited from the Poverty Alleviation Fund. This has helped them to expand their businesses and also increase their profit base.

On social amenities, it was revealed that none of the six communities used as the research area has benefited from any form of social amenity.

The NJMA uses its share of the DACF to provide infrastructural facilities. Infrastructure like septic tank latrine, hand dug well, feeder roads and electricity have been provided through DACF.

### **5.3 RECOMMENDATIONS**

Based on the researcher recent findings on the topic the impact of district assembly common fund on socio-economic activities in the new juaben municipality the following recommendations have been made.

There should be a programme to be financed through DACF aimed at creating the enabling rural environment for agricultural development liaising with Ministry of Food and Agriculture. It was realized that attention has not been paid to improving agriculture in the district. The NJM abounds in fertile agricultural land and therefore the large youthful population of the district will greatly enhance large scale farming if there is a programme for the farmers to have access to selected services like credit facilities, inputs and others that directly related to agricultural production.

The Poverty Alleviation Fund is actually a productivity improvement and income generation fund. It was instituted as part of government's efforts to enable the establishment of small and medium scale enterprises among low income people with the aim of improving on family incomes and the provision of employment avenues. There should therefore be strict

guidelines that should govern the management of the fund. It should be targeted on the poor rather than the rich.

The DACF must be released on schedule. Contractors have to work according to certain work plan and therefore funds should be available to the DAs in a manner which is reliable and predictable. Late release of the funds results in a situation where contractors will be unpaid for work done. This in turn has the effect of increasing poverty especially among those whose families depend on contract works.

It is also recommended that a certain percentage of the fund should be used to give scholarships to needy and brilliant students in tertiary institutions.

Prudent and sound financial management practices should be instituted and encouraged to monitor the fund so as to minimize the incidence of misappropriation of the fund. This calls for strict control measures and accounting procedures to ensure sound and transparent financial management and accountability of the fund.

There should be frequent audits by both internal and external auditors to help check the perennial problem of embezzlement of the fund.

Finally, it is recommended that prospective beneficiaries of the Poverty Alleviation Fund must make initial financial commitments equivalent to a minimum of 25% of the total cost of their economic venture out of their own resources. This will minimize the problem of the loan being misapplied by the beneficiaries.



## REFERENCES

- Ahwoi Kwamena (1992), Resolving issues crucial to the socio-economic political situation of Local Government: Sectional Meeting of the Adansi West District Assembly, Obuasi.
- Ahwoi Kwamena (1992), The 4<sup>th</sup> Republican Constitution and the Local Government System: 6<sup>th</sup> Annual Workshop on Decentralisation, University of Ghana, Legon, Accra
- Ahwoi, Kwamena (1992), Local Government: A Catalyst for Development. 8<sup>th</sup> Delegates Conference of Local Government Authorities of Ghana (NALAG), Akrokerri.
- Ampiah, J.W. (1996), The District Assemblies Common Fund and its Operations
- Boachie-Danquah Y, (1990), District Assemblies Small Scale Industrial Animation: A way out of Rural Under-Development in Ghana.
- Brian, Stipak (1979): Citizen Satisfaction with Urban Services: Potential Misuse of a Performance Indicator, Public Administration Review No. 1 January/February.
- Conyers, Diana (1983): Decentralisation: The Latest Fashion in Development Administration; Public Administration and Development Journal, Vol. 3 January – March.
- Dasoberi, Isaac (1999): Guidelines on utilisation of District Assemblies Common Fund Budget Framework: The Experience – Sixth Annual Conference of District Chief Executives, Ho.
- Elizabeth, D. (1979), Cost–Benefit Analysis in State and Local Investment Decisions, Public Administration Review, No.1 January/February.

Greenstreet, D. K. (1979), Towards Integrated Rural Development in Ghana, Paper submitted to the International Seminar on Basic Needs for Rural Development, Pakistan.

Mill Odoi Report (1968), Report of the Committee on the Structure and Remuneration of the Public Service in Ghana.

Nwankwo, G. O. (1984), Management Problems of the Proliferation of Local Government in Nigeria, Journal of Public Administration and Development, Vol.4 No.1 Pp.63-75 January –March.

Opoku-Afriyie (1974), The Nature of Infrastructure for Rural Development, Greenhill Journal of Administration, Vol.1 No.2 July-September.

Oppong-Fosu, (1999), Productivity Improvement and Income Generation Fund: The Experience-Sixth Annual Conference of District Chief Executives, Ho.

Osuji, E. E. (1986), The Co-ordination of Developmental activities at the local level, Public Administration and Development Journal Vol. 6 No. 1 Pp. 87-101, January/February.

Rojos, M.V. & Rosebaum (1992), Decentralization, Local Government and Centre Periphery Conflict in Sierra Leone, Public Administration Journal Vol. 7

Siriboe Report (1968): A Commission of Enquiry into Electoral and Local Government Reform.

The Constitution of the Second Republic of Ghana

The Constitution of the Third Republic of Ghana

The Constitution of the Fourth Republic of Ghana

Vengroff, R. & Johnson A. (1987), Decentralisation and the Implementation of Rural Development in Senegal: The Role of Rural Councils, Journal of Public Administration and Development, Vol.7 No. 3 July- September.

Wood, S. N. (1986): Why Local Government, Paper delivered at a Seminar on Democracy, Accra.

KNUST



## APPENDICES

### QUESTIONNAIRE

#### Appendix 1

##### 1. QUESTIONNAIRE ON EDUCATION

The questions are intended for a research on the impact of District Assemblies' Common Fund on socio-economic activities in the New Juaben Municipality, Eastern Region. The work will be submitted to the Kwame Nkrumah University of Science and Technology, Kumasi (KNUST), in partial fulfilment for the award of a Masters of Business Administration degree. The information is for academic purposes and confidentiality is guaranteed.

1. Name of School .....
2. What type of assistance has the school received from the New Juaben Mun. Assembly? .....
3. Was the source of the assistance from the NJM Assembly's common fund? Yes [    ]  
No [    ]
4. If no, what was the source? .....
5. Did you apply for this assistance?                      Yes [    ]                      No [    ]
6. Has this assistance improved the enrolment in this school?                      Yes [    ]  
No [    ]
7. If the answer to question 4 is yes, state the yearly enrolment before and after the assistance. Before.....  
After .....
8. If the answer to question 4 is no, state the causes for the low enrolment .....

- .....
- .....
9. Suggest ways of improving enrolment in the school. ....
- .....
- .....
10. Has the assistance also improved the performance of the school in its Basic Education Certificate Exams?      Yes [    ]              No [    ]
11. If yes, state the yearly pass percentage of the students before and after the assistance.
- Before .....
- After .....
12. If no, suggest ways in which the Municipal Assembly can assist .....
- .....
13. State briefly how the community has benefited from the assistance to the school.
- .....
- .....
14. Please, kindly give your general view on the contributions of NJMA on educational development of this school. ....
- .....

Thank you.

## 2. QUESTIONNAIRE ON HEALTHCARE DELIVERY

The questions are intended for a research work into the impact of District Assemblies' Common Fund on socio-economic activities in the New Juaben Municipality, Eastern Region. The work will be submitted to the Kwame Nkrumah University of Science and Technology, Kumasi (KNUST), in partial fulfilment for the award of a Masters of Business Administration degree. The information is for academic purposes and confidentiality is guaranteed.

1. Do you have a healthcare facility in this community? Yes [    ]      No [    ]
2. If yes, what role has the NJM Assembly played in improving the health delivery system in this community? .....  
.....
3. If no, how do you access healthcare in this community? .....  
.....
4. What problems do the people in this community face as far as healthcare delivery is concerned? .....  
.....  
.....
5. Suggest ways in which the NJM Assembly can help find solutions to the problems you have stated above. ....  
.....  
.....
6. Please, kindly give your general view on the contributions of NJM Assembly on health delivery in this community. ....  
.....  
.....



Thank you.

### 3. QUESTIONNAIRE ON POVERTY ALLEVIATION FUND

The questions are intended for a research work into the impact of District Assemblies' Common Fund on socio-economic activities in the New Juaben Municipality, Eastern Region. The work will be submitted to the Kwame Nkrumah University of Science and Technology, Kumasi (KNUST), in partial fulfilment for the award of a Masters of Business Administration degree. The information is for academic purposes and confidentiality is guaranteed.

1. Have you heard of the Poverty Alleviation Fund? Yes [    ] No [    ]
2. If yes, are you a beneficiary to this fund? Yes [    ] No [    ]
3. If yes, state how you benefited from it .....  
.....  
.....  
.....
4. If no, give reasons why you have not benefited from the fund .....  
.....  
.....  
.....
5. State briefly how the Poverty Alleviation Fund has helped you or the community in general. ....  
.....  
.....
6. State any problems encountered in the disbursement of the fund. ....  
.....  
.....

7. Suggest ways in which people can be helped with the poverty alleviation fund. ....

.....  
.....

Thank you.

#### **4. QUESTIONNAIRE ON SOCIAL AMENITIES AND INFRASTRUCTURAL DEVELOPMENT**

The questions are intended for a research work into the impact of District Assemblies' Common Fund on socio-economic activities in the New Juaben Municipality, Eastern Region. The work will be submitted to the Kwame Nkrumah University of Science and Technology, Kumasi (KNUST), in partial fulfilment for the award of a Masters of Business Administration degree. The information is for academic purposes and confidentiality is guaranteed.

1. Do you have any social amenities in this community? Yes [ ] No [ ]

2. If yes, state types of social amenities. ....

.....  
.....

3. Were they provided by the NJM Assembly? Yes [ ] No [ ]

4. If yes, were they provided through the Assembly's common fund? .....

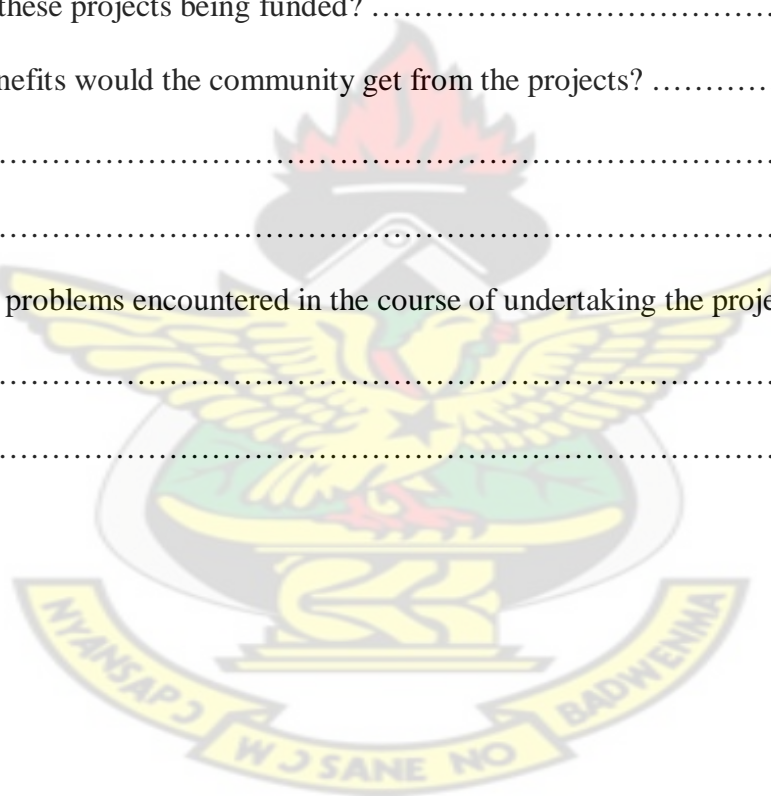
5. If no, who provided the amenities? .....

6. In what ways have these helped the youth of this community in particular and the whole community in general? .....

.....  
.....

7. Please, kindly give your general view on the contributions of NJM Assembly on social amenities in this community. ....  
.....  
.....
8. What infrastructural projects are being undertaken by the Assembly? .....  
.....  
.....
9. How are these projects being funded? .....
10. What benefits would the community get from the projects? .....  
.....  
.....
11. State any problems encountered in the course of undertaking the projects. ....  
.....  
.....

Thank you.



## APPENDIX 2 Geographical Area of the study

The population of New Juaben Municipality is about 12,832 based on 2011 Census.

The New Juaben Municipality falls within the Eastern Region of Ghana. The Municipality covers an estimated area of 110 square kilometers constituting 0.57 % of the total land area of the Eastern Region.

The Municipality shares boundaries with East-Akim Municipal on the North-East, Akwapim North District on the East and South and Suhum Kraboa Coaltar District on the west. Koforidua.

**The** New Juaben Municipality falls within the Eastern Region of Ghana. The municipality covers an estimated area of 110 square kilometers constituting 0.57 % of the total land area of the Eastern Region. The municipality has 48 electoral areas. It has an annual rainfall ranging from 50 – 120 inches and 20 – 32 celsius mean annual temperatures.

The municipality shares boundaries with East-Akim Municipality to the northeast, Akwapim North District to the east and south and Suhum Kraboa Coaltar District to the west. Koforidua City (New Juaben) is made up of several towns and neighborhoods, including Effiduase, Asokore, Oyoko, Jumapo, Suhyen, Dansuagya, Betom, Srodae, etc.

A predominant natural feature in Koforidua is the 'Obuo Tabri' Mountain, which is considered sacred. Nearby is Akosombo Dam which holds Lake Volta, the world's largest man-made lake. Waterfalls in the area such as Akan Falls and Boti Falls and the Umbrella Rock attract tourists to the region. Koforidua was founded in 1875 by migrants from Ashanti. It was served by a station on the Ghana Railway network. Koforidua is one of the country's oldest cocoa-producing centres. With the completion in 1923 of the Accra-Kumasi railway, it became an important road and rail junction. As cocoa production has moved westward to areas of virgin soil, Koforidua has become increasingly dependent upon its commercial and administrative functions.

The 'Akwantukese' (The Big Journey Festival) is celebrated yearly in the New Juaben Municipality to mark the movement of their ancestors from 'Ashanti' to their present location

### Appendix 3 Mathematical Formulae used in the work

Let  $A = 25.5$

The assumed mean  $A$  is the mean of the mid-point of the modal class 21-30 t

$$\text{Therefore mean } (x) = A + \frac{fd}{d}$$

Where

$x$	=	Arithmetic mean
$A$	=	Assumed mean
$d$	=	Summation of deviation
$fd$	=	Summation of deviation multiplied by frequency
	=	$25.5 + \frac{110}{70}$
	=	$25.5 + 1.57$
	=	$27.07\%$

#### Appendix 3 (b)

Let  $A = 55.5$

Therefore

$$X = A + \frac{fd}{d}$$

where

$A$	=	Assumed mean
$X$	=	Arithmetic mean
$fd$	=	Summation of frequency multiplied by deviation
$d$	=	Summation of deviation

$$x = 55.5 + -310/40$$

$$x = 55.5 + 7.75$$

$$x = 63.25\%$$

# KNUST

