Call for Position Papers by IMCC Secretariat

On National Decentralization Policy and Strategy

Submission of paper on the Theme: Citizen Participation and Accountability

Title of Paper: Reforming Social Accountability to promote fair Capital Allocation: A Policy Agenda for Inclusive Local Development in Ghana

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Abstract

Effective citizen participation in local governance must translate into tangible improvements in people's lives, particularly through the delivery of essential infrastructure and social amenities. This policy-oriented paper examines the role of social accountability mechanisms in ensuring the effective use of Capital Expenditure (CAPEX) by Metropolitan, Municipal and District Assemblies (MMDAs) in Ghana. While national guidelines require a minimum of 20% of Internally Generated Funds (IGF) to be allocated to capital projects, this paper argues that the threshold is insufficient to meet the growing demands for local infrastructure and service delivery. Drawing on experiences across multiple districts, the paper critiques the rising trend of administrative spending at the expense of developmental investments and assesses how participatory tools can be institutionalized to ensure that public funds are used for projects that directly benefit communities. It advocates for a policy shift to increase the minimum IGF allocation to capital projects to at least 50%, supported by civic engagement, performance-based accountability systems, and stronger legal backing.

1. Introduction

Ghana's decentralized system of governance provides a framework for promoting participatory development at the local level. MMDAs are tasked with planning and implementing development projects using various sources of funds, including the Internally Generated Funds (IGF). However, there is increasing concern that the allocation of these funds prioritizes administrative costs over capital investment. This undermines the delivery of essential infrastructure and services, which are the most visible indicators of responsive and accountable governance. This paper focuses on how social accountability mechanisms can be leveraged to improve CAPEX allocations and ensure developmental equity.

2. **Literature Review**

Social accountability refers to the wide range of actions and mechanisms, beyond voting, that citizens can use to hold public officials accountable. These include citizen report cards, public hearings, community scorecards, participatory budgeting, and independent budget analysis. Globally, countries such as Brazil, India, and the Philippines have institutionalized participatory budgeting to ensure more equitable development. In Ghana, efforts by civil society and development partners have introduced tools like the District League Table and the Participatory Budgeting Manual, but their impact on resource allocation remains uneven.

3. **Policy and Institutional Context**

The Local Governance Act, 2016 (Act 936) mandates MMDAs to ensure participatory governance and inclusive development. The NDPC guidelines for preparing Medium-Term Development Plans emphasize citizen engagement and social accountability. However, the Ministry of Finance guideline that mandates only 20% of IGF to be spent on capital projects is widely viewed as inadequate. While this guideline is meant to protect a portion of funds for development, it has also become a ceiling in practice rather than a floor. High administrative costs continue to dominate MMDA budgets, limiting investment in infrastructure and essential services.

4. **Findings from the Field**

Preliminary reviews of Progress Reports in selected districts reveal a pattern of underinvestment in capital projects. For instance, in several assemblies, administrative expenditure consumes over 60% of the total IGF. Participatory tools such as town hall meetings and budget hearings are often tokenistic, with limited citizen influence on actual budget outcomes. Moreover, project monitoring committees, where they exist, are poorly resourced and have weak mandates. Citizens express frustration over delayed or abandoned projects, poor quality of execution, and lack of transparency in procurement processes.

5. **Analysis and Discussion**

The failure to channel sufficient resources into capital expenditure reflects broader institutional and political economy challenges. These include weak enforcement of planning guidelines, limited fiscal space, elite capture of budget processes, and low civic awareness. Increasing the IGF allocation for CAPEX to 50% would represent a bold policy shift that aligns spending with the developmental needs of communities. However, this must be accompanied by reforms to strengthen participatory mechanisms, such as:

- Legislative amendments to make participatory budgeting mandatory.
- Capacity building for Assembly Members and CSOs to engage effectively.
- Transparent procurement and project tracking systems.
- Performance-based incentives for Assemblies that meet or exceed development spending thresholds.

6. Policy Recommendations

1. **Revise the IGF CAPEX Allocation Guideline**: Increase the minimum threshold from 20% to 50% to ensure greater investment in infrastructure.
2. **Institutionalize Participatory Budgeting**: Make it a statutory requirement for MMDAs to engage citizens meaningfully in budget formulation and project monitoring.
3. **Digitalize Transparency Mechanisms**: Develop online platforms where budgets, procurement data, and project progress can be accessed by the public.
4. **Build Capacity for Oversight**: Train community-based groups and Assembly Members to interpret budgets and monitor project delivery.
5. **Adopt Performance-Based Budgeting**: Link MMDA funding to developmental outcomes and compliance with accountability benchmarks.

7. Conclusion

The ultimate measure of accountability in local governance is the provision of public goods that improve the quality of life. Ghana’s current allocation of IGF underinvests in capital projects, undermining the developmental promise of decentralization. By enhancing social accountability and increasing CAPEX thresholds, policymakers can align resource allocation with citizen needs and strengthen the legitimacy and impact of local governance.

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