

# Political Economy Analysis of Decentralisation, Local Governance, and Development in Ghana

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## Abstract

Decentralisation has been a cornerstone of Ghana's governance and development strategy since the 1980s, aimed at enhancing local governance, participatory democracy, and equitable development. This paper conducts a political economy analysis (PEA) of decentralisation in Ghana, examining how power dynamics, institutional structures, and socio-economic factors shape its implementation and outcomes. Using an exploratory case study design, the data was drawn from policy documents, government reports, and secondary literature. The paper explores the interplay between political actors, traditional authorities, and local government institutions in the decentralisation process. Findings reveal that while Ghana's decentralisation framework is robust on paper, its effectiveness is undermined by political interference, limited fiscal devolution, and capacity constraints at the local level. Elite capture and partisan politics often distort resource allocation, weakening accountability and service delivery. Additionally, traditional authorities retain significant influence, sometimes conflicting with formal local governance structures. Despite these challenges, decentralisation has contributed to increased citizen participation and localized development initiatives in some regions. The key conclusion is that the paper identifies innovative countermeasures like a hybrid governance model that integrates traditional chiefs with elected officials. These findings challenge conventional decentralisation theories, emphasising the need for context-sensitive reforms that address Ghana's unique political and socio-economic development realities. The paper concludes that for decentralisation to achieve its intended goals, reforms must address fiscal autonomy, strengthen institutional capacity, and minimize political manipulation. A more inclusive governance approach, integrating traditional and formal systems, could enhance legitimacy and development outcomes. This paper contributes to broader debates on the political economy of decentralisation in sub-Saharan Africa, offering policy recommendations for improving local governance and sustaina-

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ble development in Ghana.

## Keywords

Decentralisation, Local Governance, Political Economy, Development, Fiscal Devolution, Ghana, Ghana

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## 1. Introduction

Ghana, after 27 years of political instability from February 1966 to January 1993, the country has remained largely politically stable over the last 33 years with the absence of military governments, and the relatively peaceful atmosphere characterised by intermittent and localised conflicts around the country, often related to local governance and development issues. Though relatively peaceful, the country's development, like many developing economies, faces a lot of challenges (Gyimah-Boadi, 2001; Abdulai & Crawford, 2010). The country has made strenuous efforts since gaining political independence on 6 March 1957, but has not been able to translate fully all the ideas, policies, and programmes contained in the many developments plans the country has developed in the past to development outputs, and where progress was achieved, this has not been sustained.

Many reasons accounted for this phenomenon, among which is the centralised nature of the planning and development administration system practiced in the past until the end of the 1980s. The centralised development planning and public administration system has proved ineffective in moving the country forward (Gyimah-Boadi, 2001; Abdulai & Crawford, 2010). Consequently, since the beginning of the 1990s, development policies and programmes have aimed at responding to political liberation and globalisation on one hand and decentralised local governance and development administration to improve political participation and democratic governance with the view to alleviating poverty and enhancing the standard of living in the country (Abdulai & Crawford, 2010; Resnick, 2014).

Since Ghana's political independence on 6 March 1957, several attempts have been made by successive governments to enhance the public administration system and participatory local governance through a programme of decentralisation and local government reforms. Thus, between 1957 and 1988, efforts were made to devolve political power and administrative authority to the local units of the governmental authority. These policy initiatives took the form devolution of political power and administrative authority to the local units by the Central Government, focusing on an efficient public administration system through the creation of new regions and administrative districts. Though the progress stalled, the local government system was reformed into a four-tier local administration structure consisting of Regional, District, Local, and Town Councils and Village Development Committees by 1970 (Gyimah-Boadi, 2001; Abdulai & Crawford, 2010). The political and administrative powers were allocated to the District

Councils by the Central Government for local governance and socio-economic development of Ghana (Republic of Ghana, 1992; Ministry of Local Government and Rural Development, 1996).

However, the Provisional National Defence Council (PNDC) regime in 1988 initiated a major programme of action and established the decentralised system of local government administration in the country, following the enactment of the Local Government Law (PNDCL 207) of 1988. The decentralisation programme was aimed at promoting local governance in the decision-making, determination of priority needs, and implementation of plans and programmes in the development process at the local level. Therefore, the policy that a democratic decentralised local government system will deliver on the national objectives of democracy, development, and the effective delivery of local services is the concept of decentralised local governance and development. The policy is further given impetus in Article 35 (6) (d) of the 1992 Constitution of the Fourth Republic of Ghana, which requires the State to foster democracy by decentralising the administrative and financial machinery of the Central Government to the regions and districts. This is reinforced by Article 240 (1) of the Constitution of Ghana, which provides that “Ghana shall have a system of local government and administration which shall as far as practicable be decentralised” (Constitution of the Fourth Republic of Ghana, 1992).

Ghana’s decentralisation programme represents one of Africa’s most sustained attempts to devolve governance since its formal establishment under the 1988 Local Government Law (PNDCL 207) and subsequent constitutional entrenchment in 1992 (Government of Ghana, 1993; Ayee, 2013). The decentralisation programme of 1988 created 110 Metropolitan, Municipal, and District Assemblies (MMDAs) as the highest political authorities in their jurisdictions, with responsibilities encompassing local development planning, revenue mobilisation, and service delivery (Government of Ghana, 1993; Ayee, 2013). The programme emerged from multiple historical trajectories, including pre-independence roots in British colonial indirect rule systems; post-independence experiments under Nkrumah’s local council system; military-era reforms of the 1970s-80s that laid institutional foundations, and democratic consolidation since 1992 that expanded participatory elements (Ayee, 2017; Resnick, 2014). Thus, Ghana’s new decentralisation programme, formally initiated under the Provisional National Defence Council (PNDC) regime in 1988 and subsequently constitutionalised in 1992, represents one of Africa’s most ambitious attempts to devolve power to sub-national levels (Ayee, 2013). The programme has been a cornerstone of Ghana’s governance reforms since the return to democratic rule in 1993. The 1992 Constitution and the Local Governance Act (2016, Act 936) provide the legal framework for devolving authority to Metropolitan, Municipal, and District Assemblies (MMDAs) (Ayee, 2017). The rationale for decentralisation includes enhancing service delivery, promoting citizen participation, and fostering local development (Crawford, 2009).

Arguably, nearly four decades since its inception, Ghana’s decentralisation ex-

periment presents a paradox. Thus, a comprehensive decentralisation and local government system reforms started at the end of the 1980s in Ghana. While the country has developed one of the continent's most elaborate decentralisation architectures, implementation has been uneven and outcomes mixed (Crawford, 2009). The political economy of decentralisation also reveals persistent challenges, including elite capture, fiscal constraints, and partisan interference (Crook, 2003). Despite several years of decentralisation policies and practices in the country, substantial challenges still exist, which constitute critical questions confronting the political economy of local governance and development in Ghana today. This presents a conundrum, and the main objective of this paper is to unearth the intended purpose of decentralisation in Ghana and how this has impacted the local governance and development within the framework of political economy. Ghana is making significant progress in the decentralisation policies and practices, this is because as far as the allocation of political power and administrative authority to the local government units in the country by the central government are concerned, the overall commitment of the country's drive to achieving this goal is indisputable, but to what extent does the process impacted on the political economy of local governance and development in the country?

Therefore, the paper's main purpose is to bridge theory, evidence, and policy, arguing that while decentralisation *ideally* promotes development, its *scientific* and *practical* effectiveness depends on institutional design, political incentives, and local capacity. For Ghana (and similar developing nations), realising the economic benefits of decentralisation requires addressing structural and political barriers. To achieve this, the paper interrogates this empirical and conceptual question and seeks to unravel this paradox through a political economy analysis that examines how power relations, institutional constraints, and economic interests shape the functioning of local governance systems. It examines the political economy of decentralisation in Ghana, focusing on the interplay between institutional structures, power relations, and development outcomes. Therefore, the paper's significance lies in its contribution to academic and policy debates. Theoretically, it advances our understanding of how political economy factors mediate the implementation of governance reforms in developing country contexts. Practically, it provides evidence-based recommendations for strengthening Ghana's decentralisation system. The paper proceeds as follows: Section 2 reviews relevant literature, Section 3 presents the theoretical framework, Section 4 describes the methodology, Section 5 presents findings and discusses the implications, and Section 6 concludes with policy recommendations, followed by the references used in the paper.

## 2. Literature Review

The concept of decentralisation could be defined as the system of administration by which considerable political and administrative powers are allocated to the local units of the State by the Central or National Government (Tordoff, 1997; Ohe-

meng, 2015). It is quite different from centralisation because in a decentralised system, the centre holds total political and administrative powers, and the units are subordinated to the headquarters or the centre. Unlike decentralised administration, decisions and directives are entrusted to the hands of those at the helm of affairs at the centre. That is, decentralisation is the transfer of power and responsibilities from the central government to the sub-national level, and its implementation has assumed an incomparable acceptance all over the world within the last two decades.

Decentralisation involves transferring authority from central to local governments. It is “the transfer of authority, responsibility, and resources from central to subnational levels of government” (Rondinelli, 1981: p. 133). Political economy approaches emphasise how power relations and material interests shape institutional arrangements (Ayee, 2013). Applied to decentralisation, these perspectives highlight how: a) Central governments may resist meaningful devolution to maintain control over resources (Boone, 2003a); b) Local elites may capture decentralised institutions to serve their interests (Platteau, 2004), and c) Political parties may use decentralisation structures for patronage (Crook, 2003).

In the African context, decentralisation has been pursued for multiple objectives, including improving service delivery, enhancing democratic participation, and promoting local development (Tordoff, 1997; Ayee, 2017). However, as Faguet (2014) notes, many African countries have implemented hybrid systems that combine elements of these ideal types in practice.

Ghana’s decentralisation model combines three forms identified in the literature: a) Deconcentration—the redistribution of administrative responsibilities to field offices of central ministries; b) Delegation—the transfer of functions to semi-autonomous agencies; c) Devolution—the creation of autonomous local governments with elected representatives (Ayee, 2013). Thus, Ghana’s decentralisation concept combines deconcentration, delegation, and devolution, but implementation remains uneven (ibid., 2013). Also, Crawford (2009) demonstrates how decentralisation has been shaped by the competing interests of national politicians, traditional authorities, and bureaucratic elites in Ghana. Studies highlight how elite interests and patronage networks influence resource allocation (Crook, 2003). The country’s local governments often face political interference, limiting autonomy (Crawford, 2009). While some districts show improved service delivery (education and health), others suffer from weak revenue mobilisation and corruption (Ohemeng & Ayee, 2016).

The Ghanaian decentralisation concept traces back to colonial indirect rule, where traditional authorities played intermediary roles (Ayee, 2017). Post-independence, Kwame Nkrumah’s centralisation policies weakened local governance until the 1980s when the Provisional National Defence Council (PNDC) reintroduced decentralisation under structural adjustment (Ayee, 2017). The 1992 Constitution formalised decentralisation, establishing MMDAs as the primary local governance units. However, the central government retains significant control

through the appointment of 30% of assembly members (Article 242) and control over fiscal transfers (District Assemblies Common Fund). This hybrid system creates dependency and limits local autonomy (Crook, 2003).

However, existing literature on decentralisation in Ghana highlights both its potential and limitations. Ayee (2013) argues that decentralisation has enhanced grassroots participation but remains constrained by political interference. Similarly, Crook (2003) notes that fiscal centralisation undermines local autonomy as MMDAs depend heavily on the District Assemblies Common Fund (DACF). Studies have also highlighted the role of traditional authorities in local governance. Chiefs often wield significant influence, sometimes competing with elected officials (Boone, 2003b). Further, political party involvement in local elections, despite legal provisions for non-partisanship, has led to patronage and elite capture (Bob-Milliar, 2012). While some scholars (Crawford, 2009) praise decentralisation for improving service delivery, others (Fjeldstad & Heggstad, 2012) highlight inefficiencies in revenue mobilisation and accountability. This paper builds on these debates by conducting a political economy analysis of decentralisation in Ghana.

### 3. Theoretical Framework of Analysis

#### 3.1. Theory

This study employs a political economy framework to analyse how power dynamics and resource distribution shape decentralisation outcomes in Ghana (Bardhan & Mookherjee, 2006; Weingast & Wittman, 2006). Rather than viewing decentralization as a purely technical or administrative reform, the paper conceptualises it as a political process, where competing actors, including central and local governments, traditional authorities, and elites, negotiate control over governance and resources (Boone, 2003b). Ghana's decentralisation experience reflects this complexity, as historical legacies, colonial administrative structures, and post-independence reforms have all influenced its trajectory (Ayee, 2013). The framework examines decentralisation through three interlinked dimensions: political (transfer of decision-making authority), administrative (delegation of functions), and fiscal (allocation of financial resources) (Rondinelli, 1981), revealing how these elements interact in practice.

Ghana's hybrid decentralisation model, combining deconcentration (central oversight) with partial devolution (local autonomy), creates inherent tensions in governance (Ayee, 2017). The political economy lens helps uncover how these institutional arrangements are shaped by competing interests, such as central government reluctance to cede power, local elite capture of resources, or traditional leaders' influence over policymaking (Weingast & Wittman, 2006). By focusing on these power struggles, the framework moves beyond formal structures to analyse why decentralisation policies succeed or fail in practice. This approach provides critical insights into the gaps between Ghana's decentralisation ideals and their implementation, highlighting how political and economic incentives ulti-

mately determine governance and development outcomes.

### 3.2. Political Economy of Decentralisation in Ghana

Political economy of governance has established a linkage between the economy's performance and good governance in the Nation-State (Weingast & Wittman, 2006). For instance, Lipset (1980) suggested a positive relationship between democracy and economic development, indicating that as a country becomes wealthier, it is more likely to sustain and enhance democracy and its supporting institutions. This argument by Lipset (1980) suggests that causality runs from economic development to democracy (Harding & Wantchekon, 2010). The reverse causality from democracy to economic development is reported by Olson (1993), arguing that long-term sustainable economic growth and development are only possible through establishing democratic institutions. However, Wiseman and John (1995) and Przeworski (2005) have pointed out that the stability and progress of democracy in a country are intertwined with both economic development and minimisation of the level of inequality in the Nation-State, and has this become a participatory governance issue towards the end of the 20<sup>th</sup> Century.

Thus, in the early 1990s, the term participatory and decentralised local governance approach was adopted following the debate on governance as a means of achieving socio-economic development (Beetham, 1994; Wiseman & John, 1995). The concept involves bottom-up local political participation in the decision-making process, and this seeks to improve the quality of politics through active involvement of citizens within the polity in a political system (Boafo-Arthur, 2006). The new governance paradigm is about political participation at the local level and partnerships in modern liberal democratic States. While in the past governments take unilateral decisions primarily based on technical knowledge and vested interests, the new democratic system and local governance structure demand broad public consultation, and participatory governance practices at all levels of governmental authority, through encouragement of popular political participation at the national and develop partnership with civil society organisations and local authorities in a country. Therefore, many developing countries including Ghana in the early 1990s initiated efforts to create space and mechanisms for citizens' participation in the democratic processes.

In Ghana, the search for participatory democracy and governance started in the early 1980's when the Provisional National Defence Council (PNDC), established the National Commission for Democracy (NCD) in December 1984 to take over the functions of Electoral Commission, and to discharge several functions government assigned to it (Republic of Ghana, 1991). The PNDC regime initiated several local government reforms which culminated in the New Local Government System and local government elections based on a non-partisan political slate in 1988/89, and this became sine qua non of a sound national government in the country beginning in 1992.

Arguably, a significant move towards participatory democracy and governance

in the country was the task assigned to the National Commission for Democracy (NCD) to collate public views on the political future of the nation for the effective realisation of multi-party democracy and governance in the country (Republic of Ghana, 1991). The NCD held political fora in all ten administrative regions of Ghana at the time with active participation of a cross-section of Ghanaians. The commission put together a report entitled *Evolving a true Democracy* (Afari-Gyan, 1995:10) and this was followed by a committee report entitled *Proposal for a Draft Constitution of Ghana* (ibid, 1995:14). A consultative Assembly was then set up to formulate a proposal for Constitution of Ghana, and at the end, the committee put together a proposal called *Draft Constitution of Ghana* (Afari-Gyan, 1995: p. 119). Consequently, Ghanaians voted to approve the *Draft Constitution* on 28 April 1992, with a measure of 92.6 percent of votes cast (Boafo-Arthur, 2006). This formed the basis of multi-party democracy and local governance in Ghana under the Fourth Republican Constitution, and the inauguration of the first elected government on 7 January 1993, under the Fourth Republic, following the Presidential and Parliamentary elections held on 3 November and 28 December 1992, respectively. Ghana has a unique decentralised system of government. This was introduced in 1988 with the creation of the district, including (Metropolitan and Municipal but hereafter simply called 'District') Assembly system. The concept was greatly strengthened by the introduction of the funding mechanism known as the District Assemblies Common Fund (ADCF), under which 5% (now 7.5%) of the national budget is allocated to the districts. Building on the success of District Assemblies, the logic of decentralisation has now been extended to the lower level with the creation of Urban/Zonal/Town Councils and Unit Committees.

At the national level, decentralisation conveys a sense of ministerial restructuring in which, at the level of broad generalisation, Ministries, Departments and Agencies (MDA) are to be restricted to policy making, planning, evaluation, and monitoring of governmental activities. Also, the national governance is structured around the Executive President, who has considerable powers, including the right to appoint all Mayors and District Chief Executives (DCEs) of the 260 districts, and Ministers of the 16 regions, plus Sector Ministers and Deputies in Ghana. The Head of State is the Executive President, who is assisted by a Vice President, Cabinet Ministers of State, and Deputy Ministers at the national level.

The Ministry of Local Government and Rural Development (MLGRD) is responsible for the coordination of Local Government functions and links the centre, the Regional, and District and Sub-District levels. The MLGRD also functions as the Local Government Secretariat with the political role to nominate District Chief Executives (DCEs) and 30% of the District Assembly Members to be appointed by the President. The Ministry also issues instructions and directives to other Ministries, Agencies, and Departments as relates to decentralisation. It also monitors the decentralisation process and the effectiveness of Local Government, advises the Central Government on local issues, administers training institutions, provides advice on the review of local administrative boundaries, and issues

guidelines to and approves the by-laws of District Assemblies (DAs).

#### 4. Methodology

This study utilises an explorative case study design, drawing on secondary data analysis of key policy documents, government reports, and academic literature to explore the political economy of decentralisation in Ghana. Primary sources include the Local Governance Act (2016), policy reports from the Ministry of Local Government and Rural Development, and scholarly works on Ghana's decentralization reforms. Thematic analysis is applied to systematically identify recurring patterns and critical factors, such as fiscal autonomy, elite influence, and institutional bottlenecks, that shape decentralization outcomes. By adopting an interpretive approach, the study goes beyond descriptive analysis to uncover how power relations, political incentives, and governance structures influence the effectiveness of decentralization in driving local development.

The study design emphasizes contextual understanding, interpreting how Ghana's unique socio-political landscape affects the implementation of decentralised governance. Rather than relying on quantitative metrics alone, the study critically examines narratives, policy contradictions, and institutional behaviours to reveal gaps between decentralisation's theoretical ideals and its practical execution. This approach allows for a nuanced exploration of why certain decentralisation policies succeed or fail, offering insights into the interplay between formal institutions and informal power networks. By synthesizing documentary evidence with political economy frameworks, the methodology provides a robust foundation for understanding the complexities of decentralisation and its implications for local governance and development in Ghana.

#### 5. Findings and Discussion

##### 5.1. Decentralisation Concept and Ghana's Local Government System

The 1992 Fourth Republican Constitution of Ghana uses the concept 'Decentralisation' to mean different things at the different levels of governmental authority. This has been one of the greatest hindrances to the implementation of the decentralisation policy in the country, as the use of the same word in different parts of the constitution suggests the same meaning as sought to be conveyed.

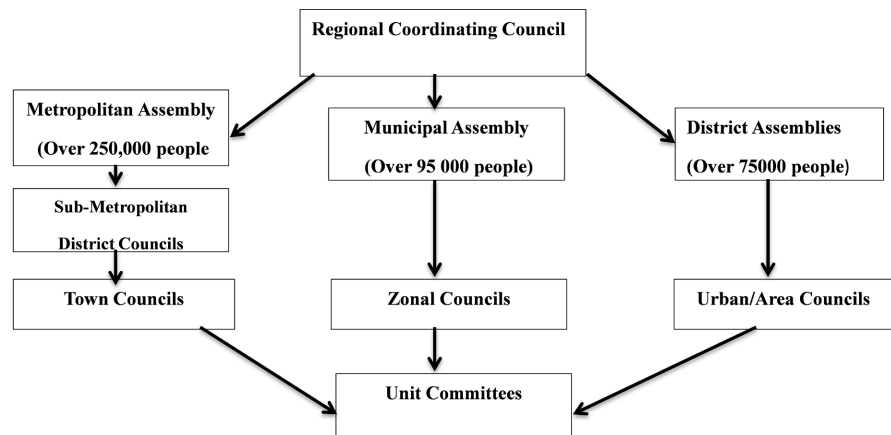
The concept of decentralisation has received enormous scholarly discussion in the literature. For instance, Rondinelli (1981) distinguishes between four (4) different categories of decentralisation as: deconcentration, delegation, devolution, and privatisation. *Deconcentration* is defined as the transfer of power to the local administrative offices of the central government. It is the granting of authority from the central government to staff of branches or units to discharge certain specific governmental functions peculiar to the locality. It is practiced in a decentralised unitary State like Ghana, and it is quite different from delegation in terms of supervision and control of powers. This means that, like delegated powers, the

units are in a subordinate position to the centre, which can increase or withdraw the deconcentrated powers at any time it so desires. *Delegation* is the transfer to subnational governments and or parastatals, or other government entities. Thus, it refers to the practice whereby powers are granted to sub-government bodies like the local authorities, Ministries, and so on by the central government with reservations by delegating central authorities for supervision and control. In this case, the centre can increase, decrease, or withdraw the delegated powers anytime it so desires. The bodies exercising delegated powers are thus subordinated to the central government. *Devolution* is the transfer of power to subnational political entities, and it is the legal conferring of political powers by a constitution on formally constituted autonomous local authorities to discharge specific or residual functions. The source of authority is the constitution itself rather than an administrative directive. Therefore, devolved powers cannot be easily withdrawn or increased except through amendment of the constitution. Finally, *privatisation* is the transfer of ownership and management of state enterprises to the private sector, and in this case, the State is tasked to provide an enabling environment for private participation in the neo-liberal democratic and economic order.

Practically, all four categories of decentralisation by Rondinelli are prevalent in Ghana. Ghana's decentralisation system is thus envisioned to transfer political and administrative functions and powers, means and competence to the local units of the governmental authority from the Central Government, Ministries, and Departments. The District Assemblies are therefore the pivot around which decentralisation policy revolves. Thus, having realised the magnitude of the defects of the traditional centralised political and development administration system, the decentralisation policy was introduced in Ghana PNDC Law 207 of 1988 which formed the basis of the New Local Government System was premised on the following assumptions: a) development is that which responds to peoples' problems and represents their goals, objectives and priorities; b) that development is a shared responsibility between central government, local governments, parastatals, non-governmental organisations and the people (the ultimate beneficiaries of development and all of whom must be closely linked); and c) virile local government institutions are necessary to provide focal points or nuclei of local energies, enthusiasm, initiative and organisation to demonstrate new skills and leadership.

The District Assemblies therefore emerged out of this process as human institutions created to give expression to these assumptions by way of creating a forum at the local/district level where team of development agents, representatives of the people and other agencies will agree on development problems of the district or area, their underlying causative factors and decide on the combined actions necessary to deal with them. These were given legal form by the New Local Government System and given legal backing by the Local Government Law (PNDC Law 207) of 1988, now superseded by Chapter 20 of the 1992 Fourth Republic Constitution of Ghana, and replaced by the Local Government Act (1993). Thus, the effective im-

plementation of decentralisation policy has the legal backing of the 1992 Fourth Republican Constitution of Ghana and the Local Government Act (Act 462 of 1993). Other legislative provisions that facilitate the implementation of the decentralisation policy include: the Civil Service Law 1993 (PNDC Law 327); the National Development Planning Commission (Act 479) of 1994; National Development Planning Systems (Act 480) of 1994; District Assemblies Common Fund Act (Act 455) of 1993. The New Local Government System of Ghana consists of the Regional Co-ordinating Council and a *four-tier* Metropolitan and a *three-tier* Municipal/District Assemblies structure as presented in the diagram below (Figure 1).



Source: Ministry of Local Government and Rural Development, 1996.

**Figure 1.** Ghana's New Local Government System.

As shown in the diagram above, they are all combined and given a synonymous title, District Assemblies. There are Sub-District Administrative structures which are subordinate to District Assembly bodies performing functions assigned to them by the instruments setting up the Assemblies or delegated to them by the Assemblies. They consist of Sub-Metropolitan District Councils, Urban/Town/Zonal and Area Councils, and Unit Committees as explained below.

*Sub-Metropolitan Assemblies* and Structures are found immediately below the Metropolitan Assemblies;

*Urban Councils* are peculiar to settlements of ordinary District Assemblies in Ghana. They are created for settlements with a population above 15,000, and which are cosmopolitan with urbanisation management problems, though not of the scale associated with a metropolis;

*Zonal Councils* are in the "One Town" Metropolitan Assemblies in Ghana, for which the establishment of Town/Area Councils will raise problems of parallel administration structures.

*Town/Area Councils* are in the Metropolitan District Assemblies. In the District Assemblies, town councils are established for settlements with a population between 5000 and 15,000, and Area Councils for groups of settlements/villages which are smaller, tighter, but whose individual settlements have a population of less than 5000. They cover areas with predominantly rural populations and, in

some cases, can be identified with spheres of influence of a particular traditional authority. They are essentially rallying points of local enthusiasm in support of development objectives of the District Assemblies and are markedly different in size, sometimes exceeding 50,000 as pertains in Ghana.

*Unit Committees* from the base structure of the New Local Government in Ghana since 1988. A unit is normally a settlement or a group of settlements with a population of between 500 and 1000 in the rural areas, and a higher population of 15,000 in the urban areas. Unit Committees, being in close touch with the people, play the important roles of education, organisation of communal labour, revenue raising and ensuring environmental cleanliness, registration of births and deaths, implementation and monitoring of self-help projects, among others. It consists of elected members numbering 10 to 5 appointed by the District Chief Executive (DCE) acting on behalf of the President of the Republic of Ghana.

## **5.2. Decentralisation, Local Governance and Development in Ghana**

### *Governance and Development*

The 1992 constitution of the Fourth Republic of Ghana makes provisions for civic engagement in decision-making, including the use of public funds, and stresses the importance of participation, transparency, and accountability in their administration. The Directive principle of state policy Article 35 (6d) of the constitution decentralise administrative and financial machinery of government to the local level by affording all possible opportunities to the people to participate in the decision-making thus the citizen in a particular locality has the opportunity to be accounted to by the government office holders in that locality. Further, Chapter 24, 240 (2e) of the constitution also states that local government authorities should be accountable to the local population, who should be allowed to participate in local governance. The Local Government Act (Act 462) of 1993 establishes and regulates the local government system per the Constitution. Decentralization is generally expected to promote greater transparency, accountability, probity, and efficiency in public services provision, and to incorporate local needs and conditions, and national objectives for the planning and delivery of public services (Wiseman & John, 1995; Oluwu, 1999). Other acts that support the entire operation of local governance are the National Development Planning System Act (Act 480) of 1994, the Public Procurement Act (Act 663) of 2003, and the Internal Audit Agency Act (Act 658) of 2003.

Governance is a process of exercising power and authority to administer the State. It is the exercise of political, economic, and administrative authority in the management of the country's affairs at all levels of governmental authority. Governance comprises mechanisms, processes, and institutions through which citizens and groups articulate their interests, exercise their civic and legal rights, meet their obligations, and mediate their differences. In this framework, the State is only one of the institutions through which the authority is exercised. The private

sector the civil society organisations also help play an important role which citizens exercise their rights. Local governance in Ghana has been made possible due to the policy of decentralisation. Scholars have established that governments around the world are reforming and strengthening local government systems (Oluwu, 1999). The impression of good governance as a necessary condition for sustainable development and poverty reduction has gained widespread currency, especially among international organisations and industrialised world nations (World Bank, 2007). The term ‘governance’ is defined as: “a set of values and principles that underpin state-society relations. This means allowing people, in particular the poor and marginalized, to have a say in how they are governed, in how decisions are made and implemented, in how diverging opinions are mediated and conflicting interests are reconciled in a predictable fashion and accordance with the rule of the law” (World Bank, 2010).

Moreover, the concept of accountability implies that the actors or the functionaries being held accountable have obligations to act in ways that are consistent with the accepted standards of behaviour and that they will be sanctioned for failures to do so. The standards available for District Assemblies are complied with, but the full extent of enforcement depends much on accountability to the authorised stakeholders. Failure to do this has led most citizens to believe that accountability, as it is being preached by politicians, is written on paper but not a reality (Wiseman & John, 1995; Salim, 1999). It is often perceived that accountability in local governance, which strengthens the decentralisation process, is rhetoric that is just written on paper without implementation. Governments all over the world have introduced a variety of conventional mechanisms, also known as horizontal accountability mechanisms, such as political, fiscal, administrative, and management of public offices (World Bank, 2010; Scheduler, 1999). Administration mechanisms are evident in public sector codes of conduct, rules, and procedures, while the legal mechanisms include corruption-control agencies and ombudsmen, among others. There has been a real effort by the government of Ghana to ensure effective local governance and development. But, despite these efforts, the institutionalisation of the conventional mechanisms in public administration has yielded modest results in ensuring accountability and transparency of public office holders to the grassroots (Wiseman & John, 1995; Ayee, 2017). Local governance accountability is an important building block in social accountability in Ghana, and the lack of it can lead to a crisis of legitimacy amongst citizens and their government and elected representatives at both national and local levels.

#### *How Regional Coordinating Councils Promote Decentralised Local Governance and Development*

In Ghana, the regional level of governance is constituted by the Regional Coordinating Councils (RCCs) as the political institutions and the regional Ministries, Departments, and Agencies (MDAs). The regional coordinating Council is conceived as the level of de-concentration at which the regional level MDAs operate as departments of the national level MDAs, not of the RCCs, taking instructions

from the national level, implementing national level decisions, and providing feedback from the sub-national level to the level MDAs. The regional level, therefore, coordinates and harmonises the plans and programmes of the Metropolitan, Municipal and District Assemblies (MMDAs) and transmits these to the national level as and when required. For this reason, the regional level, unlike the district level structure, is not created as a level with corporate legal personality. For the same reasons, it is not an elected level; it is not policy-making level; it is not a legislative level, and it is not a taxation level, but simply exists as an extension of the national level institution. The RCC comprises the Regional Ministers (a government appointee and representative of the central government in the region as chairman), his or her deputy, and two representatives of the Regional House of Chiefs, the DCEs of the Districts, and the Presiding Members of DAs in the Region.

This structure of local government system in Ghana took several forms with their emerging problems which gave birth to Local Government Act 462 of 1993 and National Development Planning Commission (NDPC) Act 480 of 1994 establishing the Regional Coordinating Councils (RCCs) to coordinate and harmonise district level development plans and ensure the complete development of the region are in line with national development priorities at the regional and district levels. According to the Acts under the New Local Government and Planning Systems, the RCCs is the highest body of government at the regional level consists of Regional Minister as the chairperson, The DCEs of all Districts Assemblies of the regions, the Presiding Members and two representatives from the Regional House of Chiefs, regional heads of all decentralised ministries in the region as members without voting rights. Also, the regional planning coordinating unit is established under the Local Government Act 1993 (Act 462) to serve as a secretariat for the RCCs as well as give technical advice to the RCCs on its principal role in the region. Thus, the RCCs under the Local Government Act 1993 (Act 462) and the NPDC system Act 480 of 1994 are responsible for regional and district development planning from the perspective of national development policies. The RCCs, therefore, play both constitutional and operational roles in promoting decentralised governance and development at the regional and district levels as follows:

The RCC coordinates plans and programmes of District Planning Authorities and harmonisation of the plans and programmes with national development policies and priorities for consideration and approval by the commission under the harmonisation and coordination role, the council considers spatial equity of development plans. The RCCs also ensure that necessary complementary projects are included in the District Development plan. In this case, sectoral goals must be mutually supportive and complementary to one another, while planned development programmes should be consistent with the district development goal and objectives, as well as ensuring efficiency in resources allocation and utilisation with the Assemblies' operations;

The Acts tasked the RCCs to provide District Planning Authorities in Ghana

with the information and data is necessary to assist them in the formulation of District development plans. This is done by the Regional Planning Coordinating Unit (RPCUs). For instance, RPCUs assist each District Assembly to prepare medium-term development plans (MTDP) in line with the guidelines by NDPC;

Monitoring and evaluation of District development programmes and projects is the sole responsibility of RCCs under the law. The RCC's monitoring and evaluation team visits all the districts under its jurisdiction and inspects all projects with common funds and reports the same to the council. Similarly, under the formulation of a programme of action with cost, the RCC is required to consult with District Assemblies using pro-active workshop techniques in redefining sub-regional distribution of funds;

The RCCs also act on behalf of the NDPC for such national programmes and projects in the region as the commission may direct and shall perform such other planning functions as may be assigned to it by the commission. These roles outlined under the Act NDPC and Act 462 of the Local Government system target the building of an enabling environment to promote accelerated local development both urban and rural with active involvement of the people. This goal is clearly seen by all in a form of projects and programmes being implemented at the local levels such as roads, electricity, boreholes, markets infrastructure and schools among others. The Acts also enjoined the s to work towards optimum mobilisation of human and physical resources for development on a sustainable basis. This is to bridge the development gaps between the Districts and the Regions in the country.

Finally, among other roles in promoting decentralised governance and development at the regional and district levels, the RCCs issue directives to District Assemblies as part of their daily operations. They also play the role of transfer, posting, and disciplining of personnel at the District Assemblies (DAs). This gives the RCC the power to control and monitor all decentralised departments and personnel at the District Assemblies, and this also ensures good governance and development at the local levels in the country.

#### *How District Assemblies Promote Decentralised Local Governance and Development*

In Ghana, the District Assembly is the highest political authority in the district and therefore the centre of management and development decision-making. It is the political authority that is given the responsibility of governance to harmonise the integration of political, administrative, and development support needed to achieve equity in the allocation of power, wealth, and fair sharing of development in Ghana. The Article 245 of the 1992 Constitution of Ghana state that "Parliament shall by law prescribe the function of District Assemblies which shall include: a) for the formulation and execution of plans, programmes and strategies for the effective mobilisation of the resources necessary for the overall development of the district, and b) the levying and collection of taxes, rates, duties ad fees.

The district level governance is the devolution level where decentralisation in

the true sense of the concept is played out. The District Assembly (DA) is set up as a body corporate with legal personality, which can sue and be sued, and which can acquire and dispose of assets and other properties. Section 4 (1) of the Local Government Act (Act 462) of 1993 provides that “Each District Assembly in Ghana shall be a body corporate with perpetual succession and a common seal and may sue and be sued in its name.” Section 4(2) also states that “A District Assembly shall have power for the discharge of any of its functions to acquire and hold movable or immovable property, to dispose of such property, and to enter into any contract or other transaction.

Operating within the framework of national policy, the District Assembly is the policy-making body for the District in Ghana. It has legislative power and taxation powers, and Article 241 (3) of the 1992 Fourth Republic Constitution of Ghana states that: “Subject to this constitution, a District Assembly shall be the highest political authority in the District in Ghana, and shall have deliberative, legislative and executive powers.” These provision means that DAs make decisions and take responsibility for those decisions. They have the constitutional and democratic mandate of the people in Ghana to act on their behalf at the Local level, and for this reason, it is not advisable to put bureaucratic and technocratic bodies over DAs in the country. As stated, the only possible bodies with constitutional power to override any decision of DAs are the Parliament of Ghana and the Courts. The parliamentary power is however limited by Article 254 of the Constitution of Ghana, which states that “Parliament shall enact laws and take steps necessary for further de-concentration of the administrative functions and projects of the Central Government but shall not exercise any control over the District Assemblies that is incompatible with their decentralised status or otherwise contrary to law,” and the Courts in the exercise of their constitutional powers of judicial review of executive, legislative and administrative action in Ghana. Therefore, DAs could promote decentralised local governance and development in Ghana in the following ways.

In Ghana, District Assemblies are empowered as legislative, administrative, development planning, budgeting, and service delivery authorities at the local level. Thus, they are responsible for the overall development of the district, and ensure that every year development plans of the district are worked out and sent to the government for approval. It must be noted that DA does not prepare plans in isolation, but in consultation with the sub-district structures such as Zonal council, Town Council, Urban/Area Council, and the Unit Committees. This ensures that the full realisation of the felt needs, objectives, and aspirations of the community members is met.

District Assemblies have clearly defined functions and responsibilities as well as the power to own, control, and manage important expenditure decisions in the local public sector. The DA is also to formulate and carry out plans, programmes, and ways and means to effectively organisation and use human, physical, financial, and other resources in the districts. This implies that the DA, with the help

of the various sub-district structures, organises resources in the form of a labour force, technical experts, and material to carry out development projects. With the help of Unit Committee members, and in collaboration with community members, the DA can provide projects such as schools, health facilities, among others, for the people at the local level.

District Assemblies have adequate financial resources and substantial autonomy in the allocation and utilisation of resources. In this regard, they can promote and support productive activities and social development in the district and remove any obstacles to innovation and development. The DA helps promote productive economic activities within the spheres of farming, entrepreneurial development by building capacities while providing them with social facilities such as provision of water, health care centres, among others, in the commitment to removing the barriers that impede development within the district. Thus, District Assemblies can achieve efficiency, effectiveness, and economy in the management of resources in their respective jurisdiction, and this could ensure good local governance and development in Ghana.

The Assemblies have structures and mechanisms to promote and enhance probity, accountability, and transparency in their administration. Thus, District Assemblies are also to ensure ready access to courts in the district for the promotion of justice. Again, the decentralisation policy has paved the way for the establishment of District Courts for the dispensation of justice. This fosters the rule of law and respect for human rights. This promotes peace and security at the grassroots level by way of providing an enabling environment for possible investors. In addition, the security of the people is reinforced through the deployment of policemen to various towns and villages across the country to ensure peace and order. At the community level, community watchdog committees are trained to complement the role of the security agencies, such as policemen, and thus have the capacity to deliver on their mandate.

#### *How Sub-District Structures Promote Decentralised Local Governance and Development*

In Ghana, the decentralisation powers of the sub-District structures (sub-Metropolitan, District Councils, Urban/Zonal/Town/ Area Councils, and Unit Committees are like delegation only under the law. The sub-district structures may take decisions on their own based on the functions and powers conferred on them by law or delegated to them by the DAs. However, these structures do not take responsibility for those decisions. For instance, Section (1) of Act 462 of 1993 explicitly states that “Subject to this Act, a District Assembly may as appropriate delegate any of its functions to such Sub-Metropolitan, District Council, Town Council, Area Council, Zonal Council and Urban Council or Unit Committee or such other body or person as it may be determined.

Thus, to have made the District Assemblies as the truest institutions responsible for effecting local governance and development in Ghana, the sub-District political administrative structures were created alongside as subordinate bodies of the

District Assemblies in the country to perform functions assigned to them by the instruments setting up the District Assemblies or Delegate to them by the Assemblies. Political devolution to the sub-District structures has also occurred, this is because their members are appointed and are the rallying points of local problems that confront District Assemblies in the country.

The sub-District structures are essentially consultative bodies with no budget on their own and carry out functions as delegated by the DAs in their jurisdiction. In this regard; a) the basic aim of these structures is to take decentralisation to the grassroots level by involving local people in all decision making process (Ministry of Local Government and Rural Development, 1996), b) they form the basis for problem identification and for the initiation and implementation of self-projects at the local level, and c) they are close to the people in terms of level of integration and as such they educate, organize and mobilise the people for development projects.

The sub-District structures have the power to prepare annual budgets of revenues, recurrent expenditure, and development budgets for approval by the District Assembly. They also have the power to prepare short, medium, and long-term development plans for approval by the District Assembly. The sub-District structures are also to retain 30% of the revenue generated for their area development. The Unit Committees also have the power to take all lawful steps to abate any nuisance. It also has the power to supervise the staff of the District Assembly assigned duties in its area of authority.

Further, people at the grassroots level have been enfranchised and by this they have democratically elected members (called Assembly Members) representing their local electoral areas at the District General Assembly. They form two-thirds of the Assembly, and one-third is appointed by the Central Government. Also, the elected members to the Urban/Zonal/Area Councils and the Unit Committees further promote political participation at the very local levels. Traditional leaders are involved in the development process and are fairly represented at the District Assembly, and this enables decisions to be taken at the grassroots level, though guided by national policy.

Finally, the involvement of the District Assemblies and sub-District Structures in the decentralisation process has led to the adoption of demand driven approach through the bottom-up system in the provision of development needs of the people. This promotes contribution to the provision of the projects and hence introduces the culture of maintenance of projects, leading to their sustainability. For instance, in the case of water and sanitation in Ghana, the local people are trained to do minor repair work on boreholes when they break down.

### **5.3. Challenges of Decentralisation, Local Governance and Development in Ghana**

#### *Political Interference*

The study reveals how decentralisation operates within Ghana's competitive

clientelist political system (Whitfield et al., 2015). Despite legal provisions for non-partisan local elections, political parties influence MMDAs through the Presidential appointment of Metropolitan, Municipal, and District Chief Executives (MMDCEs) (Ahwoi, 2010) and party-affiliated assembly members shaping decision-making (Bob-Milliar, 2012). That is, the President's exclusive power to appoint Metropolitan, Municipal, and District Chief Executives creates dependency relationships (Awortwi, 2011), and political party considerations influence resource allocation, with ruling party strongholds receiving disproportionate development projects (Gyimah-Boadi, 2001). This undermines participatory governance and fosters patronage politics (Lindberg, 2010).

#### *Fiscal Constraints and Dependency*

Local governments rely heavily on central transfers (DACF), which are often delayed or politicised (Osei-Tutu et al., 2020). Internally Generated Funds (IGFs) remain weak due to poor revenue mobilisation strategies and public resistance to local taxation (Fjeldstad & Heggstad, 2012). Thus, the local governments rely heavily on central transfers (District Assemblies Common Fund), which are often delayed or politicised (Osei-Tutu et al., 2020). Internally Generated Funds (IGFs) remain insufficient due to weak revenue mobilisation capacity and resistance to local taxation (Fjeldstad & Heggstad, 2012).

#### *Elite Capture and Traditional Authority*

Traditional leaders (chiefs) often compete with MMDAs for control over land and resources (Gyimah-Boadi, 2001). Elite capture occurs when local elites manipulate decentralised funds for personal gain (Bardhan & Mookherjee, 2006). Chiefs and traditional leaders wield significant influence, sometimes competing with MMDAs for control (Gyimah-Boadi, 2001). Elite capture occurs when local elites manipulate decentralised resources for personal gain (Bardhan & Mookherjee, 2006).

#### *Impact on Development*

While decentralisation has improved education and healthcare access, challenges include uneven development, with urban areas benefiting more than rural districts (World Bank, 2019). Weak accountability and corruption in local procurement (Transparency International, 2020). Limited citizen participation, low engagement in local governance (Crawford, 2009), corruption and mismanagement, and weak accountability mechanisms (Transparency International, 2020).

### **5.4. Summary of Findings and Contribution to Knowledge**

The paper explores new pathways for economic development through decentralisation, including fiscal innovations (local revenue mobilisation, public-private partnerships) and tailored pro-poor policies (support for agribusiness, SMEs). Ultimately, the study argues that decentralisation's success in Ghana depends on curbing elite dominance, enhancing civic participation, and leveraging both modern and traditional governance structures. By bridging theory with actionable pol-

icy insights, the paper provides a fresh, politically informed framework for making decentralisation a genuine driver of inclusive and sustainable development in Africa and beyond (Resnick, 2014).

The paper makes significant contributions to understanding how economic development influences decentralisation in Ghana by revealing the two-way relationship between governance reforms and economic outcomes. First, it challenges the conventional assumption that decentralization automatically leads to development, demonstrating instead that Ghana's economic conditions, such as fiscal constraints, regional inequalities, and informal sector dominance, actively shape decentralisation outcomes. The study highlights how limited local revenue generation and unequal resource distribution weaken devolution, creating a paradox where decentralization policies exist formally but fail to deliver meaningful local autonomy. By exposing how macroeconomic factors (like central fiscal control) and micro-level realities (such as elite capture of local resources) constrain governance reforms, the paper reframes decentralization as a process deeply embedded in, rather than separate from, Ghana's economic landscape. Secondly, the study advances knowledge by identifying how decentralisation could better drive development if reconfigured to align with Ghana's economic structure. It proposes context-specific innovations, such as leveraging digital tools for local revenue mobilisation and tailoring devolution to regional economic strengths (e.g., mining or agriculture-dependent areas). Crucially, the paper reveals that economic development doesn't merely follow decentralization; it determines its feasibility, arguing that without addressing structural economic barriers (like centralized fiscal systems or uneven private sector growth), governance reforms remain symbolic. These insights shift the discourse from technical decentralisation models to politico-economic strategies that harmonise governance reforms with Ghana's unique development challenges.

## 6. Conclusion

The paper offers a groundbreaking examination of decentralisation by blending political economy insights with practical governance challenges. Unlike traditional studies that focus narrowly on administrative efficiency or fiscal transfers, this paper highlights how power dynamics, elite interests, and institutional incentives shape decentralisation outcomes in Ghana. It reveals that while decentralisation is intended to empower local governments and foster equitable development, political patronage and elite capture often distort its benefits.

Development in Ghana has principally been the sole effort of the State organisation in the form of administrative structures established by the State, which came to be known as the local government system. It is within this structure of the State that the government seeks to achieve its vision of transparency and public accountability, effectiveness for government policy and development planning, resources mobilisation, allocation, and effectiveness of development implementation as well as day-to-day administration. The consensus backed by empirical lit-

erature is that development at the local level comes into fruition only when the needs and aspirations of the people at the local level are reflected in the plans and programmes, and the decision-making powers are devolved to the people. In a quest to achieve this in Ghana, different strategies have been used during both the colonial and post-independence era in the country, and one of such strategies is the decentralisation concept. The local level development aims at involving the rural people in the development planning process. That is, identification of problems, needs, and aspirations down to the operationalisation of plans and monitoring and evaluation of development projects.

Based on the discussion, it could be established and concluded that decentralisation and local governance accountability exist, but the problem is the weak form of implementation, as suggested by Gyimah-Boadi (2001) and Aye (2017). This is because decentralisation and local governance ensure formulation and execution of collective action at the local. It encompasses the direct and indirect roles of formal institutions of local government. The role of informal norms, networks, community organisations, and neighbourhood associations could be enhanced to ensure collective action at the local level in the country. Therefore, for Ghana's decentralisation policy to be fully implemented, and ensure local government and reduce poverty, generate growth and development in Ghana, there must be full transfer of political power and administrative authority, competence and resources to District Assemblies and sub-District structures to perform the numerous roles enshrined in the Local Government Act 462 of 1993.

The key conclusion is that the paper identifies innovative countermeasures like a hybrid governance model that integrates traditional chiefs with elected officials. These findings challenge conventional decentralisation theories, emphasising the need for context-sensitive reforms that address Ghana's unique political and socio-economic development realities.

## 7. Policy Recommendations

Based on the findings, Ghana's decentralisation system remains constrained by political and structural factors that limit its potential to drive local development. While the legal framework is robust, implementation reflects power asymmetries and institutional weaknesses. The findings demonstrate that Ghana's decentralisation outcomes are shaped by three interrelated political economy factors.

To strengthen decentralization and enhance economic development in Ghana, the paper proposes institutional reforms that address fiscal, administrative, and political constraints. First, fiscal decentralisation must be deepened by expanding local revenue-raising powers, including progressive property taxation, digital revenue collection systems, and a revised intergovernmental fiscal transfer formula that prioritizes equity. The central government should gradually reduce conditional grants in favor of unconditional block grants to empower local governments in planning and execution. Second, political decentralisation requires constitutional amendments to insulate local elections from partisan control, ensuring

grassroots representation and reducing elite capture. Additionally, traditional authorities should be formally integrated into governance structures with clearly defined roles to prevent conflicts with elected officials. Finally, capacity-building programmes for local bureaucrats and assembly members must be institutionalized to improve service delivery and economic planning.

At the implementation level, the paper advocates for pilot economic zones where districts with strong agribusiness, mining, or tourism potential are granted enhanced autonomy to design localized investment policies. Public-private partnerships (PPPs) should be incentivized for infrastructure projects, with transparent bidding processes to curb corruption. Digitisation can play a transformative role in e-governance platforms for budgeting, procurement, and citizen feedback (e.g., via mobile apps) can enhance accountability. To address regional disparities, the government should introduce asymmetric decentralisation, allowing poorer regions more central support while economically vibrant districts experiment with self-financing models. Civil society and media must be engaged as watchdogs through mandatory social audits of local projects. These measures, combined with periodic decentralisation impact assessments, would align governance reforms with Ghana's economic realities, fostering inclusive development.

## 8. Key Limitations of the Paper

The study primarily analyses policy documents, government reports, and existing literature, which may reflect official narratives rather than ground-level realities. The lack of primary data (e.g., interviews with local officials or citizens) limits insights into the lived experiences of decentralisation. Additionally, the qualitative approach restricts statistical generalizability, making it difficult to quantify the economic impacts of decentralisation.

While the political economy framework provides depth, the conclusions are heavily shaped by Ghana's unique governance history and socio-political dynamics. This limits direct applicability to other African countries with differing institutional structures. The study does not rigorously compare Ghana's model to successful/unsuccessful cases elsewhere, missing opportunities for broader theoretical insights.

The analysis may not fully capture recent developments (e.g., post-2020 digital governance reforms or fiscal policy shifts) due to publication lags. Furthermore, it focuses on formal governance structures, potentially overlooking informal systems (e.g., traditional land tenure) that significantly influence decentralisation outcomes.

The political economy lens, while valuable, risks overemphasising elite agency (e.g., central-local power struggles) at the expense of grassroots perspectives. There is limited discussion of how marginalised groups (women, rural poor) perceive or benefit from decentralization, raising questions about inclusivity. These limitations suggest avenues for future research, such as mixed-methods studies combining surveys with institutional analysis or cross-country comparative work

to test the paper's framework.

## Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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