ELECTORAL DECENTRALIZATION IN GHANA:
WHAT DO GHANA’S LOCAL GOVERNMENTS REALLY NEED
FOR ECONOMIC DEVELOPMENT?

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INTRODUCTION

Electoral decentralization has been hailed as a form of grassroots democracy that breeds accountability, transparency, and citizen empowerment through participation in the governance process (Faguet, 2013). In the developing world, there is an increased call for local government officials, particularly the mayor, to be elected by citizens. The proponents of electoral decentralization contend that the appointment of local government officials breed corruption given that they are accountable only to the appointing authority—the head of state. Electing these officers, proponents suggest, will diversify political authority. This is because citizens hold elected officials accountable for non-performance and have the power to vote them out (Bardhan, 2002).

Opponents to electoral decentralization, however, predict doom for local governance, and warn that electoral decentralization amounts to copying blindly from the west without recognizing the unique socio political and economic environment that many developing countries operate in. In addition, electoral decentralization do not have the benefits of economies of scale, equity, and accountability to the entire region as in centralized governments (Carr, 2004; Leland and Johnson, 2004). Thus, there is a contention that electoral decentralization could spell doom for the country. This is explained by the starving of local governments due to asymmetrical goals at the various levels of government (Romer and Romer, 2009). The national government thus deprives subnational governments of development projects due to differences in policies.

Many African nations, and Ghana for that matter, find themselves in a conundrum, whether to pursue centralization in the manner that was handed it by its colonial masters, or
pursue the decentralization that is often associated with fragmented local governments in countries such as the United States, which emphasizes local government autonomy. Or perhaps, Ghana needs its own breed of local government. Ghana has experimented with different models of government, and yet the country continues to suffer from concomitant economic mismanagement and challenges in its markets.

In this paper, we look beyond the rhetorics on the different paradigms that Ghana should adopt by examining the different local government systems that have been experimented with. This paper posits that what Ghana needs goes beyond a system of governance. The following questions are pertinent: (1) what are the merits and demerits of the different paradigms of local governance? (2) What are the different types of local governance being proposed for Ghana? (3) What really does Ghana’s local governments need for economic development and growth?

These questions are important because they provide the key to addressing economic challenges that Ghana faces and readies the country for the economic take-off that will make it economically competitive and a global force. This paper promises to refine local government practices by recommending what needs to be emphasized in local government administration. It provides a succinct review on the merits and demerits of the paradigms of local governance in Ghana and makes specific recommendations on how developing countries may proceed to make their local governments less dependent on the national government as they increase their autonomy. The paper suggests that Ghana needs local governments that emphasize leadership, entrepreneurship, professionalism, local autonomy, competition, and strong institutions with the promise of economic development and growth.
ELECTORAL DECENTRALIZATION

The United States is a prime example of a nation that has modeled its local governments in a decentralized manner. In this arrangement, citizens of local governments elect officers to administer the affairs of the city for a defined period of time. The elected, who constitute a local legislature and a presiding mayor (with or without executive authority) have the authority to coerce citizens to comply with the laws that council makes. The powers of the local government council include the power to tax as well as proprietary and regulatory powers (Bland, 2013). The exercise of these powers enable the provision and production of public goods such as police, fire, and emergency management.

The current local government system in the United States has, however, evolved from not-so-popular model into what is known today. It is interesting to know that prior to 1820, the mayors in the then United States were predominantly appointed by the governor (Judd and Swantrom, 2010). This, however, bred corrupt practices associated with the machine politics of the 19th century America. The machine politics is a hierarchical political organization controlled by an organized clique, which relies on material enticements to cultivate loyalty. The machine is characterized by government provision of patronage jobs and contracts in exchange for votes. There was little accountability to the citizens. This led to extreme social and economic inequality and several class conflicts.

Half a century would follow for significant reforms in local government to take place. The reform entrepreneurs, led mainly by the middle class and the educated elite, argued for a more transparent government, budgeting and professionalism in government service (Judd and Swantrom, 2010). The reform entrepreneurs advocated for the prosecution of corrupt government official and managers of local governments. The campaigns were championed in
newspaper stories and books, calling for the elimination of the machines. But the change was slow. The models of local governance developed are discussed.

The mayor-council form of government (strong mayor system) entrusts the elected mayor with executive authority, while an elected unicameral legislature passes legislation and makes policy. Voters hold the elected accountable for the city’s overall performance. The mayor, with veto authority, has the responsibility for addressing corrupt practices and hold all government appointees accountable. Strong mayor systems of government are still prevalent in large cities in the United States, such as Houston, New York, Los Angeles, and Chicago.

The United States also experimented with the commission form of local government beginning with Galveston, Texas in 1894. In this model, business leaders were elected to manage local governments by making policies and administering same. This model was associated with several difficulties. The business leaders-turned-government-managers built personal empires. This model has been cited as an example of a model for personal aggrandizement since there were quid pro quo practices among the commissioners with little control from the mayor. Though the commission form model is abandoned by most cities, it is still the model of choice in Portland, Oregon.

A more popular business model, which has been replicated in most United States cities is council-manager form of government. The city is modeled as a business with a clear separation between policy making and policy administration. A professional local government manager is appointed by the council and vested with executive authority to administer the policies made by the council apolitically (Adrian, 1999; Svara, 1990)

In spite of the overwhelming promotion of decentralization, there are opponents who argue that it is only in centralization, as in consolidated governments that we have progress and
economic development for all (Faguet, 2013; Carr, 2004). This is because centralized governments leads to technical efficiency, effectiveness, equity, and accountability to the entire region (Faguet, 2013; Carr, 2004). Centralized governments reduce duplication, which increases technical efficiency and address problems of patronage and corruption, which contribute to higher priced local government services and limited transparency (Leland and Johnson, 2004). In addition, centralization provides mechanisms to overcome barriers to cooperation and address environmental externality and problems associated with urban sprawl (Carr, 2004). Furthermore, centralization reduces inequality and income differential in metropolitan areas (Carr, 2004).

Feiock (2004), however, argues that centralized governments have not delivered according to their promise. He points to evidence that local governments cost less in areas where general purpose government is more decentralized. There is also evidence that electoral participation is higher in decentralized systems (Feiock, 2004) and that consolidated governments face a collective action problems, with free rider problems. Beside, politically independent local governments may collaborate in inter-local agreements to obtain benefits that accrue to consolidations (Thurmaier and Wood, 2004; McCabe, 2004).

Local government decentralization received a boost from the public choice perspective that emphasized market perspective in local governance (Niskanen, 1971; Ostrom 1973; Tullock, 1965). In the famous 1956 article on local expenditure, Charles Tiebout argued that a market type solution exist to determine the level of expenditure on public goods at the local level. This is because local government expenditures reflect the preferences of their citizens, and that citizens make locational choices based on what different localities are able to offer. If residents are not satisfied with the service-tax packages of their governments, they “vote with their feet” by
moving to other localities (Tiebout, 1956). This reflects in municipalities having home rule charters that define that autonomy.

A vibrant local autonomy requires a strong municipal bond market that allows local governments to borrow for economic development based on the preferences of their residents. The existence of municipal bond market has contributed enormously to the economic development of local governments in the United States as it contributes to infrastructure development and local autonomy.

**LOCAL GOVERNMENT ADMINISTRATION IN GHANA**

Centralized government in Ghana is a relic of colonialism in Africa, and it is characterized by higher degree of fiscal centralization (Oates 1999). Centralization was a system used by the colonial governments to ensure control of the entire region of their domination. Fiscal centralization ensured weak local governments in relation to the central governments making them to over depend on the latter.

Service provision continues to be centralized in Ghana. Services such as police and fire are not local in nature, they are centralized at the national level. This leads to little variation among communities, and citizens have little opportunities to choose from jurisdictions (Oates 2005). When political authority is vested in a central authority it is associated with centralized provision of uniform level of output across all jurisdictions. This contrasts with decentralized finance, where outcomes are tailored to the demands of each jurisdiction to provide higher level of social welfare than one in which a central government provides single uniform level of private output for all jurisdiction (Oates, 1999; 2005).
In the 1980s there was a gradual emphasis on decentralization in Ghana. The birth of the 1992 constitution marked a turning point for local governments in Ghana. In that year, the country opted for a return to multi-party democratic dispensation. With the beginning of the fourth republic, local governance received prominent attention. The republic of Ghana Act 462 — Local Government Act 1993, provides for a decentralized local government. Taking from Article 240 of the constitution, this law provides that “Ghana shall have a system of local government and administration which shall, as far as practicable be decentralized.”

However, the decentralization proposed in Ghana’s constitution and the local government Act are partial decentralization. This is because, while it allows for the creation of district assemblies where members are elected into a unicameral legislature, the mayor is appointed by the president with the approval of the legislature to wield both executive and administrative authority, in addition to being a representative of the national government. Furthermore, the local governments have not been granted revenue generating powers as expected in a full-fledged fiscally decentralized government. The system of decentralized government reminds many of the machine politics of the 19th century America, albeit improved by a legislature with constrained authority.

A white paper produced by the government in 2014 after a constitutional review commission produced its findings on the matter, proposed to deepen the decentralization process further. The president would nominate five persons to the Public Service Commission who will conduct an interview and screen these to three after which these are presented to the electorate for election and the winner becomes the chief executive. The mayor in this situation will not serve at the will of the president. The debate continues to be dichotomous on this subject. Many
argue that by nominating possible executives, the problems envisaged with appointment still exists.

The improved model of local governance has seen some progress even though it is fraught with several problems. For example, the subject of fiscal decentralization is not adequately addressed. The 5 percent of total revenue in the district assembly common fund will still make district dependent on the national government and still have little autonomy. Besides, the local governments still do not have revenue generating authority and the powers of coercion that comes with that. We suggest that the current models lack innovation since the persons who serve at the pleasure of the president are largely implementers of national policies who do not bring much professionalism in to bear on their job. We contend that electing a mayor per se will not address the barriers to economic development in Ghana’s local government sector.

In the United States, remnants of the different models of local governments remain in many municipalities. The commission form of government is the preferred governance in Portland Oregon. Even a plebiscite to change it to council manager form of government failed. Several variants of the council-manager form of government exist. In one analysis, Frederickson (2012) identified four models of the relationship between the manager and the council. Yet, these cities thrive well economically. We reason that there are key elements in all these models that contribute to economic development of America’s local government that Ghana should imitate.

WHAT DOES GHANA’S LOCAL GOVERNMENTS REALLY NEED?

While acknowledging that models of local governance are important, this essay advances four essentials for an effective local government in Ghana. We propose that the focus of Ghana’s economic development should emphasize entrepreneurship, professionalism, local autonomy
through fiscal decentralization, and inter-local competition. We suggest that these will lead to economic development for Ghana and serve as a model for Africa’s renaissance.

(1) Development of public and social entrepreneurs at the local level

Ghana’s local government leaders, whether appointed or elected, need to be entrepreneurial who provide policy directions to local governments leading to economic development and growth. Ghana does not need mere savvy politician— the people’s man, who bring votes for the election and re-election of national political leaders—but public and social entrepreneurs who are able to perceive economic opportunities and move their governments in a direction to take advantage of emerging opportunities for their governments. In effect, local governance should not be left with inexperienced persons who have not achieved any success with business, work, or public service.

Schneider et al., (2011) described public entrepreneurs as individuals who: change the direction and flow of politics, transform the nature of political debate, influence the tax and revenue policies of their local economy, discover market openings, and exploit new opportunities for their local governments. Local government entrepreneurs should therefore, be creative, risk takers, and innovative in adding value to society (Thompson, 2002). They should seize opportunities and be resourceful (Paredo and Mclean, 2006). Local government leaders should be known leaders who are passionate about a particular social purpose that an existing level of risk or failure is not enough to deter them.

Thus, the political system in Ghana needs to create the environment that supports the emergence of entrepreneurs to take active role in city management and not assume office merely because of party affiliations in a patronizing relationship. Osborne and Gaebler (1992) promoted
a new public management ideal that sees local government leaders to be entrepreneurial who recognizes the changing nature of the globe and the need to forge different collaboration with other public, private and the nonprofit sectors in the provision of goods and services to their citizens. To emphasize, what Ghana needs for its local government is leaders who have demonstrated abilities as entrepreneurs and not those who have mastered the art of just implementing a national policy.

(2) **Professionalize local government management**

Another way of improving governance in Ghana’s local government is by modeling them as government businesses and operating them as corporations. In the United States for example, the council-manager form of government is associated with higher level of managerial competency and professionalism (Adrian, 1999; Svara, 1990). This is because professional managers are hired to run the affairs of the city and the local government is modeled as a business, with better planning of government activities (Adrian, 1999; Svara, 1990). This model also benefits from the adoption of new technology and innovations (Moon and Norris, 2005). Persons seeking professional local management jobs typically earn a graduate degree in public affairs, which include the Master of Public Administration or its equivalent in local government or city management. What Ghana needs is to strengthen institutions that build capacities of local government managers.

(3) **Increase local autonomy through fiscal decentralization**

With entrepreneurial leaders who have the ability to influence the nature of political debate and revenue policy, and a professional workforce, local governments would be poised to
increase local autonomy through locally made revenue raising opportunities. Bland (2013) identifies taxing powers, proprietary powers, and regulatory powers as the legal basis for revenues in local governments, which enables them to raise the needed revenue for the production of public goods and services for its citizens. In addition, to enhance local autonomy, Ghana needs a strong and viable municipal bond market that enables local governments to borrow funds for economic development project that could be paid over time (Oates 1999).

Furthermore, local governments could develop special districts to attract businesses to specific geographical areas and grow their economies at the initiation of local governments. What local governments need, therefore, are abilities to raise revenue at the local level to increase their autonomy and reduce their dependence of the central government. Ghana currently does not have a municipal bond market. Local governments are assessed based on the nation’s sovereign bond rating, which is not of investment grade. Hence, competitive local governments should receive ratings for their programs and enter the capital market to raise revenue for economic development.

(4) Increase inter-local competition among local government

As suggested by Tiebout (1956), fragmented cities compete for residents based on their different tax and service packages. Residents vote with their feet if they are not pleased with the local governments. In other words, there are residents who would be willing to pay a little higher to live in a certain community while others would rather move out. Decentralized governments that encourages competition ensures that the different residents match their preferences with the heterogenous local government rather that the provision of uniform set of goods and services. This competition reduces cost as local government leaders strive to provide
goods and services at competitive rates leading to economic development for all. When Ghana encourages Tiebout type cities it leads to competition among local governments, which ultimately leads to better economic and social development of all.

CONCLUSION

In this paper, we contend that like the United States in the 19th Century, Ghana has a history of discovering local governments that will be most suitable to its quest for economic development. But just as United States has found, there is no single governance structure that holds the panacea to all the challenges local governments face. Ghana needs to look at success factors in local governments generally and model local governments accordingly.

This paper identified four of such factors that should drive local government administration. The paper suggests that Ghana should emphasize the development of public and social entrepreneurs at all levels of government to ensure that competent persons provide leadership in all levels of government. In addition, Ghana needs to professionalize local government management through stronger institution building. Furthermore, emphasis on local autonomy should be on fiscal decentralization and not only electoral. These will result in increased inter-local competition among local government resulting in better quality of services and economic development for the nation.

This paper does not claim all the answers to Ghana’s economic development. This paper seek to start a debate that move the conversation on Ghana and Africa as a whole from rhetorics to pragmatisms. We welcome pragmatic ideas proposes answers to the challenges of economic development in Ghana and Africa as a whole.
REFERENCES


