



**ETAT DES LIEUX DU DÉVELOPPEMENT ÉCONOMIQUE
LOCAL (DEL)
GHANA**

© United Cities and Local Governments Africa 2017

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical or photocopying, recording, or otherwise without the prior permission of the publisher.

Published by United Cities and Local Governments of Africa

22, rue As Sâadiyne, Hassan

10020, Rabat, Maroc

www.localafrica.org

DISCLAIMER

“The terms used concerning the legal status of any country, territory, city or area, or of its authorities, or concerning delimitation of its frontiers or boundaries, or regarding its economic system or degree of development do not necessarily reflect the opinion of United Cities and Local Governments of Africa. The analysis, conclusions and recommendations of this report do not necessary reflect the views of the all members of United Cities and Local Governments of Africa.

Special acknowledgments for financial support

European Union



Illustration and graphics : Hamza Bernoussi

All photo of this document is published under the Creative Commons License.

(<https://creativecommons.org/licenses/>). All right reserved.

TABLE OF CONTENTS

<i>ACKNOWLEDGEMENTS</i>	5
<i>STRUCTURE OF THE REPORT</i>	5
<i>LIST OF ACRONYMS</i>	6
<i>LIST OF TABLES</i>	7
CHAPTER 1	7
<i>GENERAL INTRODUCTION AND COUNTRY REVIEW</i>	7
1.1 Country Overview	7
1.2 Business Environment for Local Economic Development Promotion	7
1.3 Understanding of LED at National Level	8
1.3.1 Local Economic Development (LED) within Ghanaian Context	9
1.3.2 Understanding of LED in the Ghanaian Context	9
1.4 Methodology and Approach to the Assignment	11
1.4.1 Objective	11
1.4.2. Scope of the Report	11
1.4.3 Methods of Data Collection	11
1.4.4 Organization of the Report	11
CHAPTER 2	12
<i>NATIONAL ENABLING PERSPECTIVE ON LED</i>	12
2.1 Decentralisation and Local Economic Development in Ghana	12
2.2 Analysis of National LED Enabling Factors	12
2.2.1 The 1992 Constitution	12
2.2.2 Local Government Act 462(1993)	13
2.2.3 National Decentralisation Policy (2015-2019)	13
2.2.4 Inter- Ministerial Coordinating Committee	13
2.2.5 NDPC Act, 1994 Act 480	13
2.2.6 District Assemblies Common Fund (DACF)	14
2.2.7 Functional Organisational Assessment Tool (FOAT) / District Development Facility (DDF)	14
2.2.8 Departments of the District Assemblies	14

CHAPTER 3	15
<i>LOCAL ENABLING PERSPECTIVE</i>	15
3.1 Local Government Powers	15
3.2 Local Government Finance	15
3.3 Financing LED at the Local Level	16
3.4 Stakeholders Engagement	16
CHAPTER 4	17
<i>LED IN PRACTICE</i>	17
4.1 Analysis and State of LED Interventions and Initiatives in Ghana	17
4.2 Summary of Key LED Interventions and Initiatives in Ghana	18
CHAPTER 5	25
<i>LED PRACTITIONERS, COMPETENCY CENTRES, SKILLS AVAILABILITY</i>	25
CHAPTER 6	26
<i>KEY LED THEMATIC AREAS FOR STUDIES</i>	26
CHAPTER 7	27
<i>KEY FINDINGS, KEY CHALLENGES, RECOMMENDATIONS, PERSONAL PERSPECTIVES AND CONCLUSION</i>	27
7.1 Key Findings	27
7.2 Key Challenges of LED	29
7.3 Recommendations	29
7.5 Critical Success Factors	30
7.6 Consultant Personal Perspective on Effective LED Implementation	30
7.7 Summary and Conclusion	31
8. REFERENCES AND APPENDICES	32

LIST OF TABLES

1. Summary of key LED Interventions and Initiatives in Ghana.....	20
2. Summary of LED Capacity Building Areas, Skills, Tools and Communities of Practice...	29

ACKNOWLEDGEMENTS

The consultant wishes to express his profound thanks to Secretary General of United Cities and Local Government of Africa (UCLG-A) for giving him the opportunity to undertake the assignment. I also wish to express my thanks to François Yatta, Programme Director at UCLG-A Rabat) and Juliet Sale, the Regional Director, West Africa Regional Office (WARO), UCLG-A Accra) for their technical support. The consultant also wish to acknowledge the support and contributions of the following personalities Ms Iyamma Paba Sale (UCLG-A Rabat), Patrick Affum Asumadu and Samuel Seth Passah, Ministry of Local Government and Rural Development and all those work contributed to the preparation of this report.

STRUCTURE OF THE REPORT

The report is organised into 7 chapters.

Chapter one examines the general introduction to Local Economic Development(LED) and country review.

Chapter Two and three analyses the national and local enabling perspectives for the promotion of LED in Ghana.

Chapter looks at LED in practice with graphical presentation outlining the details of LED initiatives in Ghana.

Chapter five focuses on key human resource needs, expertise, capacity and tools for the LED,

Chapter six examines some critical LED thematic areas driving LED in Ghana

Chapter seven presents set of key findings, recommendations, consultant personal perspective on LED and summary of conclusion and way forward.

LIST OF ACRONYMS

AGI	Association of Ghana Industries
AfDB	African Development Bank
BA	Business Association
BDS	Business Development Service
CG	Central Government
DA	District Assembly
DANIDA	Danish International Development Agency
DDF	District Development Facility
DPCU	District Planning Co-ordinating Unit
ENGINE	Enhancing Growth in New Enterprises
FDI	Foreign Direct Investment
GLSS	Ghana Living Standard Survey
GOG	Government of Ghana
LED	Local Economic Development
LG	Local Government
ICT	Information, Communication and Technology
ILGS	Institute of Local Government Studies
ILO	International Labour Organisation
MDAs	Ministries, Departments and Agencies
MMDAS	Metropolitan, Municipal and District Assemblies
MSE	Micro and Small Enterprises
NDPF	National Decentralisation Policy Framework
NGO	Non-Governmental Organisation
PSDS	Private Sector Development Strategy
RCC	Regional Co-ordinating Council
REP	Rural Enterprises Programme
RPCU	Regional Planning Co-ordinating Unit
SBA	Small Business Association
SME	Small and Medium Enterprise
UCLGA	United Cities and Local Governments Africa
UNDP	United Nations Development Programme
IGF	Internally Generated Funds

CHAPTER 1

GENERAL INTRODUCTION AND COUNTRY REVIEW

1.1 Country Overview

Ghana is the first country in the Sub-Sahara Africa to have attained independence from the British Colonial Government on 6th March, 1957. The country covers 238, 535 sq.km and has a population of 24,658,823 (2010 Population and Housing Census). More than 51% of the population live in the urban areas in the country (National Urban Policy, 2012).

Ghana practised multi-party constitutional democracy and is one of the most peaceful and stable countries in West Africa. Ghana has two levels of governments, the central government and local governments. The central government is in charge of general policy on economic, social, education, health, defence, security and general developmental issues. Other critical policy issues such as planning, monitoring, and evaluation of governmental activities are also under the domain of central government. Ministries, Departments and Agencies (MDAs) are responsible for the formulation of sectoral policies.

The second level of government is Local Government designated as District Assembly (DA). Decentralisation is recognised as an effective instrument to enhance and achieve the dual purpose of increased participation of citizens in local governance as well as provision of effective services for national development. The 1992 Constitution of Ghana makes it mandatory for the State to promote and stimulate decentralisation policies. Decentralisation under Ghana's Constitution designates the District Assemblies as the highest political authority in the district with deliberative, legislative and executive powers. The District Assembly is set out as a corporate body with a legal backing and can sue and be sued. The Local Government Act (Act 462, 1993) vests and mandates the district assemblies with administrative, planning and budgeting and rating authority at the local, with the overall responsibility for the total development of their localities within the districts. The Local Government Act enjoins District assemblies to mobilise local resources for local level development.

1.2 Business Environment for Local Economic Development Promotion

The Country over the past decade has over relied on the international capital markets (international, domestic bond and borrowings from multilateral development organisations) to raise funds for its economic development. This development coupled with low world commodities prices has negatively affected the revenue base of the country.

Ghana's per capital income and gross domestic income has been affected. This has affected the economic growth of the country and contributed to reduction of job opportunities and incomes. The Government has developed home growth policies with support of IMF to accelerate economic transformation.

Also, for the past 20 years, District Assemblies (DAs) in Ghana have over focused on their administrative and legislative functions to the detriment of their local economic development functions thereby hindering their effort to improve quality of life and to offer greater opportunities for economic empowerment of their citizenry (National LED Policy, 2013). This means the Assemblies were not giving greater attention to the promotion and facilitation of economic development. Local Government authorities were simply paying lip service to local governance which enjoins them to work with local stakeholders to address local needs.

The local economic development gap at the local government level compelled the central government in 2013 to formulate National Local Economic Development Policy to give broad policy direction to local governments and non-state actors in the field of economic decentralisation to implement LED strategies as part of their core mandate. The policy framework is to facilitate economic growth, employment and income generation in order to promote household welfare and alleviate poverty (National LED Policy, 2013). Thus, the policy was to tackle the problems raised by slow economic growth and poverty thereby stimulating the local economies of district assemblies for accelerated economic growth and decent job creation. By policy implications, the district assemblies in Ghana are expected to be facilitators, stimulators and enablers for the development of the local private sector and formulation of effective LED strategies for the stimulation of the local economies of all district assemblies.

It is instructive to note that Ghana's Constitution places a greater responsibility on District Assemblies to promote and facilitate general economic and local economic development to improve the living conditions of the people in the respective localities within the districts. This makes its mandatory on the part of DAs to mobilise and harness all available local resources, including human, financial and physical resources for the general development of the districts.

1.3 Understanding of LED at National Level

Ghana is part of the global world and that the processes of globalisation have implications on Ghana's effort to promote and advance in infrastructure, information and communication technology (ICT), economic growth and global governance. This can affect the country positively and negatively depending on its competitive edge and smart policies. In this context, territories have to compete not only at a national but also at an international level. It is important to note that the unique characteristics of a territory and the ability to identify and strengthen its competitive advantages are more relevant than ever. If a territory manages to be competitive, it can invigorate the economy at the national level.

On the other hand if is on unable to manage and harness its resources, it might isolate itself from the world and may not be able to stimulate local economic growth and development for creation of decent jobs and poverty reduction. Recognising this, Ghana has formulated effective national decentralisation and LED policies to offer opportunity and policy space to District Assemblies and non-state actors to build their local economies for sustainable local development.

1.3.1 Local Economic Development (LED) within Ghanaian Context

The National Decentralisation Policy (NDPF1) of Ghana (2011-2015) defines LED as ‘the process by which local governments, local businesses and other actors join forces and resources to enter into new partnership agreements with each other or other stakeholders to create new jobs and stimulate economic activity in municipalities, towns and villages’. This definition was also adopted by the National LED Policy framework which was formulated in 2013. Local Economic Development can generally be defined as a process in which partnerships between local governments, community-based groups and the private sector are established to manage existing resources to create jobs and stimulate the economy of a well-defined territory.

By this definition, LED encapsulates local control and ownership, using the potentials of human, institutional and physical resources for the stimulation of the local economy for new economic activities for the creation of decent jobs. LED also build on existing capabilities. LED is a process and also an outcome. The objective is to create enabling conditions for increased economic production for improved living standards of people through partnership between and among the various stakeholders at various levels.

1.3.2 Understanding of LED in the Ghanaian Context

A study conducted by ILO and UNDP (2012) on LED initiatives in Ghana revealed that individuals and organisations have different understanding of the meaning of LED. It was found that LED could be defined as follows:

- working with local stakeholders to identify economic challenges and solve them
- partnership between government and the private sector to create jobs
- identification and development of economic potentials for the benefit of the communities
- local resource mobilisation and utilisation
- any activity to support local people to live decent lives
- an attempt to improve the lot of ordinary people by providing them with jobs

- an economic activity by the private sector to increase production base in order to create employment for people with the support of the government.
- provision of economic infrastructure
- an activity to support micro, small and medium scale enterprises(SMEs)
- community income generating activity
- a capacity building activity to identify local resources for utilisation
- providing skill training
- encouraging domestic or foreign investment by providing infrastructure
- providing municipal services
- attraction of inward and foreign direct investment
- provision of financial services

The study further revealed that that consequent to the varied understanding of LED, it has been observed that:

- Most LED interventions in Ghana do not have well defined LED processes especially some of the LED initiatives managed by some non-state actors.
- They are standalone sectors with no clear synergic linkages with other sectors of the local economy for backward and forward linkages. This makes most LED interventions not sustainable. The word 'LED' is used generically in many instances to reflect any economic undertaking in the local area that impacts livelihood, employment and poverty reduction rather than the art and science of LED(ILO/UNDP, 2012).

From the National LED Policy and Decentralisation Policy Framework, there is a clear and sufficient definition and elaboration of LED in the Ghanaian context. The national definition of LED is not quite different from the generic definition of LED and general understanding of LED as indicated above. What is lacking is the understanding of LED and that has to do with lack of awareness on the definition of LED as stipulated by the Policy. Though government has formulated the policy, there is no conscious effort to create awareness and expand the understanding of LED and operationalization requirements. This issue of awareness creation on the policy has been acknowledged by the newly formulated National Decentralisation Policy Framework (2015-2019) as one of the critical concerns for the implementation of LED in Ghana. A national operational manual on LED has been developed but is heavenly planning focus for MMDAs to integrate LED strategies into their plans.

1.4 Methodology and Approach to the Assignment

1.4.1 Objective

The report outlines the state of implementation of LED in Ghana. It further seeks to identify key stakeholders promoting and implementing LED interventions and initiatives (i.e., government, private sector, CSOs and organizations working towards promoting local economic development) at the local level.

1.4.2. Scope of the Report

The report also unearths the state of LED knowledge and experiences in Ghana as specified in the terms of reference.

1.4.3 Methods of Data Collection

The study gathered information on local economic development initiatives and interventions in Ghana. The study collected information through secondary data and conducted some interviews with some organisations on their LED initiatives. Open-need questions were employed. It also visited the websites of organisations promoting LED to collect the data.

1.4.4 Organization of the Report

The report is organised into seven chapters. Chapter one examines the general introduction to LED and country review. Chapter Two and Three analyses the national and local enabling perspectives for the promotion of LED in Ghana. Chapter four looks at LED in practice with graphical presentation outlining the details of LED initiatives. Chapter five focuses on key human resource needs, expertise, capacity and tools for LED, Sixth Chapter examines some critical LED thematic areas driving LED in Ghana and chapter seven presents set of key findings, recommendations, consultant personal perspective on LED and summary of conclusion and way forward.

CHAPTER 2

NATIONAL ENABLING PERSPECTIVE ON LED

2.1 Decentralisation and Local Economic Development in Ghana

Ghana's decentralization and system of local governance (PNDC Law 208 and Local Government Act 462) aim at realizing key results in promoting democratic local governance and participatory local development planning. The decentralisation process and local economic development process in Ghana operates within the national context and therefore anchors on key and relevant provisions in the 1992 Constitution and other related legislations for decentralisation and local governance in Ghana. These include:

- Decentralisation Policy Framework (2015 -2019)
- Local Government Act, 1993(Act 462)
- National Development Planning System Act, 1994, Act 480
- District Assemblies Common Fund Act, 1993, Act 455
- Local Government Service Act, 2003, Act 656
- Institute of Local Government Studies Act, 2003, ACT 647
- Subsidiary legislation including the individual Establishment Instruments of the respective Assemblies and Local Government(Urban, Town, Zonal, Area Councils and Unit Committees) Instrument, 1994
- Legislative Instrument 1961 establishing the departments of district assemblies.

The Government of Ghana has provided broad policy framework and relevant laws which regulate key players in the field of decentralisation and local governance. It has provided the enabling space for mobilisation of resources for financing local economic development and local governance.

2.2 Analysis of National LED Enabling Factors

A detailed examination and application of some of the key LED enabling factors is provided as follows:

2.2.1 The 1992 Constitution

The economic objectives set out in Chapter Six, under 'The Directive Principles of State Policy' include 'the state shall take all necessary action to ensure that the national economy is managed in such a manner as to maximize the rate of economic development and to secure the maximum welfare, freedom and happiness of every person in Ghana'. It is also required of the state to afford ample opportunity for individual initiative and creativity in economic activities and fostering an enabling environment for a pronounced role of the private sector in the economy. It is specifically mentioned that the state shall take appropriate measures to promote the development of agriculture and industry (Constitution of Ghana, 1992).

2.2.2 Local Government Act 462(1993)

The Act 462 of 1993 mandates assemblies to foster and promote local economic development. Section 10 requires assemblies to do so in partnership with other local level players. They are expected to coordinate such efforts within the context of and in consonance with their district development plans. To make the planning process more effective, Regional Coordinating Councils are required to provide services including technical backstopping, facilitation, monitoring and evaluation for local economic development efforts of assemblies (ILO/UNDP, 2012).

2.2.3 National Decentralisation Policy (2015-2019)

The policy is a review of the decentralization process and sets out to increase performance in order to achieve a sustainable, equitable economic growth and poverty reduction through citizen participation and accelerated service delivery. It prioritizes action in thematic areas including political decentralization and legal reforms; administrative decentralization; decentralized planning; spatial planning; local economic development; fiscal decentralization; popular participation; the social agenda; and involvement of non-state actors in local governance.

2.2.4 Inter- Ministerial Coordinating Committee

The government has established the Inter-Ministerial Coordinating Committee (IMCC) which is a high-powered inter-sectoral body responsible for providing policy oversight, holistic and coordinated implementation of decentralization in Ghana. The committee provide the platform to accelerate the implementation of decentralisation reforms including effective integration and implementation of LED.

2.2.5 NDPC Act, 1994 (Act 480)

The National Development Planning (System) Act, 1994 Act 480 Sections 1(1) makes NDPC the National coordinating body for the decentralized national development planning system. Section (3) provides for regulating the decentralized national development planning system by legislative instruments and guidelines issued by the Commission. Section 11 enjoins the NDPC to prescribe the format and content of development plans for the districts, ministries and sector agencies (also Section 47 (1) of Act 462. Section 10 (1-3 of the Local Government Act, 1993, Act 462 make District Assemblies the highest political authorities in the districts with deliberative, legislative and executive powers; charges District Assembly to be responsible for the overall development of the district and ensure the preparation and submission through the Regional Coordinating Council, development plans of the district to the Commission.

The National Development Planning (System) Act, 1994 Act 480 Section 2 (1) emphasizes that District Planning Authority established under the Local Government Act, 1993 (Section 46 (1) of Act 462), shall initiate and prepare district development plans and settlement structure plans in the manner prescribed by the Commission and ensure that the plans are prepared with full participation of the local community. MTDP to be prepared by the DPCUs in consultation with all relevant stakeholders including Private Sector institutions; Civil Society Organisations; Traditional Authorities; Informal vibrant groups, etc.

2.2.6 District Assemblies Common Fund (DACF)

Fiscal decentralization is one of the cardinal pillars of decentralization. As far back as 1982 when the then PNDC published its policy guidelines on decentralization emphasis was on the transfer of power, competence and means to sub-national governments. By Article 252 of the 1992 Constitution the District Assembly Common Fund (DACF) was established as a source of fund to the MMDAs. 7.5% of national revenue is distributed to MMDAs on quarterly basis for development. These following factors influenced the distribution: Need, Equality, Responsive and Service pressure. MMDAs are then informed to submit supplementary development budget to the DACF Secretariat to enable them accessed their share of the fund.

2.2.7 Functional Organisational Assessment Tool (FOAT) / District Development Facility (DDF)

The FOAT/DDF initiative is an attempt to address some of the critical challenges of financing local development. The rationale for its introduction includes:

- To mobilise additional financial resources for MMDAs
- To establish a link between performance assessments and capacity building support
- To ensure harmonised systems for investment funding and capacity building support to MMDAs

The FOAT is a performance-based tool and a process for annual assessment of DAs to ensure compliance with existing legal, regulatory and policy frameworks.

The blend of DACF and FOAT/DDF is a systematic and concrete way of addressing the fiscal decentralisation gaps and at the same time creating an enabling incentive system for efficiency and effectiveness in the performance of MMDAs.

2.2.8 Departments of the District Assemblies

The enactment of LI 1961 provides the framework for the integration of Departments in the District Assembly. The departments of the Assemblies are responsible for the implementation of the policies and programmes of the Assembly. Trade and Industry department is responsible for the promotion and implementation of LED and other economic development policies.

CHAPTER 3

LOCAL ENABLING PERSPECTIVE

This section of the report discusses the political and financial responsibilities of DAs in Ghana. It outlines key legal and policy frameworks underlying the responsibilities. It also looks at the actors and stakeholders involved in local governance at the local level.

3.1 Local Government Powers

According to the National Decentralisation Policy Framework (2015-2019), the district level of governance is the devolution type and that the District Assembly is set up as a corporate body with legal personality which can sue and be sued. The DA is the highest political authority and policy making body for the district. It has legislative, planning and rating powers. The 1992 Constitution of Ghana under Article 241(3) states' Subject to this Constitution, a District Assembly shall be the highest political authority in the district, and shall have deliberative, legislative and executive powers". By policy and legal implications, the DA makes decisions and takes responsibility for those decisions. The DAs in Ghana are empowered as legislative, administrative, development planning, budgeting, rating and service delivery authorities.

The Local Government Act (Act 462, 1993) also vests and mandates the district assemblies with administrative, planning and budgeting and rating authority at the local level, with the overall responsibility for the total development of their localities within the districts. District Assemblies in Ghana are mandated to:

- Formulate, execute plans, programmes and strategies for the effective mobilization of local resources necessary to promote local development
- Promote and support productive activity and social development and remove any obstacle to local development and
- Monitor the execution of development projects under approved development plans and assess and evaluate their impacts on the citizens and the local economy

3.2 Local Government Finance

The 1992 Constitution and National Decentralisation Policy Framework (NDPF) enjoin Central Government to make available adequate financial resources to the local governments to effectively discharge their mandate. The NDPF under fiscal decentralisation thematic area stresses the need for the finances to follow the functions of DAs. The policy seeks to ensure that there is equilibrium between the functions that are transferred to the DAs and the decentralised fiscal transfers that are made available to DAs by way of the DACF and inter-governmental fiscal transfers (NDPF, 2015).

District Assemblies in Ghana draw their financial resources from District Assemblies Common Fund (DACF), District Development Facility (DDF), budgetary allocations (Decentralised departments and transfers for the payment of DA staff) and the internally generated funds (IGFs) as well as other miscellaneous transfers to cover the cost of providing development and municipal services within the districts.

Under the Fiscal Decentralization Framework and guidelines, DAs are mandated to prepare district composite budgets. District Composite Budget is defined in section 92(3) of the Local Government Act to “include the aggregate revenue and expenditure of all departments and organizations under the District Assembly and the District Coordinating Directorate including the annual development plans and programmes of the departments and organizations under the Assembly” (NDPF, 2015).

3.3 Financing LED at the Local Level

There is no special designated source of funds for financing LED in Ghana. Under the National LED Policy, DAs are required to programme LED activities and roll them out in the District Composite Budget for financing. This has made it difficult to access funds to promote LED.

Budgetary allocations from inter-governmental transfers and internally generated funds are not sufficient to fund the ever increasing responsibilities of the DAs. This makes it mandatory on the part of the central government to provide the necessary technical support to DAs to effectively implement and manage LED interventions to bridge the financing gap at the local level.

LED interventions are mostly financed by development partners and private sector organisations but they are uncoordinated and not regulated by law. For LED to be effective, it is critical that a dedicated source of funds is created and made available (innovation funds) to promote increased activities to stimulate local economy for economic growth and job creation.

3.4 Stakeholders Engagement

The Local Government Act enjoins DAs to promote good local governance and popular participatory development. They are required to engage all local actors and stakeholders in the local development process. The NDPF provides the policy space for DAs to promote active citizens participation in decision making process. This is achieved through a system of non-partisan local government elections and appointment of interest based organisations representatives to serve as local legislators in the General Assemblies of DAs. DAs are required to effectively engage their citizens in the provision of municipal services and local infrastructure to ensure quality of life and promote local accountability.

CHAPTER 4

LED IN PRACTICE

4.1 Analysis and State of LED Interventions and Initiatives in Ghana

From the study, it was discovered that there are numerous local economic development initiatives and interventions which are being implemented by various stakeholders aimed at reducing poverty and stimulating the local economy for job creation. The initiatives focused on micro, medium and small scale enterprise development, capacity building, economic infrastructure, skills development, investment promotion and economic governance. They are funded by national and international organisations. The organisations are both governmental and non-state actors. LED projects and programmes fall within the three broad categories of LED (i.e., business development, locality development and community economic development).

With the formulation of the National LED Policy, all District Assemblies are required to integrate LED strategies into their District Medium Term Development Plans (MTDP) for implementation. The study revealed that LED indicators have been included in the Performance Measurements under the Functional Organisational and Assessment Tool (FOAT) under the District Development Facility (DDF). The initiative is performance based grant facility for local government authorities in Ghana. It was found that the existing LED interventions in the districts are in the areas of economic governance (association building and management), capacity building, enterprise development, provision of economic infrastructure and service delivery, financial support services and income generation. However, inadequate institutional capacity at the MMDAs is affecting the smooth implementation of LED strategies as captured in the district plans.

There are some success stories in the existing LED initiatives that can serve as a building block for any future LED intervention. There are in the area of community resource mobilization, economic infrastructure and service delivery, inward investment, business promotion, value addition, agri-business promotion and marketing.

The study further reveal that significant number of the initiatives and interventions are in the form of programmes and projects and are being financed by development partners and executed by Ministries, Departments and agencies and non-governmental organisations (NGOs) with direct community entry and partnership arrangements.

Many of the initiatives have the broad objective of creating jobs, promoting entrepreneurship, capacity building and influencing local policies for economic development. It was also discovered that many of the organizations seek economic empowerment of the local people as a key objective.

The projects and programmes goals were in line with the priorities of the organizations funding them and broad development strategies of the Government Medium Term Development Framework.

Most of the interventions are limited in terms of geographical coverage whereas others have national wide coverage. Meaning greater number of the projects and programmes are limited to few regions in the country. This raises questions of regional balance and equitable distribution of economic initiatives.

The effectiveness and efficiency of implementation of LED interventions in Ghana for the past three years have been influenced by the National LED Policy, National Decentralisation Policy, National Public Private Partnership Policy and the National LED Operational Manual. The national Local Economic Development policy spells out broad strategies aimed at promoting economic growth in identified promising economic sectors. It focuses on identifying and exploiting key economic activities and opportunities. LED strategies are integrated into the District Medium Term Development Plans of MMDAs under the framework of the National LED Policy and National Planning Guidelines.

4.2 Summary of Key LED Interventions and Initiatives in Ghana

Table 1. Summarizes key LED interventions in Ghana and also highlights the types of LED interventions, donors or funders, stakeholders involved and the size of the projects. There are many interventions supported by various national institutions, development partners and international organisations at various sector levels that directly or indirectly impact the local economy.

Table 1. Summary of Key LED Interventions and Initiatives in Ghana

No	Project/ Intervention	Project Description	Donor/ Funder	Stakeholders Involved	Project Duration/Size	Project Location	Thematic Area
1	Promoting Inclusive Growth and Development	To improve employment opportunities through the formulation and implementation of national and sectoral policies to enhance opportunities for productive employment and income generation. Integration of local economic development plans through application of tools such as value-chain analysis, and sustainability models in MMDAs	UNDP	MLRD, MOF, UDS, NDPC, GSS, SADA	2012-2016 US\$5 million	Central, Greater Accra, Northern and Upper East regions of Ghana	Enterprise Development, Development Planning and Capacity Building
2	Local Government Capacity support Building Programme (LGCSPP)	Strengthen the Metropolitan and municipal Assemblies for accountable local governance and improved service delivery	World Bank, GOG	MLRD, MOF, LGSS	2012- 2017 US\$ 175 million	National wide but restricted to 46 Metropolitan and Municipal Assemblies	Urban Development, Spatial Planning ,Locality Development(Provision of infrastructure and service), Capacity Building(Revenue mobilization and social accountability
3	Ghana Climate Innovation Center	The project aims to establish local institutional capacity to support Ghanaian entrepreneurs and new ventures in developing profitable and locally appropriate solution to climate change mitigation and adaption	World Bank	Ministry of Science, Technology and Innovation EPA, Private Sector	2016 U S \$ 17.20million	National Wide	Entrepreneurship, Technology and Product development, Green Economy and Jobs, SMEs Development, Access to finance , Market Growth and Access, Policy and Regulatory Support
4	Public-Private Partnership Project(PPP)	Promote PPPs pipe line projects	World Bank	MOF, MWH, Port authorities, MRH	US\$ 30M	National wide	Capacity building, institutional building, access to finance,

No	Project/ Intervention	Project Description	Donor/ Funder	Stakeholders Involved	Project Duration/Size	Project Location	Thematic Area
5	Enhancing Growth in New Enterprise Project((ENGINE)	The project seeks to support the development of Micro and Small Enterprises to overcome barriers to growth and build competitive businesses. ENGINE seeks to equip micro and small enterprises with the necessary skills and resources required to improve their business plans and internal operations and increased access to business development services and financing	UKaid(D-FID)	Technoserve, Private sector		National Wide	SMEs development, Business Development services Access to finance, Product and technology Transfer,
6	Financial Inclusion for Smallholder Farmers in Africa Project(FISFAP)	The Project aimed at building partnership with financial service providers, agricultural value chain actors and mobile network operators to develop appropriate and affordable projects and services for smallholders' farmers.	Alliance for Green Revolution in Africa(AGRA)	Financial Institutions, Mobile Network Companies, Value Chain Actors in the Agricultural Sector	US\$15million 2014- 2017	4 Regions in the northern sector of Ghana	Financial services, Capacity building(Extension and training), Information technology, Access to market
7	District Development Facility(DDF)	The facility is a performance based grant system. The goal is to ensure an efficient provision of basic community infrastructure and service delivery through judicious use of local resources	CIDA, DANIDA, KfW, Agence Francaise de Development(AFA)	MLGRD, LGSS, MOF, MMDAs, RCCs		National Wide	Locality Development(Provision of infrastructure and services) Capacity Building
8	Labour Environment Assessment	To assess Ghana Labour environment and support technical and vocational training for job creation	EU	Ministry of Employment and Labour Relations	Euro 31million 2016	National wide	Capacity Building, Skills Development

No	Project/ Intervention	Project Description	Donor/ Funder	Stakeholders Involved	Project Duration/Size	Project Location	Thematic Area
9	Decentralisation Reforms	Coordination and Implementation of Decentralisation Reforms	Inter-Ministerial Co-ordinating Committee on Decentralisation	Office of the President, Ministries, Development partners, IGSS, RCCs		National wide	Capacity building, Policy development and review
10	DACF	Intergovernmental Transfer grant for MMDAs	GOG	DACF Secretariat, MLGRD, RCCS, MMDAs	7.5% of national revenue collected. Since 1994	National wide	Service delivery, provision of infrastructure, capacity building
11	ILO SCORE	Improve the competitiveness of SMEs to create decent jobs.	ILO, SWISS Government	MOTI, AGI, Private sector, GEA		Greater Accra Region, Western region	Capacity Building, Mentoring, Business Development Services
12	Ghana Agricultural Development and Value Chain Enhancement (ADVANCE) Project	To promote agricultural productivity and value addition	USAID	MOFA, FBOs	\$34m 5 years	Northern Region	knowledge management and transfer of skills and advisory services
13	Export Development and Investment Fund (EDIF)	To provide credit and grant facilities to majority owned Ghanaian companies in the non-traditional export sector at concessionary terms.	GOG	SMEs in Agribusiness	0.5 % of non-petroleum imports 10% of divestiture income	National wide	Access to financing, BDS, capacity building, technology transfer

No	Project/ Intervention	Project Description	Donor/ Funder	Stakeholders Involved	Project Duration/Size	Project Location	Thematic Area
14	Ghana Free Zones Board	Ghana Free Zones Programme is an integrated programme which promote processing and manufacturing of goods through the establishment of Export Processing Zones (EPZs) and encourage the development of commercial and service activities at seaport and airport areas.	GOG	AGI, MOTI, GIPC		Tema	Industrial Site Site and services for investment FDI attraction
15	Ghana Investment Promotion Centre	The centre under Act 478 which promotes, co-ordinates and monitors all investment activities	GOG	MOTI		National wide	FDI attraction, capacity building, BDS
16	Ghana Export Promotion Council	Develops and facilitates expansion the production base and the promotion of non-traditional exports from Ghana.	GOG	AGI, Exporters	Accra	Export Development Fund Agricultural Development Bank	Product development ,Capacity building market penetration support to local firms
17	Micro Finance and Small Loans Centre (MASLOC)	To undertake sound and judicious administration of government of Ghana or development partner funds for micro and small scale credit programmes.	Government Ghana , JICA	MOF, Banks, MMDAs.	2008 to date \$50m 4 2m	10 regions	Access to finances, BDS

No	Project/ Intervention	Project Description	Donor/ Funder	Stakeholders Involved	Project Duration/Size	Project Location	Thematic Area
18	SADA Savannah Accelerated Development Authority (SADA)	To accelerate the socio-economic development of the Savannah belt through strategic investment in resource development. The initiative has six areas which include: development of a comprehensive regional & ecological strategy; a model for the modernisation of agriculture; development of strategic infrastructure; strong linkage between Northern Savannah and the Sahelian countries; a vigorous private sector initiative; and active support for Civil Society Organizations and NGOs	GOG, World Bank, UNDP	RCCs, MMDAs	GHC200m earmarked for first five years	Northern Region Upper West Region Upper East Region Brong Ahafo and Volta Regions	Agriculture development, infrastructure development, SME promotion, income generation
19	Rural Enterprise Programme	The goal of REP is to improve the livelihoods and incomes of rural poor micro and small entrepreneurs. The development objective is to increase the number of Rural MSEs that generate profit, growth and employment opportunities. REP is being implemented through four integrated components. These are Business Development Services; Technology Promotion and Dissemination; Access to Rural Finance and Institutional Capacity Building and Policy Dialogue; and Programme Coordination, Monitoring and Evaluation.	AfDB, IFAD, GoG	The programme works at the district level through a partnership arrangement with participating District Assemblies, National Board for Small Scale Industries (NBSSI) and the GRATIS Foundation.	2012 - 2020 Cost of Programme is US\$185 million	110 districts	Enterprise Development and Technology Promotion
20	Northern Rural Growth Programme	Achieve sustainable agriculture and rural livelihoods and food security for the rural poor.	GOG, World Bank	Northern Region Upper East Upper West Brong Ahafo	US 103,553	Northern Region	Community engagement and capacity building
21	Local Economic Development	Supporting DAs to promote and implement LED	CLGF,UCL-GA	NALAG, District Assemblies			Capacity building, entrepreneurship

No	Project/ Intervention	Project Description	Donor/ Funder	Stakeholders Involved	Project Duration/Size	Project Location	Thematic Area
22	National Kai-zen Project	Training of Business Advisory Centre Heads of NBSSI for SMEs to improve upon product quality and productivity through the practice of Kaizen	JICA	N B S S I - BACs, MOTI, Enterprises	2015-2018	A s h a n t i , Northern, Central and Brong Ahafo regions.	Capacity Building on the Kaizen Concept
23	Ghana Social Opportunities Project	Promote Labour intensive works for increased daily earning of the poor	World Bank	M L G R D , Ministry of Social Protection	US\$189M US\$5M 2011-2017	S e l e c t e d MMDAs	Labour Intensive Public Works Capacity Building

CHAPTER 5

LED PRACTITIONERS, COMPETENCY CENTRES, SKILLS AVAILABILITY

The Study revealed that the formulation of the National LED Policy and the National Operational Manual on LED has provided a harmonised and common framework for building capacity of LED actors and stakeholders. Regional Coordinating Councils (RCC), Metropolitan, Municipal and District Assemblies (MMDAs) have adopted the manual for their LED capacity building programmes. Development partners and other multilateral donor organisations are also using the LED Policy and Manual for their decentralised development cooperation in the area of local economic development. For instance EU, UNDP, and GIZ provided funding to the Regional Coordinating Councils and Ministry of Local Government and Rural Development to build the capacity of key functionaries of the MMDAs to mainstream LED strategies into District Medium Development Plans for implementation and monitoring in 2015.

A nationwide survey that was conducted by Institute of Local Government Studies with Funding from UNDP and ILO (2012) on MMDAs to determine available knowledge and skills for implementing LED revealed that 68% of respondents noted that they have not had any training in local economic development whilst 32% indicated that they have had some previous training. From the study, 51% of respondents who have had some form of training in LED disclosed that they have average knowledge. 11% and 3% mentioned that they have high and very high capacity in LED respectively. On the other hand 24% and 11% mentioned that they have low and very low capacity in LED respectively. This data was sample of 232 respondents comprising coordinating directors (city managers), planning officers, engineers, economic development officers, community development officers and business advisory officers answered the questionnaires. Out of the 212 respondents, 91% were males whilst 9% were females (ILO/UNDP, 2012). Interviews conducted by the researcher confirmed the findings.

With the introduction of Masters Programme (i.e., MSc. in LED) by the Institute of Local Government Studies in 2013, a substantial number of expertise for LED in Ghana will be available. The programme has widened the knowledge and skills base in LED in Ghana. The data collected on the background and professional profile of the participants for the Masters Programme showed that a greater number of the participants were from Public Services particularly MMDAs and others came from the private sector (i.e. financial institutions and development organisations).

Multilateral and bilateral organisations which run projects and programmes have set of expertise for LED. For example in Ghana, World Bank, GIZ, EU, ILO, UNDP, CLGF, UCLG-Africa and CIDA.

These experts serves as project advisors and coordinators which provide direct and indirect technical support to Government organisations, private sector and development organisations implementing LED and LED related programmes and projects.

Key finding from the study indicates that LED is an emerging area in Ghana and that the Institute of Local Government Studies is the main organisation that is producing the experts in the country. The introduction of the training programme and LED Policy and manual has created greater awareness on LED country wide. Notwithstanding, there is a human resource gap for implementing LED on a broader scale. This brings into focus the need to examine the nature of LED strategies contained in the MTDP of assemblies.

Table 2. Summary of LED Capacity Building Areas, Skills, Tools and Communities of Practice

Communities of Practice	Capacity Building/Training Areas	Tools
Institute of Local Government Studies	MSc in LED Competency based course in LED	Strategic Planning, Diamond Porter, Systemic competitiveness, Case studies, PACCA, GIS, SWOT, Economic Maps
GIMPA	Agribusiness Management	Case studies, Strategic planning
University of Ghana Business School	Business development/ Entrepreneurship	Case studies, Strategic Planning,
University of Cape Coast Business School	Business development/ Entrepreneurship	Case studies, Strategic Planning
KNUST	Business development/ Entrepreneurship, Development and spatial Planning	Case studies, Strategic Planning, SWOT, GIS
Private Profit making Consultancies	Business development/ Entrepreneurship	Strategic Planning, Diamond Porter, Systemic competitiveness, Case studies, PACCA, SWOT, GIS
Financial NGOs	Business development/ Entrepreneurship	Strategic Planning, Case studies

CHAPTER 6

KEY LED THEMATIC AREAS FOR STUDIES

6.1 Local Resource Mobilisation

The mobilization of local resources is critical for successful implementation of LED. The instrumentalist approach of leaving local governments to mobilize local revenue has not been successful in Ghana. This calls for a paradigm shift where the local authorities are to proactively facilitate other local actors to support in local resource mobilization. This is the surest way to mobilize local resources for sustainable implementation of LED. Studies should be conducted to unearth conditions for increasing internally generated funds by MMDAs through the support and cooperation of civil society organisations and the local private sector.

CHAPTER 7

KEY FINDINGS, KEY CHALLENGES, RECOMMENDATIONS, PERSONAL PERSPECTIVES AND CONCLUSION

This section of the report outlines the key findings, recommendations and the way forward.

7.1 Key Findings

a. National Local Economic Development Policy

Ghana has formulated national policy on Local economic Development. This policy has been force since 2013. The policy is expected to achieve the following:

- Create a regular platform for engaging stakeholders
- Create the policy space for LED promotion
- Create the institutional arrangement for LED implementation
- Define the role of the various stakeholders in the LED process
- Explore funding options
- Monitor progress as far as implementation is concern

b. Availability of LED Expertise

Some level of LED expertise exists in Ghana but need to be strengthened. There is LED operational manual which has been developed by the Ministry of Local Government and Rural Development to assist key stakeholders to build and strengthen the capacity of the MMADAs and other LED actors to integrate LED strategies into District Medium Term Development Plans for implementation. Institute of Local Government Studies, an institution responsible for building capacity of MMDAs has since 2012 introduced Masters Programme for local economic development (ie, MSc. in LED). This has contributed in building the human resource base for LED.

c. National Decentralization Policy Framework (2015-2019)

The National Decentralization Policy (2015-2019) has provided the policy space to strengthen local capacity for spatial planning and facilitate local economic growth, employment and income generation. The policy has LED as one of the thematic areas for implementation. In effect, Ghana's decentralization policy is developmental and has created the policy space for LED.

d. Awareness of LED in Ghana

There are awareness issues with LED in Ghana. Greater Number of stakeholders whose roles have been identified in the National LED policy for implementation seems not to be aware of the urgency to effectively contribute to the implementation of the policy. This has resulted in the non-implementation of some key activities and policy measures envisioned in the policy and National Decentralization Policy Framework (2010) under LED thematic area.

From the study, it came out that development partners who are promoting LED are guided by the national LED Policy. However, some development organizations, particularly, NGOs implementing LED activities are not informed by the policy. The reason is that there is no conscious effort by the coordinating ministry to bring on board all key national stakeholders in the implementation of LED as envisioned by the policy.

e. LED Projects and Programmes

From the study, it was found that all MMDAs are required under the National Development Planning Commission guidelines to mainstream LED strategies into the District Medium Term Development Plans for implementation. The report however revealed that most MMDAs lack the institutional capacity to integrate and implement LED interventions. This is due to lack of human resource capacity. Most of the LED interventions are project based and are funded by development partners and international NGOs. Some forms of LED activities are on-going but need to be streamlined.

f. Critical Policy Enablers for LED

From the study, it was found that Ghana has critical enablers that can facilitate a successful implementation of LED.

- There is a favourable legal framework
- Existing policies are not detrimental to the adoption of LED
- Institutions that carryout aspects of LED exist but need to be properly aligned

g. Institutional Arrangement and National Coordinating Body

Establishment of LED governance units at the local, regional and national levels is stipulated in the policy but not implemented. The alignment of various institutions particularly at the national level is critical for effective coordination of efforts.

h. Definition of LED

The LED policy has elaborated several definitions of LED. Expanding the understanding is to be done on the ground by building the capacities of the key stakeholders. This is critical for the implementation of LED at the local level.

7.2 Key Challenges of LED

The following are the key challenges confronting effective implementation of LED in Ghana.

- The LED policy is designed for MMDAs to implement. In effect, the process has become planning focus.
- Some of the LED projects are too broad and over ambitious compared to the time and amount of resources needed to ensure successful implementation.
- LED interventions in Ghana are not properly coordinated and harmonized for greater impact. It is expected that LED secretariat will play a more effective role to coordinate and harmonise LED interventions.
- Most of the projects are donor driven and funded. The exogenous interventions have undermined endogenous capability and sustainability. There are no exit strategies for some of the projects. The role of the LED secretariat to coordinate this therefore the need for the LED secretariat to play a more effective role
- Ownership and sustainability is a challenge to most LED projects. The LED secretariat should ensure that all projects are sustainable before they are implemented
- There is no dedicated funding for LED. LED activities particularly at the MMDA level are to be funded by the traditional source of funds for the assemblies.

7.3 Recommendations

Based on the findings, the study recommends the followings:

a) **Establish Effective Institutional Arrangement and Improve Good Local Governance**

Effective implementation of LED demands clear institutional arrangement and strong political leadership and cooperation among all key stakeholders. It also includes common vision, ownership, meaningful stakeholder and public participation, effective co-ordination and integration, transparency and trust among stakeholders. MMDAs must explore ways to involve assembly members, community groups, youth clubs and associations in all LED initiative to enhance sustainability and ownership.

b) **Develop local economic development baseline and Indicators.**

The indicators and baseline should focus on;

- analysis of local economy
- competitive and comparative advantages
- development of strategic action plans targeting growth and decent jobs
- value chain strategies
- job creation and employment

c) **Effective coordination of LED projects and implementation of the National LED Policy**

The Ministry of Local Government must ensure effective implementation of the policy at the district and regional level. There should be an effective mechanism to properly monitor all national LED projects and programmes.

7.5 Critical Success Factors

The following are critical for effective implementation of LED:

- Capacity building of MMDAs
- Integration of all departments at the local level (i.e. LI 1961)
- Operationalization of integrated local development plans and resultant composite budget in MMDAs
- Stakeholder ownership of the concept and process.

7.6 Consultant Personal Perspective on Effective LED Implementation

- Capacity building must focus on best practice, case studies, field studies and tools to facilitate understanding of LED concepts
- There is need for national government to invest in capacity building to strengthen decentralized institutions, especially, District assemblies and Regional Coordinating Councils to effectively implement the Policy.

- Issues of local governance and stakeholder participation in LED implementation must be strengthened to ensure sustainability of LED initiatives.
- To ensure achievement of Sustainable Development Goals (SDGs 1,8 and 9)(i.e., end poverty, economic growth and empowerment and sustainable industrialization), district assemblies should be supported with logistics, tools, and skills to create the enable environment for the creation of decent employment and stimulation of the local economy to improve quality of life and living conditions of citizens.
- National Government should encourage district assemblies to build data base to track LED interventions at the local level.
- District assemblies should be supported to develop effective marketing and investment strategies to attract investment to local economies to stimulate job creation by contributing to poverty reduction.
- Issue of city branding and marketing must be given attention to highlight the potentialities of districts for investment attraction. This will result in the full maximization of economic potentials and stimulate local enterprises for effective local level development.
- Political decentralization must be deepening to engender participation of citizens in policy formulation and implementation.
- District assemblies should strengthen economic institutions such as small business associations and local business organizations to improve economic governance

7.7 Summary and Conclusion

Ghana has the opportunity to derive the best from her local resources if LED strategies are effectively implemented and monitored. The country has considerable economic potential which must be harnessed to generate economic growth and development. Local Economic Development stands the chance of transforming and deepening decentralization to address the needs and priorities of localities to create economic opportunities for all.

The formulation of LED policy is a bold step particularly at the national level to harness and harvest LED interventions, encourage MMDAs to develop effective LED strategies with strong emphasis on mobilization of the local resources, informal economy and communities. Local Economic Development is critical for accelerated poverty reduction, economic transformation, employment generation and good local governance. It is a sure way to deepen local governance and economic prosperity. This calls for considerable investment in human capacity building for social mobilization of actors, harnessing local expertise, and developing new economic activities to stimulate economic growth and development.

8. REFERENCES AND APPENDICES

- Government of Ghana (2010), National Decentralisation Policy Framework (2010-2015), Ministry of Local Government and Rural Development
- Government of Ghana (2010), National Decentralisation Policy Framework (2015-2019), Ministry of Local Government and Rural Development
- Government of Ghana (2013), National Local Economic Development Policy Framework, Ministry of Local Government and Rural Development
- Government of Ghana (2012), National Urban Policy Framework, Ministry of Local Government and Rural Development
- Institute of Local Government Studies (ILGS), Journal of Local Government Studies (2009)
- ILO (2013), Local Economic Development in Uruguay: The ILO Perspective
- ILO/UNDP(2012) LED Initiatives in Ghana, ILGS, Accra
- Helmsing, A. H. J. (2003) 'Local Economic Development: New Generation of Actors, Policies and Instruments for Africa', The Hague.
- Institute of Local Government Studies Official Website, <http://www.ghanadistricts.com>
- Republican Constitution of Ghana (1992), Ghana Publishing Company, Accra.
- Ministry of Local Government and Rural Development Website, [http://www. Mlrg.gov](http://www.Mlrg.gov), Accessed 20th February, 2016
- Websites of World Bank, Danida, AfDB, ILO, Technoserve, Ministry of Local Government and Rural Development

Cités et Gouvernements Locaux Unis d'Afrique
Secrétariat Général
22, rue Essaadyine, Hassan - Rabat, Royaume du Maroc
Téléphone : + 212 537 26 00 62 / + 212 537 26 00 63
Télécopieur : + 212 537 26 00 60
Site web : www.cglua.org