

Paper Summary

Decentralization and Local Public Services in Ghana: Do Geography and Ethnic Diversity Matter?

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Background

Decentralization has the potential to improve the efficiency of resource allocation and increase the accountability of government. Since local governments are closer to the people than the central government, they can be expected to have better information about the preferences and circumstances of local people; thus, decentralization can lead to a more efficiency allocation of public resources, in the sense that the services provided by local governments will better match the preferences of their populace (Oats, 1972). Moreover, local people might be better informed about the actions of local government; thus, they will be in a better position to hold their government accountable (Ostrom et al., 1993).

However, in spite of these potential benefits, decentralization is also associated with potential disadvantages and risks, and policymakers should be aware of those when designing decentralization policies. Decentralization can lead to greater disparities between jurisdictions due to differences in socioeconomic potential and expenditure needs of various local governments. Districts with better economic endowments will have a larger revenue base than their poorer peers, and therefore will be able to provide more local public services. This may cause disparities in economic opportunities and create gaps in income and public service delivery between districts (Prud'homme, 1995). Other risks of decentralization include the possibility of elite capture and inadequate capacity of local government (Bardhan and Mookherjee, 2006).

Studies in Asian and Latin American countries have produced mixed results on the question whether or not the advantages of decentralization outweigh its challenges. In the context of the sub-Saharan Africa, this problem has been studied very rarely despite the fact that many countries in the region,

including Ghana, have been pursuing far-reaching decentralization programs.

Objectives and approach of the study

The goal of this study was to provide empirical evidence on the extent of to which the provision of local public services in Ghana differs across districts, and on the factors that influence such disparities in service provision.

The study uses district and household level data collected from different sources, including the 2000 Ghana Population and Housing Census and the 2003 Ghana Core Welfare Indicators Questionnaire (CWIQ) Survey. In order to obtain an average rate of access to seven local public services, a composite index of access to local public services was constructed using principal components analysis, a technique which captures most of the variance in access to different local public services for each district. The index is constructed in a way that lower scores are associated with better access to local services, and vice versa. Various regression analyses were conducted to find out which factors influence the level of services that districts provide.

Main findings

The access to services index varies between 1.2 for Tema Municipal district, which had the best access to services to 3.8 for Chereponi-Saboba district, which had the lowest access level. As expected, the access to services tends to decline the further away from Accra a districts is located. However, there is considerable variation in access levels for districts that have a similar distance from Accra (Figure 1), which indicates that other factors than location play an important role for service provision, as well.

The district level analyses found that among the factors studied, ethnic fractionalization, a measure for the extent of ethnic diversity within the same

district, has the strongest negative influence on access to public services. This might be due to challenges faced by ethnically diverse districts to achieve the level of cooperation and consensus needed to attract high levels of resources for public service provision. The results also suggest that districts with higher average literacy level and higher population density likely to have higher levels of access to local public services, indicating that these factors can counterbalance the negative effect of ethnic diversity on public service provision.

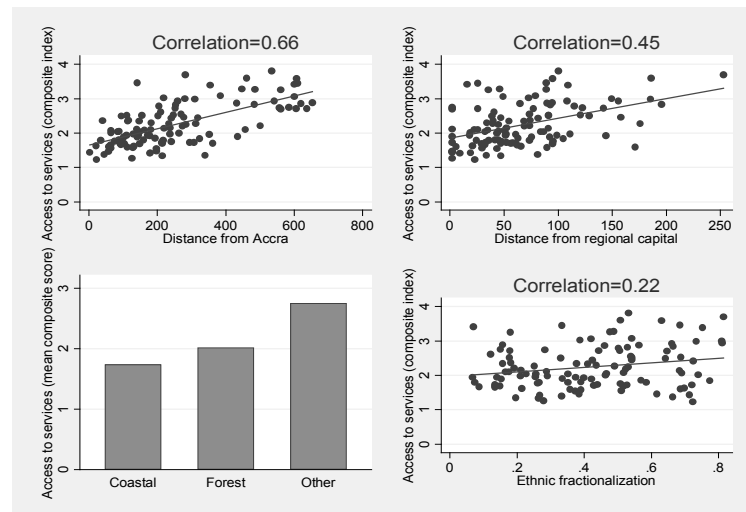
The results also indicate that, holding other factors constant, a higher level of per capita district public expenditures results in lower the access to local public services. This suggests that districts with higher per capita public expenditures are less efficient in local public service provision. The impact of geography on access to local public services appears to be rather limited. This is good news, as it indicates that districts are not locked into low levels of service provision by geographic factors that they cannot change.

Apart from studying the factors that influence access to services in general, as measured by the index, a household level analysis was conducted to identify the factors that influence the access of households to the service that the majority of them consider to be the most important one: safe drinking water. The analysis suggests that better education and higher income (two important household characteristics) as well as better access to roads (an important community characteristic) tend to increase access to safe drinking water. These factors seem to counterbalance the effects of adverse geography to a considerable extent. Public assets, especially access to roads, have a robust and significant positive effect on access to improved drinking water. In contrast, that the effect of private assets, especially education and income, on access to improved drinking water declines considerably when district characteristics such as ethnic diversity, population density, human capital, public expenditures are included in the analysis.

Similarly to the district-level analysis presented above, the household analysis also finds that ethnic fractionalization has a significant negative impact on access to drinking water. The negative impact of ethnic fractionalization is especially severe in rural areas. On the positive side, the results indicate that

the negative impact of ethnic fractionalization decreases as the average district-level literacy rate increases.

Figure 1. Relationship between district location, ethnic fractionalization and access to local public services in Ghana



Policy Implications

The study indicates that policy-makers need to pay special attention to disparities in access to public services across districts. In particular, special attention needs to be paid to ethnically diverse districts, which tend to have lower access to public services. Further improvement in education, which is already a priority of the government, will help to address this challenge. However, since this strategy may take time to take effect, it may also be useful to implement measures (interethnic collaboration and conciliation groups, political communication and socialization) that promote successful cooperation among ethnic groups to mitigate adverse effects of ethnic fractionalization in local public service provision.

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The Ghana Strategy Support Program (GSSP) is a research, communication, and capacity-strengthening program to build the capabilities of researchers, administrators, policymakers, and members of civil society in Ghana to develop and implement agricultural and rural development strategies. With core funding from the U.S. Agency for International Development (USAID)/Ghana and a mandate to develop a multi-donor-funded program, IFPRI launched GSSP as a partnership between Ghana and its development partners. Any opinions stated in this note are those of the author(s) and do not necessarily reflect the policies or opinions of IFPRI.

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