

ECONOMIC DEVELOPMENT PATHWAYS FOR LOCAL AREA DEVELOPMENT

A guide to understanding local economic development and
its implementational challenges in Ghana



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High view point cityscape, Accra-Ghana. source: shutterstock.com



LOCAL ECONOMIC DEVELOPMENT



Bottom-up Economic Development; A Call for Action by MMDAs

Since 1988, Ghana has embarked on a more vigorous agenda of decentralisation where power and resources have been made available to the local governments to realise their own development agenda. This policy decision has engendered more praise and admiration as a boost in the process of consolidating the country's democratic gains. Rather than waiting on the central government for very minimal level of development support, communities in Ghana now had governments (local political administrations) closer to them usually cited in the district capitals. Complains and agitations for enhanced service delivery no longer had to wait for months and in some cases years to be heard as one could now drive to a nearby government administrative body to lodge such complains.

Over three decades of implementing Ghana's decentralisation agenda, local level development has not been exactly what the local residents expected. In recent times, there is even more calls for investment and development in communities that what used to exist some 30years back. There are increase calls for job opportunities in the local areas in the various districts or municipalities; the lack of which compels the teeming youth to move to cities in search of better livelihoods. Whereas successive governments since Ghana's independence have tried spread developments across the country with the latest attempts at empowering MMDAs to take charge, the gap in local level investments continuous to widen. The MMDAs themselves have failed to create the platforms for local businesses to spring up and thrive.

Calls for increased central government transfers over the period in question have also not yielded the needed positive change. It was expected that the receipt of funds through financial vehicles such as the District Assemblies Common Fund (DACF) and later on through the District Development Facility (DDF) now the District Assemblies Common Fund Responsive Factor Grant (DACF-RFG) would have capacitated the MMDAs to create local business and enterprises friendly incentives to boost local economies in Ghana. Moreover, there have been central level initiated projects mainly funding mechanism such as Microfinance and Small Loans Centre (MASLOC) and Export Development and Agricultural Investment Fund (EDAIF) which were all to encourage the setting up local businesses and enterprises to create local jobs, enhance local incomes, alleviate local poverty and boost local economies. All these initiatives although have touched the lives of some local inhabitants across the country, the overall reflection of desperation and ailing economies that continue to be seen in the country have raised more questions than answers in terms of the efficiency and effectiveness of such national level induced initiatives.

The continuous call for more organic spring up of local businesses and enterprises is therefore laudable in the sense that once the indigence of the various communities in our districts are supported to start and own their own trades, issues of ownership and sustainability will be addressed. To get these economic vibrancy to take place in the districts, the MMDAs will have to take up their mandate of creating business friendly opportunities which are accessible by all irrespective of their status (rich or poor), political affiliation or ethnicity. A carefully thought out plan by the MMDAs to have all stakeholders on board and to ensure adequate and transparent flow of business opportunities in their

localities will engender the needed enthusiasm. Any attempt to hijack the process of creating economic opportunities will fail in the long run.

Again, there is a call to change the top-down approach to designing local economic interventions. This call is backed by the continuous failure or otherwise minimal impact the various local economic policies by the central government have achieved so far. The locals or private entities largely do not trust these economic schemes to be transparent. In recent times, such initiatives have been fraught with allegations of fraud and political interferences where political party faithfuls are alleged to be benefiting to the detriment of local citizens without political inclinations. All these allegations work against the smooth implementation of such schemes and do not promote ownership by local communities. In the true interest of all and to ensure sustainability in local economic initiatives that seek to encourage the setting up of local businesses and enterprises, there is the need for MMDAs to set a fair ground for all investors whether small, medium or large.

The synergistic effects of the low financial position of MMDAs, and the irregular central government transfers, is the inability of MMDAs to effectively respond to development challenges. Meanwhile, the MMDAs face major infrastructure and service delivery gaps and bottlenecks. This situation further deepens the growing inequalities, particularly in rapidly urbanising areas as the poor and vulnerable suffer most from poor and low access to public services. For MMDAs to meet their development needs they will have to work collaboratively with other actors to make their local economies successful. This will enable them generate the much-needed support to promote broad based local economic development, create jobs, reduce unemployment and reduce poverty.

Global efforts at eliminating poverty and empowering the poor and disadvantaged led to the universal accepted SGDs. While there are 17 goals in all, efficient local governance and LED are fundamental to the realisation of SDG 1 – No poverty; SDG 8 – Decent work and economic growth; SDG 9 – Industry, innovation and infrastructure and SDG 11 – Sustainable cities and communities. Seen in this way efficient local governance that supports LED is imperative for driving the changes needed for more sustainable and prosperous future for local government areas. As a country, Ghana will not be able to meet the 2030 Agenda and the goals and aspirations of the New Urban Agenda, if efforts are not redoubled at making local governance work to promote LED.



Tina Serwaa Asante-Apeatu

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List of Abbreviations

CLGF	Commonwealth Local Government Fund
DACF	District Assembly Common Fund
DDF	District Development Facility
EDAIF	Export Development and Agricultural Investment Fund
GDP	Gross Domestic Product
ICT	Information Communication Technology
IGF	Internal Generated Funds
ILO	International Labour Organisation
LED	Local Economic Development
MASLOC	Microfinance and Small Loans Centre
MLGD	Ministry of Local Government and Rural Development
MMDAs	Metropolitan, Municipal, District Assemblies
MSMEs	Micro, Small and Medium Enterprises Development
NBSSI	National Board for Small Scale Industries
NDPC	National Development Planning Commission
RCC	Regional Coordinating Council
SDGs	Sustainable Development Goals
TVET	Technical and Vocational Education Training
UNDP	United Nations Development Programme



Local Economic Development Defined

Kente Weaving in Bonwire, source: ghanatalksbusiness.com

Local Economic Development (LED) currently, has no unified definition and development practitioners, international institutions and researchers have diverse perspectives on LED. The different operational definitions on LED are influenced by these various entities unique approach to LED. The United Nations describe LED as a locally-owned, bottom up process by which local stakeholders from the public and private sector and civil society work together to support sustainable economic development (UN-Habitat, 2016). The International Labour Organisation (ILO) view LED as a participatory development process that ultimately leads to decent work (ILO, 2006). Researcher and development practitioner, Bartik (2003), explains that LED is about local capacity building that strengthens small and medium-sized enterprises through skills building and networking for wealth creation. Similarly, according to Trah (2004), LED is a territorial concept and part of local development or regional management, specifically aiming to stimulate the local economy to grow, compete and create more jobs, by making better use of locally available resources. Among the research community, the different perspectives on LED emerge from their distinctive disciplines.

Despite the different views on LED, they all converge on some common characteristics. These common characteristics suggest that LED is a participatory and inclusive process drawing on multiplicity of actors and stakeholders within a territorially defined area and adopts a bottom-up approach to create room for local input into governance and decision-making, and whose purpose is to build entrepreneurial capacity, improve opportunities for economic growth and the quality of life of the local citizens. LED works towards achieving multiple Sustainable Development Goals (SDGs). It is particularly instrumental in advancing SDG goal 11 (on making cities and human settlements

inclusive, safe, resilient and sustainable) and SDG goal 8 (which aims at inclusive growth and decent work for all) (UNDP, 2015). The objectives of the LED process can be economic growth, business creation, employment generation, engendering innovation, or combinations thereof. LED is important and key to sustainable growth, poverty reduction and the elevation of indices of the wellbeing of people and the society.

Some Theoretical Definitions of LED

According to Helmsing (2000), LED or CED is the process by which local people build organizations and partnerships that interconnect profitable business with other interests and values. LED, consists of three strategies namely; Community Economic Development (CED), Locality Development (LD) and Enterprise Development (ED).

For Blakely (1994), LED is a “process by which local government and/or community-based groups manage their existing resources and enter into new partnership arrangements with the private sector, or with each other, to create new jobs and stimulate economic activity in a well-defined economic zone”.

Converging definition: Local economic development is the process by which public, business and non-governmental sector partners work collectively to create better economic conditions for a locality and its region. The key to the process is the public-private partnership between local governments, private businesses, business associations, NGOs, and other stakeholders.

Classes of Professionals and their interpretation of LED

Economists: Economic development is an issue of economic growth.

Business Leaders: Economic development is the application of public policy to increase the national/regional/local competitiveness.

Government Activists: Economic development is a code phrase for industrial policy.

Environmentalists: Economic development should be sustainable development that harmonizes natural and social systems.

Labour Leaders: Economic development is a vehicle for increasing wages, benefits, basic education, and worker training.

Community-based Leaders and Professionals

Economic development is a way to strengthen inner city and rural economics in order to reduce poverty and inequality.



Ahenema, Ghana Slippers. source: etsy.com

Economic Growth versus Economic Development

Growth is a **quantitative** change in the scale of the economy -in terms of investment, output, consumption, and income.

Development is a **qualitative** change, which entails changes in the structure of the economy, including innovations in institutions, behaviour, and technology.

What is Economic Development?

Economic development is fundamentally about enhancing the factors of production capacity -land, labour, capital, and technology-of a national, state or local economy. Economic development is qualitative change in the economy.

What is Economic Growth?

Economic growth concerns the injection of resources into the economy, the turnover of such investments through the various forms of production and a measurement of what is generated out (in terms of incomes). Economic growth is quantitative change in the economy. There are different levels and classifications of economic growth namely;

- Economic Growth itself which focuses on the profitability of economic decisions and actions
- Shared Economic Growth which deals with equity i.e. fairness for all involved.
- Sustainable Economic Growth which addresses the long-term consequences ensuring a healthy community and the environment





B-Bovid Palm Tree Nursery, Ghana Photo: Prince Antwi

Objectives of LED

- The objectives of the LED process can be quality economic growth, business creation, employment generation, or combinations thereof.
- Overcome fragmentation, stimulate networking
- Create trust and social capital among local stakeholders
- Develop a joint perspective at LED (objectives, instruments, governance pattern)
- Create a joint strategy for the economic development in the next years

LED initiative that does not react on the rationality of entrepreneurs will not be able to increase competitiveness

LED initiative without the active involvement of entrepreneurs will have no success

Special Use & Decorative baskets.

Bolga baskets from Ghana. source: africanfabric.co.uk



Guiding Principles of LED

- The Central Government has to decentralize and adopt bottom-up approach
- The District Assemblies must create conducive environment for the creation of employment opportunities
- Local Economic Development is the outcome of actions and interventions
- The potentials and competitive advantages of each locality should be identified
- The promotion of robust and inclusive local economies requires the concerted, coordinated action of all key stakeholders
- The local solutions and strategies must emerge to support national frameworks in local spaces and should promote sustainable development and sustainable human settlements.
- The development of local economies must help to minimize threats and exploit opportunities.
- The private sector and co-operatives form the heart of the economy and play crucial role as partners in local level development.
- Capacity building and human development increase opportunities for stimulating local economies.
- The local initiatives, energies, creativity, assertive leadership and skills are needed

- **Who Makes LED happen?**
- The engines of economic development are primarily private businesses that create wealth and jobs.
- But the private sector cannot succeed without favourable business conditions in which to thrive and grow.
- Local governments and other public sector actors have a major role to play in helping to establish and maintain those favourable business conditions so that enterprises or businesses in the locality can compete successfully with firms from other areas.



Furniture made from cane, source: ghanads.com

Components of LED

Introduction

Local Economic Development does not happen out of the blue. It requires a conscious effort by a governance authority geared towards the realisation of certain defined LED goals and objectives. To be successful, it must be planned, implemented, monitored and evaluated so that there is continuous feedback and learning to improve the processes and achieve desired results. This chapter discusses the various components of LED; the target groups that considered in the design of LED programmes and projects; the tangible (hard) and intangible (soft) locational factors that should be considered in the design of LED programmes and projects; the nexus between urban planning, social development and LED; sustaining the gains of LED at the local and regional levels; governing the LED processes; and process management.



Figure 1: Components of LED

Source: Mesopartner, 2005, p. 16

Successful LED interventions have several components that must be designed holistically and synergistically. These different components around which LED revolves are captured in figure 1. The rest of the chapter examines these different components and as such a detailed discussion in this

section may not be so relevant. Quite important, however, is that these components are related to each other and must all be considered in the design and implementation of any LED programme/project.

Component 1 – Target Groups

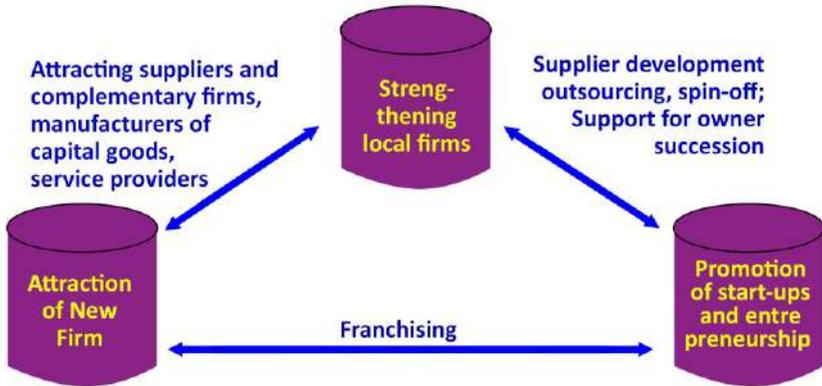


Figure 2: Target Groups of LED
Source: Hindson and Meyer-Stamer (2007)

Target groups are the intended beneficiaries of LED interventions. These often include firms and other production entities. These could be locally based companies, external investors or businesses that are at the embryonic stage of development. LED strategies must find innovative ways of promoting the start-up and growth of businesses, attracting new sources and forms of investment and strengthen the competitiveness of local firms. Figure 2 shows the synergies and complementarities between the various target groups. They help strengthen each other and serve as either end users or suppliers to other local firms. Target groups together with locational factors are known as the basic instruments of LED.

Component 2 – Strengthen locational factors

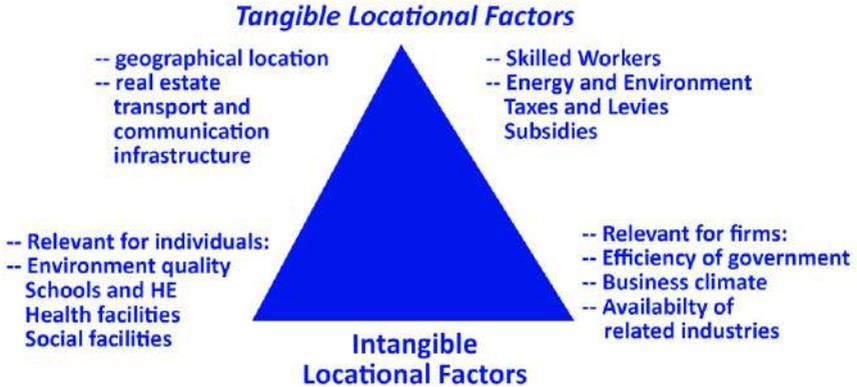


Figure 3: Strengthen Locational Factors

Source: Hindson and Meyer-Stamer (2007)

There should be an array of factors that makes a particularly locality attractive to firms and business start-ups. Locational factors are often categorised into tangible and intangible ones. The main tangible locational factors broadly considered by businesses in their decision making are geographical location of community, availability and cost of property and real estate, availability and efficiency of transport and communication infrastructure, availability and cost of skilled workers, cost of energy and environmental compliance as well as taxes, levies and subsidies.

The intangible elements from the perspective of firms are efficiency of government, the business climate, the availability of related industries and supportive institutions. From the perspective of individuals, such as employers and employees, intangible quality of housing and the environment, the availability of schools and higher education institutions, health and social institutions, culture and

recreation. Figure 3 provides further insights on the connections between these various locational elements. Locality development seeks to strengthen the competitive edge of a locality of others.

Component 3 –Policy focus and synergies

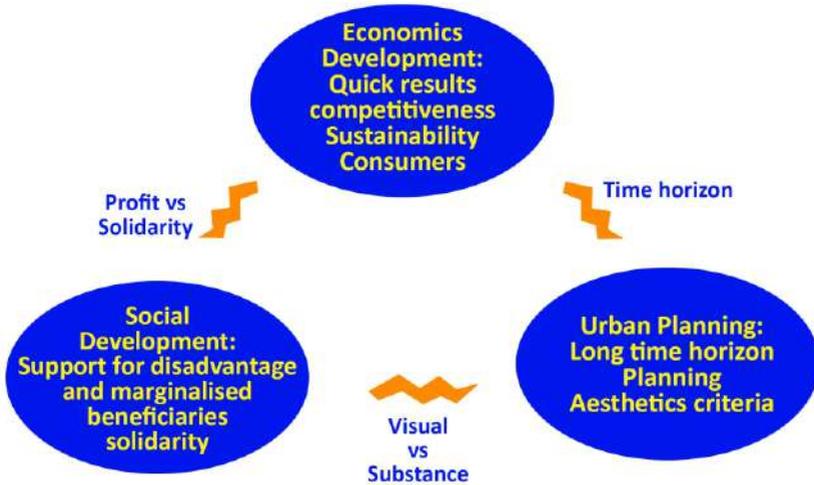


Figure 4: Policy Focus and Synergies
Source: Hindson and Meyer-Stamer (2007)

Local Economic Development policies must be designed holistically. In this sense, efforts must be geared towards linking economic development initiatives with territorial development through urban planning and social development through employment promotion and support for the disadvantaged and the marginalised. To promote economic development, policies should focus on improving locational quality, creating a unique profile for the locality and developing infrastructure facilities that enhance competitiveness. Territorial development policies should focus on improving the quality

of living in low income areas. Social development policies should also focus on demand-driven skills development, stimulation of entrepreneurship, and redefining social problems as business opportunities.

These main pillars of LED policy must be synergistically connected by taking into consideration the time horizon of interventions, balancing visual appeal with substance and balancing profit making with solidarity. The nexus between these elements are depicted in figure 4. Together with sustainability, policy focus and synergy is known as the innovative instruments of LED.

Component 4 –Sustainability

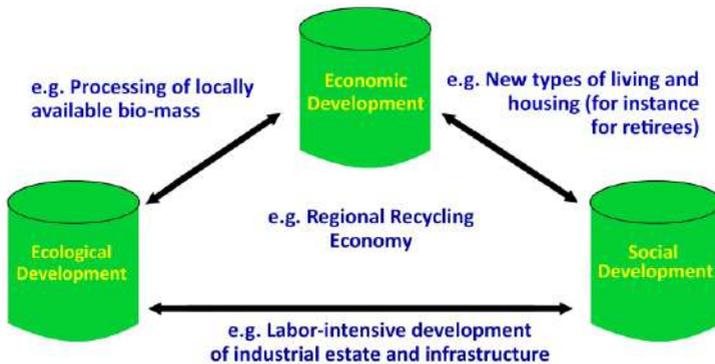


Figure 5: Sustainability
 Source: Hindson and Meyer-Stamer (2007)

Local Economic Development programmes will not produce utmost outcomes if they ignore the goals of sustainability. Ultimately therefore LED initiatives must encompass measures to create sustainable development at the region-wide level. This means that

LED initiatives must not only focus on the economic aspects, but must also broadly deal with the social and ecological aspects of development. These may entail identifying new ways of living and doing things, processing of locally available biomass and adopting labour intensive means of production. At the heart of these should efforts geared towards the creation of a regional recycling economy. Figure 5 shows the various components of the sustainability arrangements for LED.

Component 5 –Governance

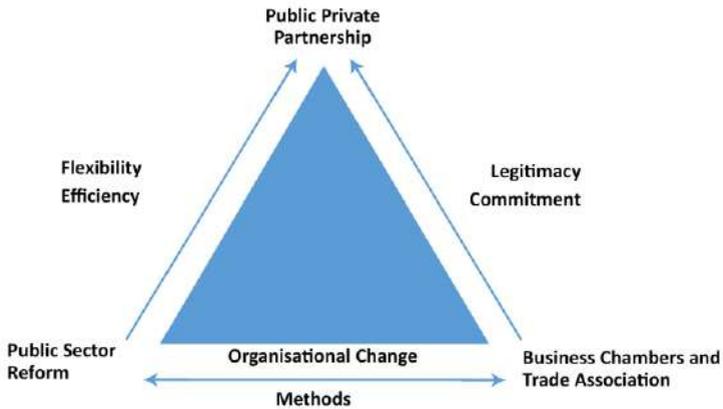


Figure 6: Governance
Source: Hindson and Meyer-Stamer (2007)

Local Economic Development involves concerted actions by various actors at different levels of governance towards the achievement of a shared goal. The main actors in the governance arrangements for LED are public sector institutions including efforts at reforming them for the new mandate, private sector

institutions and the connections between them through public-private-partnership arrangements. Each actor contributes different resources such as legislative power, money, information, knowledge, reputation, land, technology and much else besides. The ultimate goal is to create a network through such arrangements as PPPs and not a single agency. The nexus between these elements are shown in figure 6. Together with process management governance is known as effective coordination.

Component 6 – Process Management

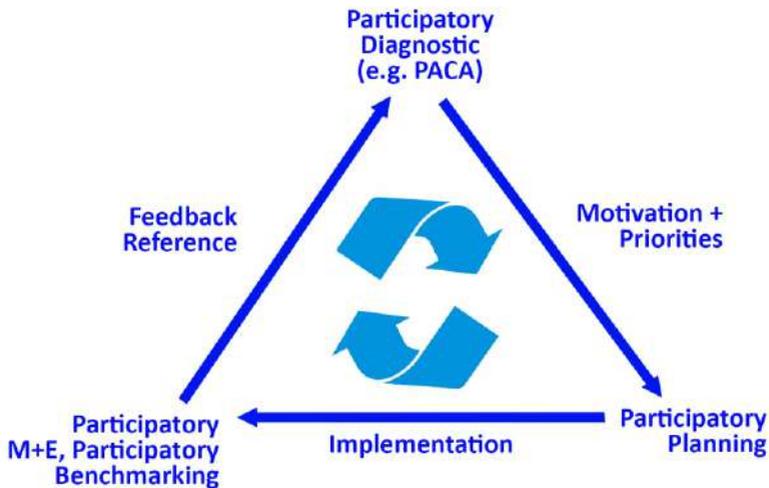
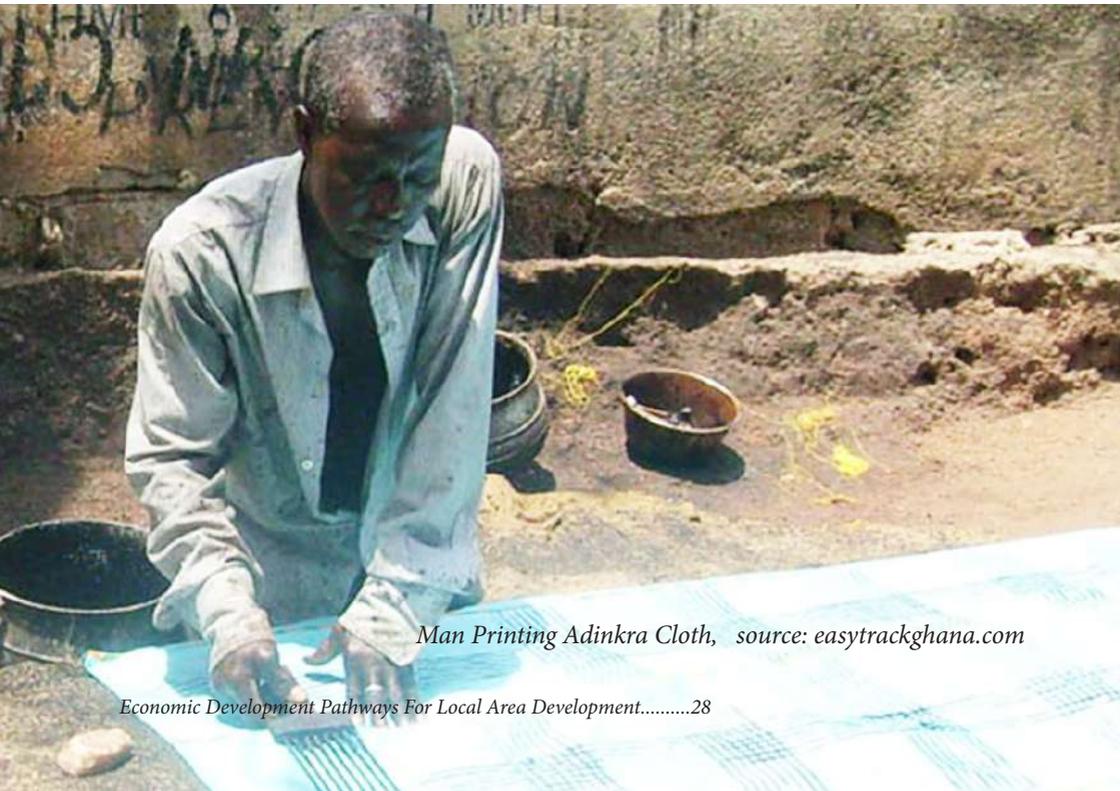


Figure 7: Process Management
Source: Hindson and Meyer-Stamer (2007)

Components of LED

All the processes detailed above must be carefully management from the onset. Process management entails diagnosis, planning, monitoring and evaluation. It is an open-ended process. The nature of LED planning requires that diagnosis is done each of the phases is approached participatorily. As such diagnosis should be done using the Participatory Assessment of Community Actions (PACA). This is to ensure that a wide array of actions is captured. Planning should not also be approached as a rational, technical activity but in a participatory manner. Monitoring and evaluation of LED activities should also be done participatorily with lessons fed into future initiatives. The main elements of process management are depicted in figure 7.



Man Printing Adinkra Cloth, source: easytrackghana.com

LED Legal and Regulatory Frameworks in Ghana

- Decentralization Policy Framework (2012)
- The National Decentralisation Action Plan (2010)
- The Local Governance Act, 2016, Act 936
- National Local Economic Development Policy (2013)

Government Policy Priorities

- Current government actions and initiatives show that Ghana is interested in deepening local, transparent and accountable governance and promoting local economic development. The promulgation of the Local Governance Act 2016 (Act 936), the formulation of the decentralisation policy framework (2012), the preparation and implementation of the National Local Economic Development (LED) Policy (2013) are indicative of government's readiness to unlock the economic development potentials of MMDAs.
- Again, successive national development plans have placed emphasis on stabilising the local economy and promoting the productive capacity of MMDAs and local business entities. These development plans include the Ghana Poverty Reduction Strategy, the Growth and Poverty Reduction Strategy, the Ghana Shared Growth and Development Agenda I and II, and the Coordinated Programme of Economic and Social Development Policies (2017 – 2024). The latter policy which is known as the '2017-2024 Agenda' is a

recognition of the need harmonise local economic efforts to impact the lives of the local people particularly in alleviating poverty. The main thrust of the 2017-2024 agenda is the creation of prosperity and equal opportunity for all, and the role of MMDAs and LED in this drive is extremely pivotal.

- Government of Ghana's current initiatives such as the “planting for food and jobs”, “one-district, one-factory”, “planting for export and rural development”, “rearing for food and jobs”, “one-village, one-dam” are all attempts geared towards stimulating the micro economies of MMDAs and contributing to promoting LED. These different initiatives have been largely well received across the country and will contribute to building resilient and robust local businesses.



Planting for Food and Jobs, Daily Guide news

Mandates of Central and Local Governments on LED

LED Mandate of MMDAs:

The MMDAs as the highest development authorities in the various districts in Ghana have the mandate to create the required business friendly environment to encourage the setting up of local enterprises and their sustenance as well. To effectively do this the following steps are key;

- Effective resource mobilization for local economic development;
- Creation of conducive economic and social conditions for employment generation;
- Engagement of stakeholders for the implementation of LED strategies and programmes; and
- Promotion of household welfare and poverty alleviation through employment generation.

Basketry weaving, source: thebftonline.com



Sekondi- Takoradi fishing harbour, source: citinewsroom.com

Role of the National Government



LED Mandate of the Central Government:

The central government has a lot to do in ensuring local economic development is adequately planned for, executed and monitored to ensure the continuous progress of local areas across the country. Below, three key roles of the national government are discussed which have the potential to propel the organic spring up of local businesses or enterprises as well as ensuring their sustenance.

1. Enabling environment for MMDAs to implement LED and service delivery (regulatory framework)

The national government must continue to empower the MMDAs to operate fully to bring about the needed changes in their economies through the implementation of LED initiatives. The policies and laws governing the implementation of LED should be supportive of getting businesses to operate at the local levels. Aspects of the various laws that do not enhance the implementation of LED initiatives should be amended or repealed. An example is the cap on how much MMDAs could borrow from the market to undertake development. Limitations such as these should thoroughly be reviewed to find workable solutions that will free the hands of MMDAs to establish local development platforms such as industrial parks which are normally beyond the budget of the local authorities but have the potential to boost the enterprise set ups and development in the districts.

2. Business climate and attracting foreign investments (territorial promotion)

One crucial support that the national government could give to the MMDAs in promoting local economic development is in the creation of investor friendly environment to attract foreign direct investments. Top on the list is government's ability to ensure security basically in the following areas

- i. Economic security to safeguard business investments. The stability of a country's currency, strong financial institutions, etc. are some of the ways by which the national government could help attract foreign investments.
 - ii. Physical security – this refers to the national government securing lives and property through effective operations of the security services with well controlled territorial borders.
 - iii. Independent justice system – an effective and responsive judicial system is an attraction for investors. The business community become confident in the economy when they trust the system of seeking justice.
3. Macro-economic stability
- The central or national government is expected to ensure the national economy's exposure to external shocks is minimised. There should be reasonable level of trust in and predictability in the economic indicators to guarantee investments. Government thus must pursue economic policy initiatives that control various economic factors such as inflation, currency stability against major trading currencies, policy lending rates etc.

Contextual Issues: LED Challenges in Ghana

In Ghana, the Ministry of Local Government and Rural Development (MLGRD) focuses on implementing LED at the local level under the authority of local governments (Metropolitan, Municipal, and District Assemblies - MMDAs) because local economies are the only “true” economies. In contrast, the national economy is an aggregation, defined as the sum of the nation's production of goods and services, for which public policies and measurement tools are very broad and high-level. However, changes in the national economy can only happen as the economies of the smaller geographic units such as cities, rural areas, and regions, change. In making LED work in Ghana, the national LED policy and operational manual was developed in 2013 to guide MMDAs in implementing LED (MLGRD, 2013). Nonetheless LED implementation in Ghana is currently faced with numerous challenges summarised under eleven categories (see figure 1).

Figure 1: Local Economic Development (LED) Challenges in Ghana



Source: Consultant Construct, 2019

As depicted in figure 7, awareness of the national local economic development policy and operational manual by key MMDAs actors and the private sector is low. There is a misunderstanding regarding even what the concept of LED is among MMDAs and who owns it (Akudugu, 2018,; MLGRD, 2019). However, under the communication strategy of the LED policy, it was intended “to disseminate and create awareness of the policy among key stakeholders and generate feedback to promote ownership and attainment of the goals, objectives and targets of the policy” (MLGRD, 2013). Clearly, awareness creation and public engagement about LED needs a lot more work.

Secondly, inadequate technical guidance from relevant institutions (NDPC, MLGRD, RCC, NBSSI among others) prevents MMDAs from working according to the national LED operational manual as well as policy content. Although the national development planning framework exists, it has not made enough provision for the promotion of LED. The national development planning frameworks have not adequately articulated LED as a key thematic area for the purpose of planning (Akudugu, 2018). Again, LED interventions are poorly mainstreamed into the Medium-Term Development Plans (MTDP). According to Akudugu (2018), the classification of LED under the “enhanced competitiveness of Ghana's private sector” is misleading. This is attributed to the fact that LED as a development strategy entails more than private sector competitiveness. Again, there is a lack of a standard set of indicators at all levels for measuring LED performance and achievement (PLATFORMA and CLGF, 2015; Akudugu, 2018).

Poor capacities of MMDAs in LED limit them in facilitating the enabling environment for private sector to create local jobs (World Bank, 2004; Akudugu, 2013). According to MMDAs, finance is a major challenge to LED implementation (Akudugu, 2018, MLGRD 2019). This is because there is no dedicated fund for LED promotion in the districts. All the available revenues sources including; the District Assembly Common Fund (DACF), the District Development Facility (DDF), and donor funds remain earmarked for mostly social interventions, rather than LED promotion. Most MMDAs saw the introduction of LED pilot programmes as a donor project and expected external funding due to the involvement of the donors (UNDP, ILO among others). The involvement of donors in LED implementation in Ghana led to the creation of LED pilot projects and established LED platforms and LED action plans in some selected MMDAs. Akudugu (2018), indicates that the LED platforms and LED action plans in the piloted MMDAs were set aside in the absence of donor funding. The argument by the piloted MMDAs was that their implementation would affect the district's performance in accessing the DDF (Akudugu, 2018).



Imagine having to walk 12 kilometers daily to a small plot of land, to produce enough food to feed your family...Idrisu Aboubakar, a farmer in the northern region of Ghana, has been doing this for 13 years.

To farm all year round, they had to rely on petrol-powered pumps which they said was expensive and made farming unprofitable.



source: medium.com, UNDP Africa

It is acknowledged that capacity building rather than finance is a major challenge to LED (World Bank, 2004; PLATFORMA and CLGF, 2015; Mensah *et al*, 2013; Akudugu, 2013; UNDP, 2011). Enhanced capacities enable alternative solutions to be devised for challenges including financial challenges. Improved capacities allow creative thinking about difficulties from political, legal, administrative, institutional and socio-economic challenges and creating ways to foster the enabling environment. It is expected that through improved capacities, local governments can stimulate development towards poverty reduction and employment generation which combine to ultimately increase internal generated revenue (IGR) to fund LED and other service obligations.

MMDAs have untapped potentials to drive LED providing varied comparative (and competitive) advantages which can be enhanced if the necessary actions are taken to tackle the bottlenecks inhibiting their success (Mensah *et al*, 2013). Effective and efficient use of the potentials will lead to economic growth and poverty reduction.

The national LED policy framework in 2013 is expected to guide central government on how different economic sectors will be promoted (MLGRD, 2013). Conversely, LED implementation at the district level is still faced with the absence of specific sector guidance (Akudugu, 2018). According to some researchers (Akudugu, 2018; Mensah *et al*, 2013) support for identified lead sectors and strategically targeting area to address unique challenges will lead to poverty reduction, employment generation and an overall economic boost to advance local economic development.

Poor nature of Public Private Partnerships (PPP) is one of the key challenges of LED implementation in Ghana (ILO, 2007; Akudugu, 2018). LED when properly implemented should create opportunities for partnership between a wide range of actors including, local private and public sector actors, national governments, and international organisations. In this regard, well-designed LED initiatives can provide access to alternative sources of financing LED.

Finally, there is a lack of a long-term perspective on LED implementation (PLATFORMA and CLGF, 2015; MLGRD 2019). It was identified that there are no long-term structural questions which determine the future of the local economy to move from short term fixes to long term issues on LED.

Tools to address LED Challenges

To ensure that Local Economic Development delivers effectively in Ghana, several approaches and tools are available that could be promoted by local governments.

Capacity and Skills Development:

Higher levels of human capital are essential to a territory's development. As research has shown, there is a positive correlation between human capital and a territory's GDP per capita. Therefore the higher the human capital stock, the higher the GDP per capita. The spectrum of human capital spans technical and vocational skills, managerial and administrative acumen, information and technology capacity, creative endowments and entrepreneurship.



At the front ends of the spectrum, vocational and technical skills have been identified as an important area, as the current focus of government initiatives shows in the technical and vocational education training (TVET) schemes. However, preparing labour adequately for jobs would entail orienting training delivery to meet specific needs of local business and industry. At the other side of the spectrum, a strong entrepreneurial spirit needs to be promoted especially among the youth and disadvantaged groups, which engenders job creation ventures by individuals and partnerships that are willing to take more risks in anticipation of higher returns.

Therefore, to ensure economic vitality and long run economic prosperity, MMDAs must find means to effectively harness the human capital and make use of skills building organisations and higher learning institutions.

Increasing Human Capital

Given the importance of human capital to the performance of regional economies, what can regions do to increase their human capital? Recent research suggests that a region's colleges and universities can enhance local human capital levels in two important ways.

First, if newly minted graduates remain in the area, they directly raise a region's human capital stock. However, skilled people are highly mobile and may not remain where they earn their degrees.

Second, the knowledge created by colleges and universities through research can play a key role in raising the demand for human capital in a region by helping local businesses create jobs with high human capital needs. Because of the importance of physical proximity in the transmission of knowledge and sharing of ideas, academic research activities can provide a local benefit that is anchored to the region. In this case, the increase in human capital occurs regardless of whether businesses employ local graduates or import them from elsewhere

Source: Abel, Jaison R. "Human Capital, Local Economic Development, and the Importance of Colleges and Universities." (2017). Available at <https://ecommons.cornell.edu/bitstream/handle/1813/55967/Rural-August-11-draft-03.pdf?sequence=1>

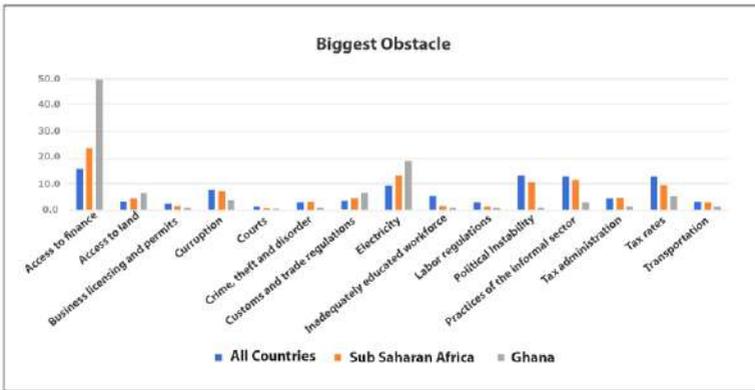


Human capital theory, source: Ghana Talks Business

Supporting Access to Finance:

Challenges in access to funds is deemed one of the biggest obstacles by the private sector (MSMEs) in Ghana (See Figure 2), despite the existence of funds and schemes such as YES, MASLOC, EDAIF, and Venture Capital Fund.

Figure 2: Obstacles faced by enterprises



Source: World Bank, Enterprise Surveys Ghana (2014)

Some of the underlying reasons include high interest rates, unattainable collateral requirements and low level of confidence in borrowers' ability to repay among others.

Firstly, supporting access to finance would require adequate training for MSMEs to better manage their finances and put in proper steps to improve their creditworthiness. Secondly, access to information on the financial systems and availability of credit could go a long way to enhance transparency and boost MSME confidence in the financial market. Furthermore, more education is needed on credit reporting to enable businesses take advantage of the credit market.

Especially for MSMEs in deprived areas, a guarantee fund could be made available when there are high-risk yet insufficient collateral. The guarantee funds could be designed as an incentive instrument. Lastly innovative financing for SMEs should be explored to enable innovative enterprises seek private funding to expand on their business operations such as captured in Fig

Table 1: Innovative Financing for MSMEs

Digital Currency	Social Impact Bonds	Development impact bonds
Mobile Money loans	Crowdfunding	Peer to peer lending
Grants	Guarantee Funds	Citizen funds
Bond issue	Angel Investing	

Source: Consultant Construct (2019)

Non-Financial Business Assistance:

Non-monetary components of business growth are equally essential to local economic development. It supports sustainability of LED interventions through value-addition services, engendering effective administrative methods and efficient use of resources. The non-financial business assistance comprises coaching and mentoring, market intelligence for inputs and outputs, and legal support, among many others. To this end, an important vehicle for non-financial business assistance is the empowerment of the Business Advisory Centres (BAC) based in the local governments. As public bodies, they are resourced enough not to burden new businesses with high charges for their services yet are able to render valuable services to them. However, it is recognised that they might not have the reach or the full range of advisory services. This creates the need to diversify the ecosystem of advisory services by enabling private actors to also participate, especially in areas where the BACs are not located.

Strong Partnerships:

Both horizontal and vertical partnerships (Figure 2) are important tools for successful LED.

LED is based on a strong partnership between, government, private sector and the community.

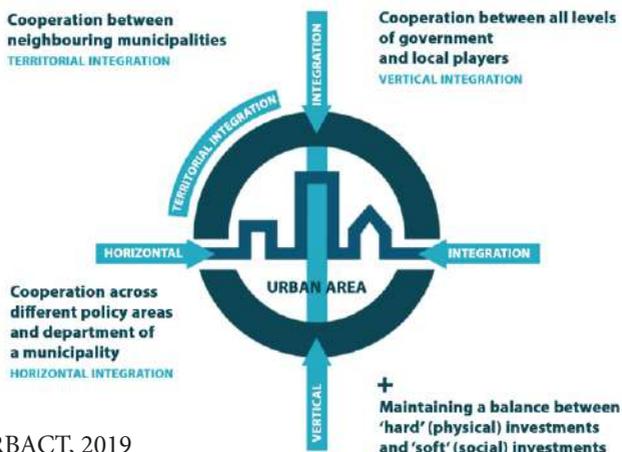
The full potentials of private public partnerships have not been fully captured in Ghana. The key constraints according to Osei-Kyei and Chan (2017) are the lack of experience and appropriate skills in PPP delivery, misallocation and incomplete transfer of risks, and high use of unsolicited proposals.

Source: eaie.org



In harnessing horizontal partnership as a tool at the grassroots level to promote LED, MMDAs need to explore cross-jurisdictional partnerships as well to harness economies of scale and benefits that otherwise would not have been available to one. Horizontal partnerships among enterprises should also ensure synergies and symbiotic relationships that contribute to environmentally sustainable principles and the economic growth of territories within which they operate. Horizontal partnership among MMDAs and the private sector should generate benefits and be able to overcome the challenges mentioned above. Vertical relationship should see greater collaboration among authorities and coordinating bodies such as the RCC. Vertical partnership should also allow MMDAs to think globally and act locally in addressing domestic issues. Moreover, this should allow MMDAs and the private sector to be able to access non-traditional sources of funds. Lastly, vertical partnership must also ensure policy coherence across national, sub-national and local governance scale.

Figure 3: Developing partnership and collaboration for LED



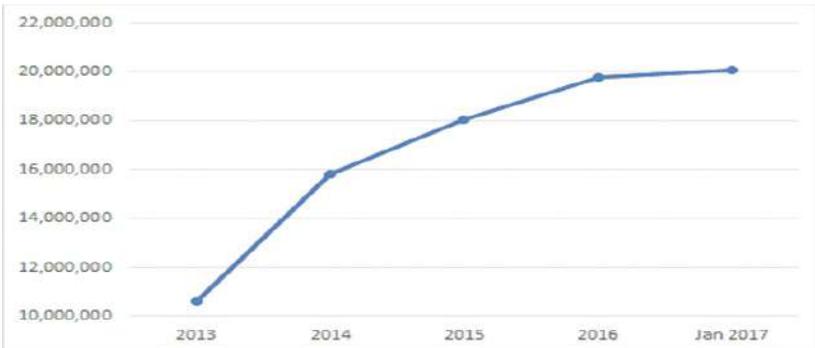
Source: URBACT, 2019

Information and Communication Technology:

Embracing ICT as a tool for LED promotion enables innovation, particularly in contemporary times using social media technologies. Different dimensions in ICT usage can be seen when applied to actors in the LED ecosystem such as local government, private sector and enterprise operators (Refer to Table 1).

Presently ICT penetration (Figure 4a and 4b) is on the ascendency in Ghana and remains an important tool that could be harnessed to accelerate local development. As seen in Figure 4a, mobile data subscription in Ghana in 2017 increased by 89%, almost doubling from the 2013 subscription rate. Figure 4b points to a new trend where radios and cameras are losing out to mobile phones, as important tools for information dissemination.

Figure 4a: Mobile Data Subscription in Ghana

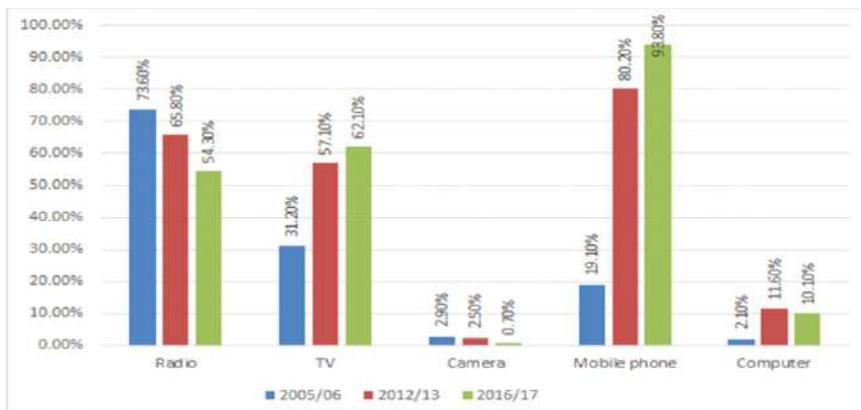


Source: NCA (2017)

Mobile phones, important tools for information dissemination.
Photo: Prince Antwi



Figure 4b: ICT Tools in Households in Ghana



Source: GSS (2017)

The benefits of ICT can be fully harnessed through effective and careful planning and the realisation that ICT is now an integral part of the society with immense potential to catalyse change and accelerate the local growth.

Using of ICT in our day to day activities, Photo: Prince Antwi

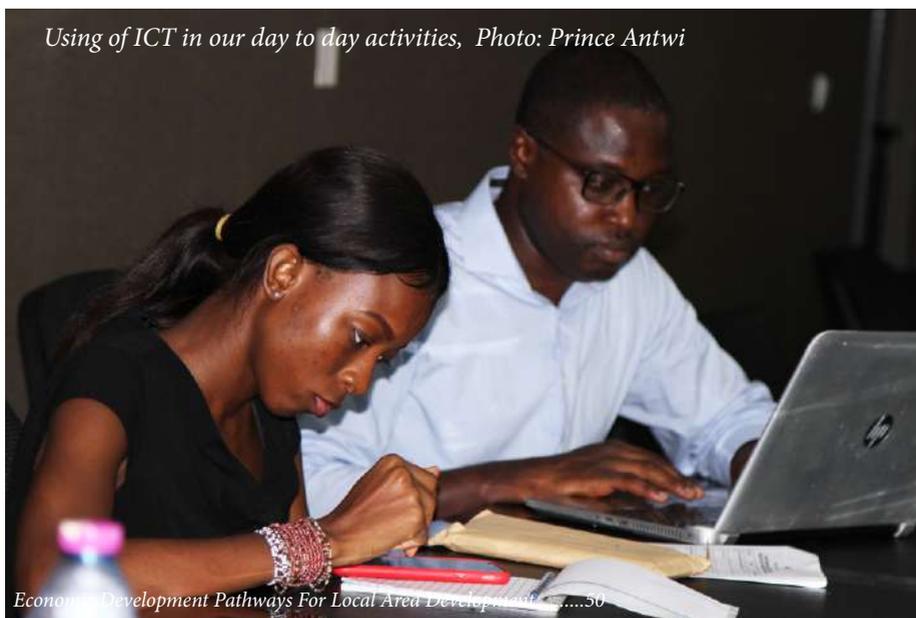


Table 2: Potential of ICT in LED

Actor	ICT Benefits / Potential
<p data-bbox="218 300 445 327">Local Government</p>  <p data-bbox="258 560 415 584"><i>source: ama.gov.gh</i></p>	<ul style="list-style-type: none"> ● E-governance and payment systems ● Popular consultation and participation ● Identification of locality challenges ● Database management ● Knowledge sharing ● Capacity building ● Revenue Enhancement ● Investment Promotion ● Skills development
<p data-bbox="229 655 400 683">Private Sector</p>  <p data-bbox="244 911 398 935"><i>source: itu.int.com</i></p>	<ul style="list-style-type: none"> ● Knowledge sharing ● Promoting e-commerce and trade ● Information Dissemination ● Strengthening synergies and symbiotic relations ● Financial Management ● Digital marketing and advertising
<p data-bbox="247 970 393 997">Community</p>  <p data-bbox="247 1278 376 1302"><i>source: afjn.org</i></p>	<ul style="list-style-type: none"> ● Linkages with employment opportunities ● Information dissemination ● Networking and Social contact ● E-learning ● Recycling and reuse of resources ● Financial Inclusion ● Social accountability ● Real time market information ● Security Enhancement ● Resource mobilisation ● Community Engagement

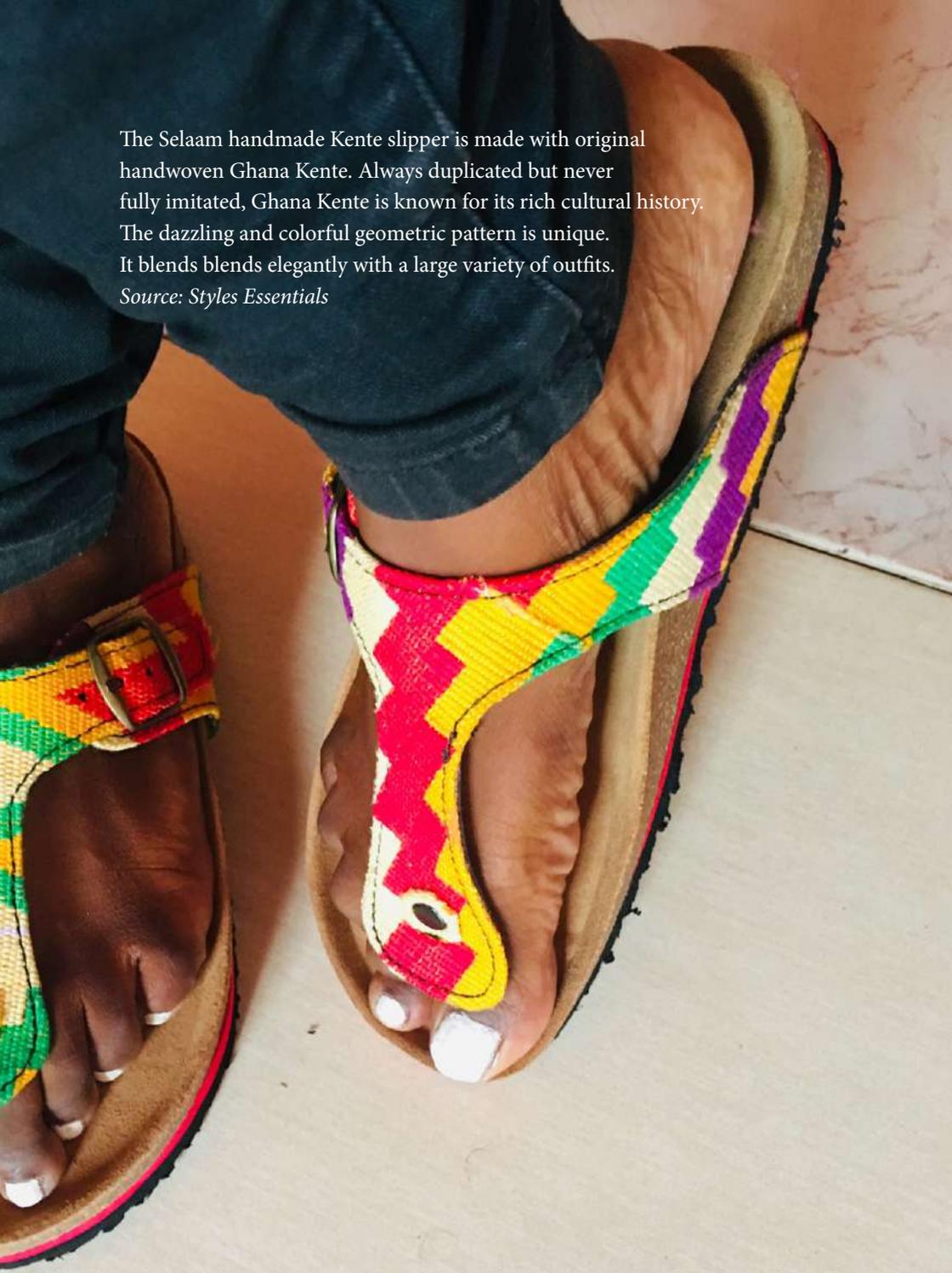
Source: Consultant Construct (2019)

Territory Branding and Marketing

Globalisation is a key driver of local economic development as it leads to increasing competition among local markets and places. As such, it will be important for localities with great potential to be able to broadcast their uniqueness and stand tall among the rest. Such differentiation will occur through a properly coordinated place or locality branding which capitalises on the unique attributes of the place. Global cities like London, Paris, Dubai to mention but a few have managed to carve a niche for themselves through successful place branding. Every territory in Ghana has a unique attribute that it could capitalise on to boost tourism and its associated industries.

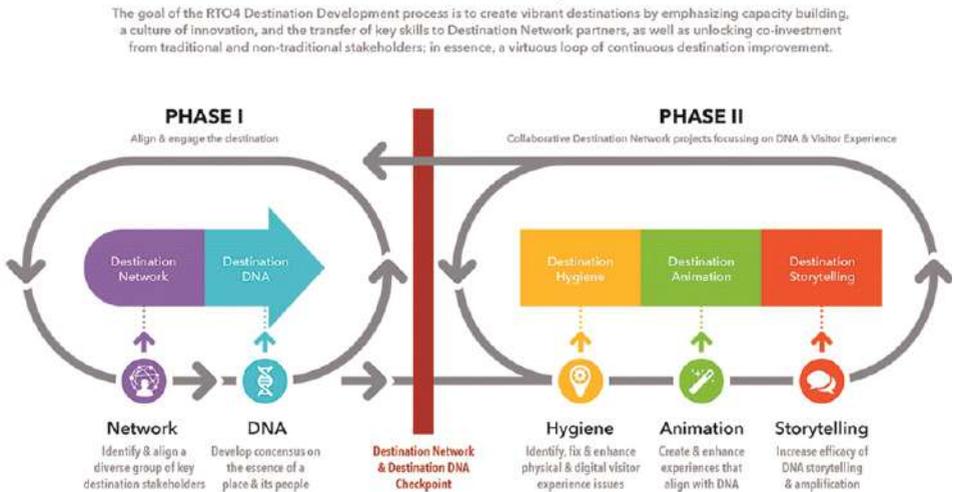


The Selaam handmade Kente slipper is made with original handwoven Ghana Kente. Always duplicated but never fully imitated, Ghana Kente is known for its rich cultural history. The dazzling and colorful geometric pattern is unique. It blends elegantly with a large variety of outfits.
Source: Styles Essentials



Currently, simply touting the natural beauty of a location or highlighting the main attractions in a brochure or television commercial are not enough (Smajstrla, 2017). Globalisation has spurred the tourism sector as more countries compete promoting themselves. Increasingly, tourism is becoming integrated and intrinsically woven into the socio-economic fibre of the territory. Therefore, conscious development of the territory through direct investment would be needed to fully capture the emanating benefits exemplified by the phased framework below (Figure 5).

Figure 5: Destination Development Process



Source: RT04 (2017).

Policy Recommendations

To address the challenges on LED implementation in Ghana and advance local economic development, the following key interventions have been recommended for policy action. They include;

1. An all-inclusive process, continuous sensitization, awareness creation on LED policy and operational guidelines, information-sharing and training of all stakeholder (MMDAs, RCC, MDA, private sector, communities among others) to facilitate effective participation in sustainable partnerships for LED implementation.
2. Technical guidance on facilitating LED and creating enabling fiscal, regulatory and creative environments supportive of LED. The outcome of such guidance should lead to private sector institutions able to mobilise financial resource, technology, marketing and supply linkages to support LED initiatives. Monitoring and evaluation indicators should also be developed to measure LED programmes and projects.
3. Supporting training institutions focused on human capital development. There is the need to develop adequate capacity for specialized training of local government personnel in the area of LED. Capacity building on LED should be demand-driven and continuous to MSMEs and the locals. Furthermore, LED research should be linked to LED implementation to improve the sector.

*Awareness creation on LED policy and operational guidelines, by Dr. Kwadwo Ohene Sarfo
Photo: Prince Antwi*



DISCUSSION

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- WHAT VISION
- HOW CENTRAL SUCCESS OF T
- HOW CAN THE OF SOCIETY?
- WHO DECIDES ATTRACT THE
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CAN POSSIBLY BE GAINED BY ADOPTING THE
CITY / CITY EXTENSION APPROACH TO URBAN
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SHOULD DRIVE THE CITY EXTENSION APPROACH?

IS LAND MANAGEMENT AND LAND USE TO THE
THE CITY EXTENSION / SECONDARY CITY DEVELOPMENT?

LAND USE CHOICES BE MADE TO INCLUDE ALL FACETS

THE STRATEGIC USE OF LAND AND HOW CAN THEY
REQUIRED DEVELOPERS / DEVELOPMENT
RIGHT TIME?



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4. Identifying champions at all levels to enhance LED. These individuals, institutions from both public and private should be knowledgeable on LED as well as have the capacity to drive LED. In addition, it is important for the local and regional government institutions to have focal points within the administration to ease LED implementation and facilitation.
5. Devising mechanisms that enable LED operatives to access finance and for the interlocutors to access the requisite resources to facilitate LED implementation.
6. Establishing knowledge-sharing platforms at all levels to enhance LED. All stakeholders should be able to access these knowledge sharing platforms to improve LED.
7. Identification as well as the effective and efficient use of MMDAs potential can be done through a partnership between the public, private and civil society sectors who will all contribute differently to the promotion of LED. MMDAs need to forge effective collaboration with civil society and non-governmental organizations and the local business and private sectors to provide alternative sources of development, income generation and employment in a consultative, collaborative and accountable manner
8. Facilitating guidelines for partnerships at the local level. Local governments should support the emergence of new partnership arrangements between local private sector actors, as well as local and foreign entities. In addition, local

governments need help to also participate in direct partnerships with the private sector, where it is needed, to create new jobs and stimulate economic activity in their various jurisdictions.

9. MMDAs should have functioning, transparent and accountable government systems. Procurement systems should be open, competitive and give priority to local businesses; budgeting and planning processes are adhered to; and information is quickly and easily available.
10. Finally, LED must move beyond short term fixes to consider long term LED perspectives. This will prevent MMDAs from focusing only on immediate pressing and occasional issues which may not have long term impact on the local economy. Hence institutional development and capacities building should also address long-term effectiveness and the durability of LED.

Conclusion

Local Economic Development (LED) aims to boost local economies, promote job creation and income generation and improve governance and municipal performance. Making LED work in Ghana is based on a different approach (bottom up approach) to traditional development strategies. LED must focus on improving MMDAs territorial competitiveness and economic performance. Again, MMDA's must work to develop strategies and projects which will enable them to share the benefits of economic growth. Consequently, MMDAs should work to create the enabling environment for the private sector /MSME to operate, create job which will lead to poverty reduction through increase employment. As a result, MMDAs can increase IGF.

All stakeholders must work together to develop an understanding of their local economy and most importantly use available local resources to advance local economic development. These stakeholders at the local level including local governments, businesses, community organisations and/or NGOs need to work together to achieve sustainable outcomes in LED. Furthermore, all regionals and national level stakeholders must all play their respective roles (especially in facilitation among others) to make LED work in Ghana.

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