

**Organising and Implementing Local Economic Development Initiatives at the District level in  
Ghana**

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### **Zusammensetzung der Prüfungskommission**

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## **Deutsche Zusammenfassung**

### **Zur Organisation und Implementierung von lokalen Wirtschaftsförderungsinitiativen auf Distriktebene in Ghana**

Der Begriff der lokalen Wirtschaftsförderung (LWF) ist nicht neu, findet aber in immer breiteren Kontexten Anwendung. Von seiner anfänglichen Konzeptualisierung, die auf wachsende oder expandierende Wirtschaftsaktivitäten und Beschäftigungsmöglichkeiten auf lokaler oder subnationaler Ebene bezogen war, zeichnet sich der Ansatz der lokalen Wirtschaftsförderung als alternative bottom-up-Strategie gegenüber traditionellen top-down-Ansätzen der Entwicklungspolitik aus (Helmsing, 2003; Rodriguez-Pose und Tijmstra, 2009). In der Gegenwart bezeichnet der Begriff der lokalen Wirtschaftsförderung die Zusammenarbeit mehrerer Akteure mit Bemühungen von unten nach oben, um wirtschaftlichen Erfolg auf lokaler Ebene zu erreichen. Der Aufschwung der lokalen Wirtschaftsförderung als alternativer Entwicklungsstrategie wird als Reaktion auf das Versagen von nationalen top-down-Programmen angesehen, der zur Förderung einer bedeutenden Wirtschaftsentwicklung auf lokaler Ebene beiträgt. Die lokale Wirtschaftsförderung bezieht sich auf die Entwicklung von Strategien, die territorial basiert sind, sich an lokaler Verfügungsgewalt und Verwaltung ausrichten und primär auf Beschäftigungszuwachs und Wirtschaftswachstum zielen (Rodriguez-Pose, 2002; Rodriguez-Pose und Tijmstra, 2007). Der moderne LWF-Ansatz unterscheidet sich aber auch von einer traditionellen lokalen Wirtschaftsförderung, die allein auf die Bemühungen von Regierungen oder lokalen Regierungen konzentriert ist, durch Ad-hoc-Maßnahmen wie Steuererleichterungen und Subventionen Unternehmen zu gewinnen oder bestehende Unternehmen zu unterstützen (Tassonyi, 2005). Der moderne lokale Wirtschaftsförderungsansatz hängt ab von den Synergieeffekten im Zusammenspiel verschiedener Akteure, eingeschlossen Regierung, Kommunen, private Betreiber und Gemeinde-Gruppen, um die gemeinsame Entwicklung und Umsetzung von Strategien und Initiativen zu erleichtern und die lokale Wirtschaft und produktive Tätigkeit in Hinblick auf die zu stimulierende Erweiterung von Vielfalt und Ausmaß der wirtschaftlichen Aktivitäten und auf die Schaffung von Arbeitsplätzen für die Anwohner zu fördern. Der moderne Ansatz zur lokalen

Wirtschaftsförderung (LWF) kann als ein Prozess definiert werden, bei dem mehrere Akteure – in der Regel im Rahmen einer lokalen Verwaltung - zusammen kommen, um gemeinsam Maßnahmen oder Initiativen zu identifizieren, zu entwerfen und zu implementieren, um die Wirtschaft eines bestimmten Gebietes in Hinblick auf die Erweiterung der Palette der Wirtschaftsaktivitäten und Beschäftigungsmöglichkeiten anzukurbeln (vgl. auch Blakely, 1989; Helmsing, 2001; Meyer-Stamer, 2003; Rodriguez-Pose und Tijmstra, 2007; Swinburn, et al, 2006). Obwohl die Abgrenzung zwischen dem traditionellen und dem modernen LWF-Ansatz schwierig ist, zeichnet sich letzterer durch die Betonung der prozess-orientierten Aktivitäten, einschließlich des Engagements mehrerer Stakeholder, der gemeinsamen Formulierung und Umsetzung von Strategien, der Nutzung lokaler Ressourcen und der strategischen Rolle der Lokalverwaltungen bei ihrer Förderung aus.

Der lokale Wirtschaftsförderungsansatz hat durch den Globalisierungsschub an Prominenz und Relevanz gewonnen, der zu noch mehr Wettbewerb zwischen den Industrien und Standorten geführt hat (Helmsing 2003; Rodriguez-Pose und Tijmstra, 2009; Rogerson und Rogerson, 2010; Blakely und Leigh, 2010; Hampwaye und Rogerson, 2011). In jüngster Zeit erreicht die Globalisierungswelle jeden Winkel der Welt und birgt eine Reihe von Chancen und Herausforderungen. Zu den wichtigsten Konsequenzen der Globalisierung gehört nach Rodriguez-Pose und Tijmstra (2009, 6) die „Entstehung einer neuen territorialen Struktur, einer Struktur, bei der bestehende territoriale Verbindungen verändert werden und zur Herausbildung einer heterogenen und komplexen sozio-politischen und wirtschaftlichen Landschaft führen“.

In dem aus den Globalisierungsprozessen resultierenden Wettbewerbsumfeld sind Territorien und Unternehmen herausgefordert, um ihre wirtschaftliche Position in der globalen Arena zu konkurrieren. Weil es gerade für lokale Akteure so notwendig ist, sich im Wettbewerb in der globalen Arena zu positionieren, wird der Ansatz der lokalen Wirtschaftsförderung zu einer tragfähigen wirtschaftlichen Strategie für Lokal- oder Territorialverwaltungen auf der ganzen Welt, vor allem aber in der Dritten Welt (Helmsing, 2003; Rodriguez-Pose und Tijmstra 2009 ; Blakely und Leigh, 2010; Hampwaye und Rogerson, 2011).

Die Förderung des Ansatzes zur lokalen Wirtschaftsförderung geht mit Dezentralisierungsprozessen einher, die sich in vielen Entwicklungsländern seit den 1970-er Jahren herausbildeten und immer mehr Bedeutung erlangten (Rodriguez-Pose und Tijmstra, 2009). In Afrika südlich der Sahara gewann der Dezentralisierungsprozess in den 1980-er Jahren an Dynamik, nachdem begonnen wurde, die neoliberalen Wirtschaftsreformen der Weltbank und des Internationalen Währungsfonds umzusetzen. (Hussein, 2004; Muriisa, 2008; Grün, 2010). Es wird angenommen, dass die Übertragung von Macht, Autorität und Ressourcen an Lokalverwaltungen diese besser in die Lage versetzen, auf die Bedürfnisse der Armen zu reagieren. Sie würden dazu ermutigt werden, pro-poor-Programme durchzusetzen, die schließlich zur Armutsreduktion führten (Rauch, 2003 umzusetzen; Crook, 2003; Chinsinga, 2007; Chikulo, 2007; Asante und Ayee, 2008; Crawford, 2008). Noch wichtiger ist es, dass die Dezentralisierung auf die Förderung partizipativer bottom-up-Entwicklungsansätze zielt (Hussein, 2004; Chikulo, 2007). In den Gebieten, wo eine Dezentralisierungsmaßnahme Wirkung entfaltete, wurde die Verantwortung für die Organisation der lokalen Wirtschaftsförderung auf lokale Regierungen übertragen und bot diesen auch die Möglichkeit, ihre Territorien zu gestalten, Wohlstand und lokale Wettbewerbsfähigkeit zu schaffen (Blakely, 1989; Holz, 1996; Helmsing, 2003; Swinburn, et al, 2006; Helmsing, 2007; Rodriguez-Pose und Tijmstra, 2009; Blakely und Leigh, 2010). So werden in Ghana Anstrengungen unternommen, um die Distriktversammlungen neu zu organisieren und die lokale Wirtschaftsförderung effektiv in Schwung zu bringen. Ein Beispiel dafür ist die neue Richtlinie zur Förderung der Dezentralisierung und lokalen Wirtschaft im Land, die die Regierung von Ghana über das Ministerium für Kommunalverwaltung und ländliche Entwicklung (MLG & RD) im Jahre 2010 herausgeben ließ.

Die Förderung des LED-Ansatz in Ghana wird auch durch eine Reihe von internationalen Entwicklungsorganisationen wie der Internationalen Arbeitsorganisation (ILO), der Deutschen Gesellschaft für Internationale Zusammenarbeit (GIZ), vormals Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) und durch das Entwicklungsprogramm der Vereinten Nationen (UNDP) unterstützt. Diese internationalen Entwicklungsorganisationen dienen als Hebel für die Übertragung des Ansatzes zur lokalen Wirtschaftsförderung von den

Industrieländern in die Entwicklungsländer. In fast allen Entwicklungsländern, in denen der Ansatz zur lokalen Wirtschaftsförderung praktiziert wird, spielten internationalen Entwicklungsorganisationen eine Vermittlerrolle bei der Einführung und/oder Verbreitung (vgl. Rodriguez-Pose, 2002; Hindson, 2007; Rodriguez-Pose und Tijmstra, 2009; Marais 2010 ). Seit 2003 haben diese internationalen Entwicklungsorganisationen die lokale Wirtschaftsförderung in Ghana auf verschiedene Weise unterstützt, einschließlich der Umsetzung von LWF-Initiativen in einer Reihe von Distrikten im ganzen Land. Dies rief breite Diskussionen und Interesse an der lokalen Wirtschaftsförderung im Land hervor. Ihrerseits führten diese Aktivitäten zu Bemühungen auf nationaler Ebene mit dem Ziel, den Ansatz der lokalen Wirtschaftsförderung im Land zu institutionalisieren.

Innerhalb Afrikas kann Südafrika als Pionier hinsichtlich der modernen lokalen Wirtschaftsförderungspraxis angesehen werden (siehe Rogerson, 1999; Bond, 2002; Rodriguez-Pose und Tijmstra, 2007; Meyer-Stamer, 2006; Nel et al, 2009; Rogerson und Rogerson, 2010; Marais, 2010). Der Praxis der modernen lokalen Wirtschaftsförderung in Südafrika wurde seitdem erhebliche Aufmerksamkeit seitens der Forschung gewidmet (Maharaj und Ramballi, 1998; Rogerson, 1999; Bond, 2002; Davis, 2006; Nel et al, 2009; Rogerson, 2010). Von der LWF-Forschung außerhalb Südafrikas lässt sich das allerdings nicht sagen. Die Forschung über die moderne Praxis von LWF außerhalb Südafrikas bleibt bisher sehr beschränkt und neigt dazu, eher allgemeine Übersichten zu liefern, anstatt spezifische lokale Falluntersuchungen vorzunehmen (Helmsing 2003 bereitzustellen; Rodriguez-Pose und Tijmstra, 2007; Rücker und Trah, 2007; Hindson, 2007; Rogerson und Rogerson, 2010; Marais, 2010; Hampwaye und Rogerson, 2011). Rogerson und Rogerson (2010) weisen in ihrem Review der Forschungslinien der LWF-Forschung in Afrika auf die Defizite bei der Erforschung konkreter LWF-Praktiken außerhalb Südafrikas hin und fordern Länderstudien zu spezifischen LWF-Interventionen, um den Forschungs- und Wissenshorizont für diese wichtige Entwicklungsstrategie zu erweitern. Swinburn und Yatta (2006: 9) gehen auch davon aus, dass es „Möglichkeiten gebe, die LWF-Methoden und -Erfahrungen bereits in der Öffentlichkeit zu nutzen und anzupassen und in Schnell-Lernkursen zu erfassen.“ Es gelte, „diese Erfahrung zusammen mit anderen Bemühungen um Wissensaustausch und Kapazitätsausbau in Afrika und anderswo sollten

geprüft werden, um zu sehen, wie man Lehren ziehen und Synergien nutzen kann, um zu vermeiden, das Rad neu zu erfinden“.

Im Hinblick auf die Potenziale, die der LWF-Ansatz als alternative Entwicklungsstrategie beinhaltet, ist die Forderung nach stärker land- oder fallbezogenen Studien ein Schritt in die richtige Richtung. Daher sehe ich die hier vorgelegte Studie als zeitgemäße Antwort auf ein dringendes Erfordernis.

Diese Studie untersucht, wie der Ansatz zur lokalen Wirtschaftsförderung in Ghana unterstützt wird und wie die Interaktion zwischen den Schlüsselakteuren die Praxis im Land, vor allem auf Distriktebene, gestaltet. Von einer an den Akteuren orientierten Perspektive aus demonstriere ich, wie die Planung und Umsetzung von Initiativen zur lokalen Wirtschaftsförderung auf Distriktebene in Ghana durch die Wechselwirkung zwischen lokalen, nationalen und internationalen Akteuren geprägt wird. Ich behaupte, dass der Ansatz zur lokalen Wirtschaftsförderung auf Distriktebene in Ghana eine Intervention ist, die durch die Wechselwirkung zwischen lokalen, nationalen und internationalen Akteuren, strukturellen Faktoren und vielfältigen Zwecksetzungen geprägt ist.

Die Forschung wurde in der Stadt Berekum, in der Region Brong Ahafo und im Bongo-Distrikt in der Upper-East-Region von Ghana durchgeführt. Neben diese beiden Distrikten war die Hauptstadt Accra ein wichtiger Forschungsstandort für die Untersuchung von nationalen Bemühungen zur lokalen Wirtschaftsförderung und von Aktivitäten internationaler Entwicklungsorganisationen. Die hauptsächliche Feldforschung erstreckte sich über neun Monate (von Mai 2011 bis Januar 2012). Sie wurde durch eine weitere kurzzeitige Feldforschung im Februar 2013 ergänzt.

In Bezug auf die untersuchten Fälle fand ich heraus, dass der Ansatz der lokalen Wirtschaftsförderung perspektivreich ist und genügend Potential besitzt, um die Bemühungen der Akteure der Entwicklungszusammenarbeit in Schwung zu bringen und die lokalen Ressourcen für die wirtschaftliche Entwicklung auf Distriktebene in Ghana voranzutreiben. Wenn Initiativen zur lokale Wirtschaftsförderung gut und anständig konzipiert, implementiert und verwaltet werden, sind sie in der Lage, die lokale Wirtschaft zu revitalisieren und eine

Reihe von wirtschaftlichen Aktivitäten zu entfalten, die schließlich zu Wohlstand und erweiterten Beschäftigungsmöglichkeiten für die Anwohner führen. Allerdings wird der Ansatz für die Umsetzung der lokalen Wirtschaftsförderungsstrategie durch die wichtigsten Akteure auch gefährdet, und zwar vor allem seitens internationaler Entwicklungsorganisationen, die die effektive Annahme und nachhaltige Anwendung der LWF-Ansatz auf Distriktebene in Ghana beeinträchtigen. Erstens versäumten internationale Entwicklungsorganisationen bei der direkten Umsetzung von LWF-Initiativen auf Distriktebene, die lokale Eigenverantwortung für den Prozess und für die Initiativen zu befördern. Daraus erklärt sich, warum sich beispielsweise solche lokalen Akteure, wie die Gemeindeversammlung von Berekum nicht in der Lage zeigten, eine lokale Wirtschaftsförderungsinitiative zu wiederholen, die zuvor weitgehend durch die Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) unterstützt wurde. Zweitens weckte die Einbeziehung der internationalen Entwicklungsorganisationen bei der Umsetzung der LWF-Initiativen in einigen Landesteilen Erwartungen bei anderen nationalen LWF-Pilotdistrikten, finanzielle Unterstützung von internationalen Entwicklungsorganisationen zu bekommen, die sie befähigen würde, ihre LWF-Initiativen zu implementieren. Drittens aber brachte letztlich das Eingreifen internationalen Entwicklungsorganisationen einen top-down-Ansatz zur Implementierung einer bottom-up-Entwicklungsstrategie mit sich.

Die Umsetzung der LWF-Initiativen in den Distrikten begann mit Eingriffen von internationalen Entwicklungsagenturen, die von der Landeshauptstadt aus agierten. Die internationalen Entwicklungsorganisationen wiederum unterstützen LWF- Pilotprojekte auf nationaler Ebene und förderten zudem auch die Formulierung einer nationalen LWF-Richtlinie, also ebenfalls eine gesamt nationale Maßnahme. Daraus ergibt sich ein Bild der lokalen Wirtschaftsförderung als einer top-down-Entwicklungsstrategie, ungeachtet aller akademischen Diskurse, in denen sie umgekehrt als bottom-up-Entwicklungsstrategie beschrieben wird.

Die Arbeit ist in neun Kapitel gegliedert; sie beginnt im ersten Kapitel mit einer allgemeinen Einführung und endet in Kapitel neun mit dem Fazit.



Das erste Kapitel ist das einleitende Kapitel der Dissertation. Es stellt die Perspektiven der Arbeit vor und enthält Hintergrundinformationen zum Untersuchungsgebiet. Im Einleitungskapitel wird untersucht, wie sich in Ghana der Ansatz der lokalen Wirtschaftsförderung als Entwicklungsstrategie entwickelt. Es beleuchtet die treibenden Kräfte ihrer Förderung, zeigt die Schwerpunkte und Ziele der Studie auf, formuliert Problemstellung und Forschungsfragen und umreißt den Umfang der Studie.

Das zweite Kapitel konzentriert sich auf konzeptionelle Fragen. Es untersucht die wechselnde Bedeutung des Ansatzes zur lokalen Wirtschaftsförderung und des Mainstream-Entwicklungsdiskurses, von welchen die Konzeption und Praxis im Verlaufe der Zeit beeinflusst wurden. In diesem Kapitel untersuche ich solche Mainstream-Entwicklungsdiskurse, wie den neo-klassischen und den keynesianischen Diskurs, den neoliberalen Diskurs, den Globalisierungsdiskurs und den Diskurs zur Dezentralisierung. Dabei versuche ich zu zeigen, wie diese Diskurse die gegenwärtige lokale Wirtschaftsförderungspraxis im Verlaufe der Zeit beeinflussen bzw. prägen. Das Kapitel schließt ab mit einer Skizzierung des an den Akteuren orientierten Ansatzes zur Analyse der lokalen Wirtschaftsförderung in Ghana.

Das dritte Kapitel versucht, die Forschungsdistrikte zu umreißen. Es beschreibt die physischen, sozialen, politischen und wirtschaftlichen Merkmale der beiden Forschungsdistrikte. Indem die Forschungsdistrikte einem Vergleich unterzogen werden, ergibt sich eine Fülle von Informationen über die Einstellungen auf Distriktebene, innerhalb derer die lokale Wirtschaftsförderung organisiert ist. Beginnend mit den physikalischen Eigenheiten jedes Distrikts beschreibt das Kapitel auch deren Lage, Ressourcenausstattung, Vegetation und klimatischen Bedingungen. Außerdem gibt es einen Abschnitt zu den jeweiligen demographischen Merkmalen.

In diesem Kapitel werden die sozialen Dienstleistungen jedes Distrikts einer Untersuchung unterzogen, insbesondere in den Bereichen Bildung und Gesundheit, welche die vorrangige Aufmerksamkeit der Gemeindeversammlungen in Ghana genießen. Das Kapitel untersucht auch genau die Art und die Bestandteile der lokalen Wirtschaftsförderung des Distrikts. Schließlich

stellt das Kapitel die politischen und administrativen Einrichtungen der beiden Forschungsdistrikte vor.

Das vierte Kapitel konzentriert sich auf die wichtigsten Akteure der lokalen Wirtschaftsförderung in Ghana. In diesem Kapitel habe ich die verschiedenen Weltanschauungen und Positionsstrategien der wichtigsten Akteure, vor allem die der "intervenierenden Akteure", in Bezug auf die Förderung der lokalen Wirtschaftsförderung des Landes genauer untersucht. Ich fand heraus, dass die Förderung des Ansatzes der lokalen Wirtschaftsförderung in Ghana durch die Aktionen der internationalen Entwicklungsorganisationen dominiert wird. Diese internationalen Entwicklungsagenturen setzen entweder direkt LWF-Initiativen in den Distrikten um oder unterstützen nationale LWF-Förderungs-Bemühungen, eingeschlossen die Organisation von Trainingsprogrammen, LWF-Konferenzen oder die Einrichtung von Leitungsinstanzen, wie u.a. dem Nationalen LWF-Technik-Komitee. Dadurch wird das Bild von einem top-down-Ansatz zur Implementierung einer bottom-up-Entwicklungsstrategie gestützt. Auf der Basis der in diesem Kapitel vorgestellten Ergebnisse argumentiere ich, dass die gegenwärtige lokale Wirtschaftsförderungspraxis weitgehend in dem Maße genährt wird, in dem der Prozess durch lokale Akteure, insbesondere die Gemeindeversammlungen, angeeignet und geführt wird und die Umsetzung der einzelnen LED-Initiativen in den Bezirken nicht nur von internationalen Entwicklungsorganisationen gesteuert wird. Ich behaupte, dass die Förderung des LWF-Ansatzes als alternativer Entwicklungsstrategie eine starke lokale Verankerung bekommen muss, anstatt als Stückwerk-Übungsprojekte durch ausländische Geberorganisationen durchgeführt zu werden.

Das fünfte Kapitel analysiert die nationalen Bemühungen zur Institutionalisierung und Ausweitung lokaler Wirtschaftsförderungsinitiativen des Landes. Es analysiert den institutionellen Rahmen, der zur LWF-Förderung von LWF etabliert wurde, das Rahmenprogramm auf nationaler und auf Distriktebene, in dem die LWF-Förderung verankert ist, sowie den politischen Landeskontext für LWF. Das Kapitel untersucht zunächst Mainstream-Bemühungen, die darauf abzielen den lokalen Wirtschaftsförderungsansatzes innerhalb von

Dezentralisierung und Entwicklungsplanungssystemen des Landes zu integrieren. Ferner werden die eingerichteten institutionellen Strukturen untersucht, die die lokale Wirtschaftsförderung im Land erleichtern sollen. Schließlich untersucht das Kapitel die nationale LWF-Politik, die gerade formuliert wurde, um die lokale Wirtschaftsförderung durchzusetzen oder zu erleichtern. Ich habe bemerkt, dass es zwar klare Bemühungen gibt, LWF zu institutionalisieren, doch gibt es genauso wachsende Herausforderungen, die den Prozess behindern und auch eine Bedrohung für eine wirksame Umsetzung der LWF-Strategien darstellen könnten. Zum Beispiel fand ich heraus, dass es Probleme gibt, den LWF-Ansatz in die aktuelle dezentrale Entwicklungsplanung einzufügen, welche weitgehend von den Richtlinien der Nationalen Kommission für Entwicklungsplanung abhängt. Ebenso bleibt es bei den derzeitigen nationalen Anstrengungen eine große Herausforderung, den Dezentralisierungsprozess auf sich abzeichnende Entwicklungsthemen einzustellen, wie es der LWF-Ansatz verlangt.

Das sechste Kapitel analysiert die LWF-Planungserfahrungen der Distrikte. Es untersucht auch die Herausforderungen bei der Implementierung, vor denen die Distrikte zur Zeit stehen. In diesem Kapitel versuche ich, die "Antwort" der Gemeindeversammlungen zu analysieren, um moderne LWF-Ansätze bei der Gestaltung und Umsetzung von LWF-Initiativen aufzugreifen. Ich habe auch zunächst versucht, den Begriff der Distriktversammlungen als Agenten der lokalen wirtschaftlichen Entwicklung zu bestimmen, um sodann die strukturellen Herausforderungen zu erkunden, die diese in Ausübung ihrer entwicklungspolitischen Rolle beeinflussen. Ich fand heraus, dass die Umsetzung der LWF-Initiativen auf Distriktebene in Ghana durch eine Vielzahl von Faktoren bestimmt wird, die ihre Fähigkeit zur wirksamen Förderung der lokalen wirtschaftlichen Entwicklung beeinflussen. Indem beispielsweise die wichtigsten Einnahmequellen der Distriktversammlungen verplant oder reguliert werden, werden diese in der Bereitstellung ihrer Einnahmen für die LWF-Förderung eingeschränkt. Darüber hinaus gibt es das Eigentumsproblem. Meine Beobachtung ist, dass die Distriktversammlungen nicht die eigentlichen Eigentümer der lokalen wirtschaftlichen Entwicklung sind. Die Förderung der lokalen wirtschaftlichen Entwicklung wird gemäß dem gegenwärtig praktizierten Ansatz als externes Projekt gesehen, das von externen Akteuren finanziert wird und nicht von den

Distriktversammlungen, die die LWF-Initiativen nur implementieren sollen. Diese verfügen nicht über genügend Willenskraft oder Engagement bei der Bewältigung der Herausforderungen, die die Umsetzung der LWF-Initiativen mit sich bringt. Dennoch ist echte Eigenverantwortung und Engagement seitens der Distriktversammlungen die Voraussetzung für den Erfolg des Ansatzes der lokalen Wirtschaftsförderung, der als eine Bottom-up-Strategie der Entwicklung konzipiert ist.

Das siebte Kapitel konzentriert sich auf den Schwerpunkt der LWF-Interventionen in die Entwicklung der Klein- und Kleinstunternehmen innerhalb der Distrikte. Anhand der Ergebnisse einer Umfrage, die die Verwaltung bei einer gezielten Fragebogen-Aktion über die Klein- und Kleinstunternehmen erhalten hat, werden in diesem Kapitel die allgemeinen Eigenschaften dieser Klein- und Kleinstunternehmen beschrieben, wobei der Schwerpunkt bei den Problemen liegt, die ihr Wachstum und ihre Wettbewerbsfähigkeit behindern. Die Forschung zeigt deutlich, dass die beiden Distriktversammlungen vielversprechende wirtschaftliche Aktivitäten und Wettbewerbsvorteile aufzuweisen haben. Die Herausforderung besteht nun darin, wie man diese angesichts der Einschränkungen fördern kann, mit denen sie konfrontiert sind. In Anbetracht der Komplexität der Einschränkungen, die das Wachstum und die Wettbewerbsfähigkeit dieser Klein- und Kleinstunternehmen auf Distriktebene beeinflussen, ist ein umfassender Ansatz erforderlich, der diese Probleme auf der Mikro- und Meso-, auf der Makro- und Meta-Ebene erfasst. Das erfordert ein Zusammendenken der verschiedenen Akteure – woraus sich die Attraktivität des lokalen Wirtschaftsförderungs-Ansatzes ergibt.

Das achte Kapitel untersucht die Aussichten der LWF-Initiativen und -Pläne auf gezielte Förderung des Wachstums und der Wettbewerbsfähigkeit von Klein- und Kleinstunternehmen in den Distrikten. In diesem Kapitel werden die verschiedenen LWF-Initiativen oder Strategien durch Stadtteilstudien ergänzt, um das Wachstum und die Wettbewerbsfähigkeit ausgewählter lokaler Unternehmen zu untersuchen und die Bewertung der nationalen Politik zur LWF fortzusetzen, die im sechsten Kapitel begonnen wurde. Aus der Analyse wurde deutlich, dass - mit Ausnahme der Industriezonen-Initiative - die nationale Politik und die LWF- Aktionspläne für den Bongo-Distrikt nur wenig Perspektive bieten, insofern sie Wachstum und

Wettbewerbsfähigkeit der lokalen Mikro- und Kleinunternehmen betreffen. Angesichts des generalistischen Ansatzes, der für die LWF-Politik verabschiedet wurde, wird dem Wachstum und der Wettbewerbsfähigkeit lokaler Unternehmen keine politische Priorität zugemessen. Darüber hinaus wird die Entwicklung lokaler Distrikt-Unternehmen in Ghana auch durch das Fehlen einer strategischen Vision für ihre Förderung beeinträchtigt. Solange der Ansatz der lokalen Wirtschaftsförderung keine einladenden und gezielten Interventionen der Distriktversammlungen, zusammen mit anderen relevanten Akteuren wie Privatunternehmer initiiert, werden Wachstum und Wettbewerbsfähigkeit von Klein- und Kleinstunternehmen eine Fata Morgana bleiben.

Das neunte und letzte Kapitel bietet eine Reflexion über die gesamte Arbeit. Es kontextualisiert die zentralen Fragen, zieht ein Fazit und bietet eine Reihe von Empfehlungen für die weitere Forschung. Wie in dieser Arbeit gezeigt wird, besteht das eigentliche Problem darin, wie man die Distriktversammlungen befähigt, sich den LWF-Ansatz zu eigen zu machen und die Verantwortung für die Gestaltung und Umsetzung von lokalen Initiativen zur Wirtschaftsförderung zu übernehmen. Dieses Problem erwuchs vor allem infolge der aktiven Rolle der internationalen Entwicklungsorganisationen bei der Umsetzung der LWF-Initiativen des Landes. Mit anderen Worten entsteht eine solche Sachlage, wenn durch einen Top-down-Ansatz seitens internationaler Entwicklungsorganisationen und nationaler Agenturen eine Bottom-up-Entwicklung ausgelöst werden soll. Durch solche Aktionen wird die LWF-Strategie der Distriktversammlungen als Sponsoren-Projekt angesehen, das aus Mitteln internationaler Entwicklungsagenturen gespeist wird. Basierend auf diesen Ergebnissen komme ich zu dem Schluss, dass der LWF-Ansatz, obwohl er Perspektiven für die Wiederbelebung der lokalen Wirtschaft präsentiert und die Initialzündung für eine Reihe von wirtschaftlichen Aktivitäten bietet, die es schließlich schaffen könnten, Wohlstand und erweiterte Beschäftigungsmöglichkeiten für die Bevölkerung zu leisten, bei Fortsetzung der bisherigen Umsetzung zum Scheitern verurteilt ist. Das folgt daraus, dass der moderne Ansatz zur lokalen Wirtschaftsentwicklung, der als Bottom-up-Entwicklungsstrategie konzipiert ist, in bekanntem traditionellen Top-down-Modus implementiert wird. Diese Top-down-Ansatz zur

Implementierung einer Bottom-up- Entwicklungsstrategie steht auch im Widerspruch zur biblischen Ermahnung, der zufolge niemand „neuen Wein in alte Schläuche gießen" solle.

Schließlich wird die Forschungs-Methodik in Anhang I aufgeführt. Hierin werden das Forschungsdesign, die Forschungsstrategie, die Fallstudien, die Themen und Methoden, die Datenanalyse sowie ethische Überlegungen begründet. Das Forschungsdesign für die Fallstudie wird vorgestellt und die verwendeten Methoden zur Sammlung und Analyse der Daten werden beschrieben. Die Forschungsstrategie für die Fallstudie wurde deswegen für diese Studie ausgewählt , weil sie es ermöglichte, während der Untersuchung Kontakte mit den Fällen zu schließen und einer vertieften Prüfung zu unterziehen. Die Untersuchung von Phänomenen in ihrem realen Lebenszusammenhang, der enge Kontakt mit dem Fall und die Forderung nach einer Vertiefungsprüfung machte die Fallstudie zu einer ausgezeichneten Forschungsstrategie. Die Zusammenfassung diskutiert die in dieser Studie verwendete Forschungsstrategie für die Fallstudie, einschließlich einer Bewertung ihrer Stärken und Schwächen.

## **Abstract**

The term Local Economic Development (LED) is not is not new, but has an emerging context and usage. The contemporary local economic development approach is conceived as a development strategy that taps the synergy of multiple actors, including central government, local governments, private sector operators and community groups, to facilitate the joint design and implementation of initiatives to stimulate the local economy and productive activity with the view of expanding the range and growth of economic activities and creating jobs for the local residents. The contemporary local economic development approach is increasingly seen as a viable alternative to traditional top-down development strategies which have largely failed to generate meaningful and sustainable economic development at the local level. Since 2003, efforts have been made to promote the contemporary local economic development approach at the district level in Ghana. This study explores how the local economic development approach is promoted and how the interaction between the key (organisational) actors is shaping its practice in the country, particularly at the district level. From an actor-oriented perspective, this study explores how the local economic development approach is evolving as a development strategy and how it is promoted at the District level in Ghana. I demonstrate that the promotion of the local economic development approach at the district level in Ghana is not a mere implementation of a planned intervention/development strategy, but an intervention process shaped by the interaction between local, national, and international (organisational) actors, structural factors and multiple rationalities. The research was conducted in the Berekum Municipal in the Brong Ahafo Region and the Bongo District in the Upper East Region of Ghana. From the cases studied, I found out that the contemporary local economic development approach has prospects or potentials in galvanising the efforts of development actors and local resources into propelling economic development at the district level in Ghana. However, the successful promotion of the contemporary local economic development approach in Ghana is negatively affected by a number of factors: the top-down approach to its implementation, a poorly formulated national LED policy that is incapable of providing strategic direction for LED promotion, capacity constraints of the District Assemblies, as well as the existence of multiple and divergent actor rationalities regarding the promotion of local economic development at the district level in Ghana. Based on these findings, I conclude that the approach and attitude adopted by the key actors to local economic development promotion is the bane to its success. The old approach and attitude to implementing new development strategies like the contemporary local economic development approach runs counter to the biblical admonition that, “no one pours new wine into old wineskins”.

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## Abbreviations

BAC	Business Advisory Centre
BDS	Business Development Services
CBD	Central Business District
CHPS	Community-based Health Planning and Services Compounds
DACF	District Assemblies Common Fund
DAs	District Assemblies
DDF	District Development Facility
DEDEA	Department of Economic Development and Environmental Affairs
DPCU	District Planning and Coordinating Unit
ERP	Economic Recovery Programme
GDI	German Development Institute
GII	Ghana Integrity Initiative
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GPRS I	Ghana Poverty Reduction Strategy
GPRS II	Growth and Poverty Reduction Strategy
GSGDA	Ghana Shared Growth and Development Agenda
GSS	Ghana Statistical Service
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
GUIFFA	Guinea Fowl Farmers Association
IGF	Internally Generated Fund
ILGS	Institute of Local Government Studies
ILO	International Labour Organisation

IMF	International Monetary Fund
LED	Local Economic Development
LEDAs	Local Economic Development Agencies
LRED	Local and Regional Economic Development
MDAs	Ministries, Departments and Agencies
MLG&RD	Ministry of Local Government and Rural Development
MMDAs	Metropolitan, Municipal, and District Assemblies
MoFA	Ministry of Food and Agriculture
MSEs	Micro and Small Enterprises
MSMEs	Micro, Small and Medium Enterprises
MTDP	Medium-Term Development Plan
NBSSI	National Board for Small Scale Industries
NDPC	National Development Planning Commission
NGOs	Non-Governmental Organisations
ODA	Overseas Development Assistance
OECD	Organisation for Economic Cooperation and Development
PACA	Participatory Appraisal of Competitive Advantage (PACA)
PAMSCAD	Programme of Actions to Mitigate the Social Costs of Adjustment
PRSPs	Poverty Reduction Strategy Papers
PSED	Programme for Sustainable Economic Development
RCCs	Regional Coordinating Councils
RUTIPP	Rural Trade and Industry Promotion Project
SADA	Savannah Accelerated Development Authority
SAP	Structural Adjustment Programme

SBA	Small Business Associations
SME	Small and Medium Enterprises
SPGE	Sub-Committee on Productive and Gainful Employment
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
US	United States

## Chapter One

### 1.0 General Introduction

Economic development has always occupied a centre stage in development discourse since the end of the Second World War. Development in the post-World War II period was mainly seen as an economic process or economic modernisation of which industrialisation was a key driver (Koponen 2004; Ziai, 2012). Economists also dominated the field of development planning immediately after the Second World War. They formulated grand economic models to guide governments on the path to 'development'. From an initial prescription that governments should play lead roles in the promotion of economic development, the world witnessed the reign of the market in the 1980s. Under the neoliberal reign, economies of the world are being governed by the Washington Consensus, which prescribes a reduced role for the state in economic development (see Haughton and Counsell, 2004; Willis, 2005; Chant and McIlwaine, 2009; Skidelsky, 2010). This period also witnessed the promotion of democratic reforms and the decentralisation of governance in developing countries (Helmsing, 2003; Hussein, 2004; Muriisa, 2008; Rodriguez-Pose and Tijmstra, 2009; Chibba, 2009; Green, 2010). The common feature of these economic and political reforms in the developing countries is that they are externally introduced (Hussein, 2004; Muriisa, 2008; Rodriguez-Pose and Tijmstra, 2009; Chibba, 2009; Green, 2010). Ghana embraced the neo-liberal economic reforms, as well as decentralisation reforms in the 1980s as donor prescription. In the mid-1980s for instance the Government of Ghana implemented the Economic Recovery Programme (ERP) and the Structural Adjustment Programme (SAP) as part of the neo-liberal prescriptions championed by the World Bank and the International Monetary Fund (IMF). With respect to the Ghanaian context, these economic reform programmes have been succinctly described in the following terms:

“The first phase of reform, marked by the adoption of a stabilisation programme, the Economic Recovery Programme (ERP), with major support from the International Monetary Fund and the World Bank, was instituted in April, 1983, with implementation over the period 1983-6. The ERP, a market-oriented programme, was intended to halt the downward economic spiral. Starting in 1986, the second phase of reform saw the ERP being supplemented with the Structural Adjustment Programme (SAP), geared towards correcting a number of structural imbalances in order to engender sustained healthy economic growth” (Fosu and Aryeetey, 2008: 38; also see Aryeetey, et al, 2001).

These programmes were intended to remove the 'structural rigidities' that impeded economic growth/development in the country and open the local economy to the market (Harvey, 1996;

Lopes, 1999; Adedeji, 1999; Heidhues and Obare, 2011). Public opinion on the performance of these externally introduced economic reform programmes has been varied. However, the dominant view about these economic reform programmes is that the reforms did not bring the desired results (see Lopes, 1999). With particular reference to Ghana, Hutchful (2002: 116) notes “it was clear that the most economic growth which occurred under the Economic Recovery Programme (ERP) had not generated the expected improvements in incomes required to improve consumption, and in particular to compensate for reductions in government services and subsidies.” These economic reform programmes, which have been externally introduced, did not only generate minimal economic returns, they also brought untold economic hardship into the country. As such, the Programme of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD) was introduced to minimise the effects of “job retrenchments, shortfalls in agricultural production, and further depreciation of the exchange rate that were expected to exacerbate the problems of vulnerable groups” (Hutchful, 2002: 116). The perceived failure of these externally induced economic reform programmes has been attributed to the fact that relevant local conditions were not properly appraised and taken into consideration before their implementation, (see Lopes, 1999; Adedeji, 1999; Aryeetey and Tarp, 2000). This has been a common feature of development intervention, where solutions to local problems are often externally prescribed.

Aside the Economic Recovery Programme and the Structural Adjustment Programme, Ghana was also one of the implementing countries of the Poverty Reduction Strategy Papers (PRSPs) introduced in 1999 by the International Monetary Fund (IMF) and the World Bank. The country implemented its version of the Poverty Reduction Strategy Papers in two phases – the Ghana Poverty Reduction Strategy (GPRS I: 2003-2005) and the Growth and Poverty Reduction Strategy (GPRS II: 2006-2009). The introduction of the Poverty Reduction Strategy Papers marked the first step by the International Monetary Fund and the World Bank towards promoting country-driven development initiatives as it sought to promote country ownership of development strategies, (Woll, 2008; Mold, 2009). For more than a decade, the GPRS became an integral component of Ghana’s development planning framework (Woll, 2008). But as Conyers and Mellors (2005: 84) note “Africa’s history is littered with examples of inappropriate development interventions introduced by ‘outsiders’ – from the British colonial government’s notorious groundnut scheme in the 1950s to the World Bank’s structural adjustment programmes in the 1980s.” These donor interventions have often failed because their administration has been structured in principal-agent relationship fashion where the recipient countries, acting as ‘agents’ often embraced these strategies largely to please the ‘principal’ – the donor agencies, (Ellerman, 2006; Woll, 2008; Mold, 2009; Gronemeyer, 2010). As such, these externally induced development strategies or programmes have often failed to impact meaningfully on the local economies or lives of local residents. They have also largely failed to promote meaningful local ownership of external interventions. The sustainability of

such interventions has also been problematic, since meaningful local ownership of such interventions is often not properly engineered.

Nonetheless, donor agencies/countries continue to introduce or implement development strategies and programmes in developing countries, including Ghana. In recent times for instance, the Local Economic Development (LED) approach has been introduced as a new development strategy in many developing countries, including Ghana, (Nel, 2001; Helmsing, 2003; Hindson, 2007; Rucker and Trah, 2007; GTZ, 2008; Rodriguez-Pose and Tijmstra, 2009; Rogerson and Rogerson, 2010; Hampwaye and Rogerson, 2011; ILO, 2012). Although the term local economic development succinctly lacks conceptual clarity, it is gaining grounds as a development strategy in many parts of the world (Nel, 2001; Helmsing, 2003; Meyer-Stamer, 2003; Hindson, 2007; Rucker and Trah, 2007; Rowe, 2009; Rodriguez-Pose and Tijmstra, 2009; Rogerson and Rogerson, 2010). Defined in different ways, “the term ‘local economic development’ has been used to describe a growing number of initiatives, ranging from industrial policy and regional planning to community development, which, although part of a LED strategy, cannot entirely be considered as LED” (Rodriguez-Pose and Tijmstra, 2007: 3; also see Meyer-Stamer, 2003: 5). Local economic development only refers to those development strategies that are “territorially-based, locally owned and managed, and aimed primarily at increasing employment and economic growth” (Rodriguez-Pose, 2002; Helmsing, 2003; Rodriguez-Pose and Tijmstra, 2007). The contemporary local economic development approach (LED) can be define as a process where multiple actors come together, usually at the instance of a local government, to jointly identify, design and implement actions or initiatives to stimulate the economy of a given territorial entity with the view of stimulating or expanding the range of economic activities as well as job opportunities for the local residents. It is a development strategy or approach that hinges on the synergy of multiple actors, including central governments, local governments, private sector operators and community groups, to facilitate the economic development of localities.

The local economic development approach is increasingly seen as a viable alternative to traditional top-down development strategies, which have largely failed to promote meaningful economic development at the local level (see Helmsing, 2003; Rodriguez-Pose and Tijmstra, 2009). As Rodriguez-Pose and Tijmstra (2009: 6) note “a need for an alternative or complement to traditional development strategies has become more evident and local economic development strategies are increasingly regarded as a valid and viable way to overcome the development problems of territories around the world, regardless of their level of development or institutional conditions.” The local economic development approach is linked to the processes of decentralisation and local governance of development (Kokor, 2001). It is a shift from a national or international owned development to a locally owned development.

The local economic development approach has gained prominence and relevance through the wave of globalisation which has generated more competition among industries and locations (Helmsing, 2003; Rodriguez-Pose and Tijmstra, 2009; Rogerson and Rogerson, 2010; Blakely and Leigh, 2010; Hampwaye and Rogerson, 2011). The wave of globalisation blowing across every corner of the world has brought in its wake, a set of opportunities and challenges. “One of the most important consequences of globalisation is the emergence of a new territorial structure; a structure where existing territorial links are being altered, leading to the formation of a more heterogeneous and complex socio-political and economic landscape”, (Rodriguez-Pose and Tijmstra, 2009: 6). In the resulting competitive landscape created by the forces of globalisation, territories and enterprises are required to compete for space. This requires an appropriate response from countries and localities. But the traditional top-down development strategies have proven ineffective in generating the needed momentum for competition. As such, local actors are gradually moving towards the local economic development approach (Maharaj and Ramballi, 1998; Helmsing, 2003; Rogerson and Rogerson, 2010). The local economic development approach is a strategy where local actors assume responsibility for creating area prosperity and making their localities and economic ventures more competitive in both the local and global scene (Maharaj and Ramballi, 1998; Bond, 2002; Swinburn, 2006; Rodriguez-Pose and Tijmstra, 2009; Blakely and Leigh, 2010). “Essentially, the mainstream approach of LED is founded on the idea that local mobilisation of actors and resources, building a convergence of interest around the competitive advantage of localities, may arrest the damaging effects, and enable exploitation of the opportunities created by new global market conditions” (Hampwaye and Rogerson, 2011: 36). The need for localities to position themselves to compete effectively in the global market makes the local economic development approach a viable economic strategy for localities or territories all over the world, especially in the developing world.

The promotion of the local economic development approach also coincided with the decentralisation process sweeping across many parts of the developing world. In Sub-Saharan Africa, the decentralisation process gathered momentum in the 1980s following the implementation of neo-liberal economic reforms by the World Bank and the International Monetary Fund (Husseini, 2004; Muriisa, 2008; Green, 2010). The decentralisation process has since become pronounced in the developing countries (Rodriguez-Pose and Tijmstra, 2009). Decentralisation has the core objective of bringing governance closer to the people and enhancing transparency, accountability and local participation in decision making (Johnson, 2001; Rodriguez-Pose and Tijmstra, 2009; Chibba, 2009). Decentralisation is viewed by its proponents as the panacea to the bureaucracy and inefficiencies, as well as corruption associated with the centralised governance system (Muriisa, 2008). Decentralisation is also seen as a means of ensuring effective service delivery (Chikulo, 2007; Muriisa, 2008). It is believed that the devolution of power, authority and resources to local governments will make them more responsive to the needs of the poor, as they will be encouraged to implement pro-

poor programmes that will eventually result in poverty reduction (Smoke, 2003; Crook, 2003; Chinsinga, 2007; Chikulo, 2007; Asante and Aye, 2008; Crawford, 2008; Chibba, 2009). More importantly, decentralisation is meant to promote bottom-up participatory development approaches (Hussein, 2004; Chikulo, 2007). This is to be achieved through participatory development decision making in the entire process of local development planning, implementation and management. Decentralisation thus provides fertile grounds for the promotion of the local economic development approach. In the local economic development process, local government authorities are the lead organising actors, (Blakely, 1989; Wood, 1996; Swinburn, et al, 2006; Rodriguez-Pose and Tijmstra, 2009; ILO, 2012). The transfer of decision making authority or power and resources to local government units has provided impetus for the design and implementation of local development strategies at the sub-national level by local actors.

In areas where decentralisation has been effective, it confers the responsibility of organising local economic development on sub-national governments, and also offers them the opportunity to shape their territories and create area prosperity and local competitiveness, (Helmsing, 2003; Helmsing, 2007; Rodriguez-Pose and Tijmstra, 2009; Blakely and Leigh, 2010). The promotion of decentralisation in line with the principle of subsidiarity means that districts are expected to become major centres of economic activities, as a means of creating area prosperity and self-sufficiency. This makes the promotion of local economic development an imperative for local governments (Blakely, 1989; Helmsing, 2003, Bartik, 2003; Swinburn, et al, 2006; Rodriguez-Pose and Tijmstra, 2009; Blakely and Leigh, 2010). In reference to Ghana, the ILO (2012: 22) notes “as at local level, the political leadership’s interest in the LED approach seems primarily motivated by the limited ability of more conventional policy measures to address effectively the persistent issues relating to underemployment and informality.” According to Gravingholt et al (2006: 30) “local economic development (LED) is one important area, or policy field in which decentralised governance is supposed to make itself felt most clearly [...] Local governments have, therefore, the essential role to create a favourable environment for business development and job creation.” Decentralisation and the resultant local government system thus provide an enabling environment for the promotion of the local economic development approach. Besides, the successful promotion of local economic development which results in the expansion of economic activities eventually enhances the fiscal capacity of local governments.

Additionally, the promotion of the LED approach in Ghana has been facilitated by a number of international development agencies such as the International Labour Organisation (ILO), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), formerly Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) and the United Nations Development Programme (UNDP). These international development agencies have served as vessels for transferring the



local economic development approach from the industrialised countries to the developing world. In almost all the developing countries practicing the LED approach, international development agencies played a facilitation role in introducing and/or promoting it (see Rodriguez-Pose, 2002; Hindson, 2007; Rodriguez-Pose and Tijmstra, 2009; Marais, 2010). “The involvement of international organisations aids the spread of the LED approach to areas/countries where national policies are not conducive to the approach”, (Rodriguez-Pose and Tijmstra, 2009: 51). Starting from 2003, these international development agencies have supported local economic development promotion in Ghana in various ways, including the direct implementation of LED initiatives in a number of districts across the country, supporting the organisation of a national conference on local economic development as well as the setting up of institutional structures for LED promotion. This has generated discussions and interest on the local economic development approach in the country. This has in turn resulted in the initiation of actions such as the formulation of a national local economic development policy, and the piloting of the LED approach in selected districts as part of national efforts aimed at institutionalising the LED approach in the country. These ongoing national efforts aimed at up-scaling and institutionalising the local economic development approach/initiatives in the country are also being supported by the international development agencies, particularly the United Nations Development Programme (UNDP). Thus, the promotion of the LED approach in Ghana involves the action of multiple actors – international development agencies, central government agencies, District Assemblies, and their collaborators. The involvement of multiple actors thus creates possibility for cooperation, the deployment of different strategies and discontinuities, which ultimately affects the process and outcome of LED promotion/initiatives.

In this multi-actor action arena, this study explores how the local economic development approach is promoted and how the interaction between and amongst the key (organisational) actors is shaping its practice in the country, particularly at the district level. In this study, I examine the efforts of multiple actors, external and internal, to promote local economic development at the district level in Ghana. I examine the construction of local economic development by external actors, and how the concept is being reconstructed through the experiences and responses of the various actors at the local level. From an ‘actor-oriented’ perspective, I examine the planning and implementation of local economic development initiatives at the district level in Ghana by international and local (organisational) actors. I argue that the promotion of the local economic development approach at the district level in Ghana is not a mere implementation of a planned intervention/development strategy, but an intervention process shaped by the interaction between and amongst local, national, and international (organisational) actors, structural factors and multiple rationalities. Characteristic of this interaction is the ‘principal-agent’ relationship or a relationship between a ‘helper and a doer’ where the ‘agent’ or ‘doer’ is expected to act in the interest of the ‘principal’ or ‘helper’ (see Koponen, 2004; Ellerman, 2006; Gronemeyer, 2010). Underlying the divergent actors’ logic

or rationality is the question of who does what or who is responsible for what in the LED process. I further demonstrate how the existing structure of relationship that characterised the actors involved in LED promotion, as well as the structural constraints they face, and how the failure of the key actors to address the fundamental question of who does what, is affecting the implementation of LED initiatives at the district level in Ghana.

### **1.1 Research Objectives**

The main objective of this study is to explore how the local economic development approach is promoted in Ghana, and how the interaction between and amongst the key (organisational) actors is shaping its practice in the country, particularly at the district level.

The specific objectives of my research include:

- To examine the role of the key actors, particularly international development agencies in setting the agenda and shaping local economic development practice in Ghana.
- To explore and document national efforts aimed at institutionalising or up-scaling the local economic development approach/initiatives in Ghana.
- To explore how the District Assemblies are responding to calls on them to design and implement local economic development initiatives in the districts.
- To identify and/or analyse the characteristics, potentials and challenges of the micro and small enterprises targeted for LED interventions in the districts.
- To assess the viability of local economic development initiatives and/or action plans in promoting the growth and competitiveness of the targeted micro and small enterprises in the districts.

### **1.2 Research Context and Problem Definition**

There are various accounts on the emergence of the concept of local economic development as a development strategy in both the developed and developing countries. The emergence of the contemporary LED approach, which has its roots in the West has for instance, has been linked to the Great Depression of the 1930s which led to the collapse of industries resulting in job losses (see Blakely, 1989). Local economic development here took the form of organised local efforts in the United States of America to revitalise collapsed factories as a means of creating job opportunities for the local people (see Blakely, 1989). The local economic development approach was thus a local government and community response to the problems brought by the Great Depression. Swinburn, et al, (2006) on the other hand uses the 1970s, which witnessed a policy response by municipal governments to the movement of businesses and capital between locations as the starting point. According to Swinburn, et al, (2006: 1), local economic development evolved as a “policy approach in the early 1970s in response to

municipal governments realising that businesses and capital were moving between locations for competitive advantage.” This observation is also linked to arguments that local economic development is a process driven by the forces of globalisation. It is believed that local economic development is being pursued by local actors as a response to the challenges and opportunities presented by both the neo-liberal economic reforms, and the forces of globalisation (see Swinburn, et al, 2006; Rodriguez-Pose and Tijmstra, 2009; Blakely and Leigh, 2010). Local economic development practice gradually became widespread in the West over time (Nel, 2001; Rodriguez-Pose and Tijmstra, 2007; Meyer-Stamer, 2006; Rogerson and Rogerson, 2010; Rogerson, 2010). As Nel (2001: 1003) notes, the local economic development approach “has become a widely practised development strategy at both the local government and community levels in the North.” From the West, the contemporary local economic development approach has also been spreading to other parts of the world. As Rodriguez-Pose and Tijmstra, (2009: 70) note “local economic development strategies have increasingly taken grip in different parts of the world and are starting to bear fruit.” This means the use or practice of local economic development as a development strategy is gaining global prominence.

The local economic development approach is emerging as a development strategy in the global South, including Africa (Nel, 2001; Rodriguez-Pose and Tijmstra, 2007; Meyer-Stamer, 2006; Patterson 2008; Rodriguez-Pose and Tijmstra, 2009; Rogerson and Rogerson, 2010; Rogerson, 2010; Hampwaye and Rogerson, 2011). In South Africa in particular, local economic development promotion has become an integral part of the country’s decentralisation and development planning process, (see Maharaj and Ramballi, 1998; Rogerson, 1999; Bond, 2002; Nel and McQuaid, 2002; Rodriguez-Pose and Tijmstra, 2007; Meyer-Stamer, 2006; Nel, et al, 2009; Rogerson and Rogerson, 2010; Marais, 2010; Rogerson, 2010). The initial focus of LED interventions in South Africa in particular has largely been on poverty reduction (Rogerson, 1999; Nel and McQuaid, 2002; Meyer-Stamer, 2006; Nel, et al, 2009). There have since been numerous studies on the promotion or implementation of local economic development initiatives in South Africa, (Maharaj and Ramballi, 1998; Rogerson, 1999; Bond, 2002; Davis, 2006; Nel, et al, 2009; Rogerson, 2010).

However, research on local economic development practices outside South Africa is very limited and also tended to provide a general overview than focusing on specific local cases (Helmsing, 2003; Rodriguez-Pose and Tijmstra, 2007; Rucker and Trah, 2007; Hindson, 2007; Rogerson and Rogerson, 2010; Marais, 2010; Hampwaye and Rogerson, 2011). Reviewing the context of LED research in Africa, Rogerson and Rogerson (2010) bemoaned the dearth of research on local economic development practices outside South Africa and called for country studies on specific LED interventions to widen the research and knowledge horizon on this all important emerging development strategy. Swinburn and Yatta (2006: 9) also assert “it is clear that there are opportunities to exploit and adapt LED methodologies and experiences already in

the public domain which can be captured to ‘fast-track’ learning. ... this experience together with other knowledge sharing and capacity building efforts in Africa and beyond should be examined to see how lessons can be learned and synergies be exploited to avoid reinventing the wheel.” In view of the potentials that the local economic development approach presents as a viable alternative to traditional top-down development strategies, the call for a more focused country or case studies is a step in the right direction. As such, I view this study as a timely response to a pressing need.

### **1.3 Statement of Research Problem**

The local economic development approach has been promoted in Ghana since 2003 mainly by international development agencies. Since 2009, there have also been national efforts to institutionalise the LED approach and also up-scale LED initiatives in the districts across the country. The contemporary local economic development approach has been projected as a viable alternative development strategy capable of unleashing the development potentials of territories and making localities and their enterprises or economic ventures competitive in the global scene. However, the ability or willingness of local actors to effectively promote the contemporary local economic development practice is largely unknown. Similarly, the ability of the local economic development approach/initiatives to generate local development or industrial dynamism in Ghana remains largely unknown because of the dearth of research on the subject in the country. For almost a decade of ‘experimenting’ the local economic development approach, there are no known scientific studies on LED practices in Ghana aside those conducted by the international development agencies, particularly the International Labour Organisation (ILO) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). In view of the limited studies on the subject, it remains largely unknown how the local economic development approach is actually conceptualised and promoted in Ghana. Similarly, it remains largely unknown as to what the focal area(s) of LED interventions in Ghana are, and how LED initiatives are designed and implemented at the district level as well as its prospects as a local development strategy in the country. This study thus seeks to fill this knowledge gap by empirically exploring how the local economic development approach is conceptualised and promoted as an alternative development strategy in Ghana. Through a scientific study of this kind, our understanding of the local economic development concept/approach and its promotion will tremendously improve, thus allowing us to better understand how the LED approach is evolving as a development strategy in Ghana and its viability in generating local development and industrial dynamism at the district level.

## **1.4 Research Questions**

The main question that this research seeks to address is; how is the local economic development approach conceptualised and promoted as a development strategy in Ghana, and what is the role of actors (external and local) in shaping its practice in the country?

The specific the research questions include:

- Who are the main LED actors, what are their roles and personal strategies, and how do they shape local economic development practice in Ghana.
- What are the national efforts towards the institutionalisation or up-scaling of the local economic development approach/initiatives in Ghana?
- How are local economic development initiatives designed and implemented at the district level in Ghana, and what are the practical challenges?
- What are the focal areas of local economic development interventions in the districts, and how responsive are LED initiatives or plans to the needs and challenges of the targeted economic activities?

## **1.5 Scope of the Study**

The research was conducted in the Berekum Municipal in the Brong Ahafo Region and the Bongo District in the Upper East Region of Ghana. In the Berekum Municipal, the study focused on the implementation of an LED initiative – the setting up of the Berekum light industrial zone that was supported by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). In the Bongo District, the study focused on analysing LED planning and implementation challenges, which is part of a national pilot. Aside these two districts, the national capital, Accra was an important research site. The focus of the study here was on understanding national LED efforts, and the activities of international development agencies with regards to their LED interventions. Essentially, I sought through this study to understand how the local economic development approach is conceptualised and promoted in Ghana. The main field research lasted nine months (May, 2011 – January, 2012). This was complemented by another short field research in February, 2013.

## **1.6 Limitations of the Study**

Although the research was largely successful, there were nonetheless a number of challenges that need acknowledgement, at least to serve as a guide or lessons for future research. The first was a conceptual challenge regarding the subject investigated. The concept of local economic development means different thing to the various respondents I interviewed. As elaborated in this thesis, the concept of local economic development has different meanings. There are

‘traditional’ local economic development and ‘contemporary’ local economic development approaches. Whilst some of my respondents view local economic development in the ‘traditional’ sense, others view the concept in its ‘contemporary’ perspective. In view of the fact that the ‘traditional’ LED approaches differ from the ‘contemporary’ LED approaches, a lot of attention was needed to discern the perspective of each respondent and to reconcile the different perspectives. Much attention was particularly needed to understand the ‘transition’ from the ‘traditional’ to ‘contemporary’ LED approaches.

The limited financial resources I had for this research was another challenge. The research was conducted in two administrative districts in two different regions in Ghana. This required movement from one district and region to another. In addition, a number of research assistants were needed to assist in administering the questionnaire, and serving as interpreters during focus/group discussions. These research assistants have to be paid, and this requires money. During the course of my field research, I felt the need to add one more case study in the Central Region to also cover the ILO’s LED interventions, but I had to abandon this idea because of financial constraints. This would have required not only covering one additional district, but one additional region.

Commuting between two distant districts and regions, as well as covering the national capital was quite stressful in view of the poor road condition and transportation system in the country. Travelling for fourteen hours from Bongo to Accra in a bus could not be a hobby. In the Bongo District where both the road condition and transportation system are very poor, I had to trek with a motor-bike. The daily bumping on potholes with a motor-bike was never a pleasant experience.

Efforts were however made to minimise the effects of these challenges on the research. For instance, my advance knowledge on the LED concept enabled me to understand the different perspectives of my respondents. This did not only enable me to reconcile the different perspectives, but it helped me to probe further into the actors’ contemporary LED actions where it was not explicit. Working within a limited budget line, I had to ensure the best use of the limited financial resources to get as much data and information as possible in my field research. For instance, although I could not make it to the Central Region to investigate the ILO’s LED cases; I had to combine that agenda to my field trips to Accra, where I interviewed the national actors and international development agencies, including officials of the ILO. Similarly, the desire for data or information transformed the ‘stressful’ field trips into results-oriented adventures.

## **1.7 Structure of the Thesis**

The thesis is organised in nine chapters. The main thesis starts with an introductory chapter. The introductory chapter presents the perspectives of the thesis. It contains background information on the subject investigated, indicates the focus and objectives of the study, defines the research problem, formulates the research questions, and delineates the scope of the study. The second chapter focuses on conceptual issues. It explores the concept of LED, and outlines the analytical framework for the thesis. The third chapter presents perspectives on the two study districts. It profiles the two study districts in terms of their physical, social, economic, and political characteristics. Chapter four focuses on the key LED actors in Ghana. It identifies and analyses the main LED actors in the country, their functions and LED roles, as well as their LED strategies.

Chapter five analyses the national efforts aimed at institutionalising and up-scaling local economic development initiatives in the country. It analyses the institutional framework activated for LED promotion, including the national LED policy context in the country. The sixth chapter analyses the LED planning experiences of the districts. It also examines the implementation challenges that the districts are encountering. Chapter seven focuses on the focal area of LED interventions in the districts – micro and small enterprises development. The chapter examines the characteristics of the targeted micro and small enterprises, and their challenges. Chapter eight complements chapter seven. It examines prospects of the LED initiatives or plans in promoting the growth and competitiveness of the targeted micro and small enterprises in the districts. The last chapter, chapter nine contains a reflection on the entire thesis. It contextualises the key issues discussed in the thesis, draws a conclusion and makes some policy and research recommendations. Finally the research methodology is presented in appendix I. It presents the research design and methods used in the data collection. It outlines the case study research design and describes the methods used in collecting and analysing the data.

## **Chapter Two**

### **2.0 Local Economic Development as an Emerging Development Strategy**

The concept of local economic development (LED) has assumed different meanings and taken different focus over time. This has resulted in the classification of local economic development approaches or strategies into traditional and contemporary local economic development approaches. This chapter focuses on the changing meaning of local economic development and the mainstream development discourses that shaped its conception and practice over time. The chapter first explores the various conceptions/definitions of local economic development. The chapter then explores mainstream development discourses and how they influenced or shaped contemporary local economic development practice. The chapter concludes by outlining an actor-oriented approach for analysing the promotion of local economic development in Ghana.

#### **2.1 Local Economic Development: Meaning and Conceptual Issues**

The term local economic development is not new, but its conception as a development strategy/approach is relatively new. Starting from the North, local economic development (LED) is gradually gaining prominence as an alternative development approach/strategy among development organisations, national and local governments in the South (see Nel, 2001; Rodriguez-Pose and Tijmstra, 2007; Meyer-Stamer, 2006; Rodriguez-Pose and Tijmstra, 2009; Rogerson and Rogerson, 2010; Marais, 2010; Rogerson, 2010; Hampwaye and Rogerson, 2011). A number of international development agencies including the World Bank, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the International Labour Organisation (ILO), and the United Nations Development Programme (UNDP) are currently promoting the contemporary LED approach in many parts of the developing world. Aside the prominence given to the local economic development approach by the development organisations and practitioners, the concept is also getting attention in development literature and practice, (Rücker and Trah, 2007; Rowe, 2009). As Rowe (2009: 3) notes “the discipline of local economic development is a complex mix of concepts, practices and rhetoric.” Contemporary local economic development practice is inspired by mainstream development theory/discourse.

Nonetheless, the term ‘local economic development’ is still clothed or coloured with different meanings and interpretations. As Bond (2002: 3) notes “local economic development is a discipline still coming into its own, with competing strands of argumentation still generating conflict.” Local economic development scholars, agencies and practitioners are distinguishing between traditional and contemporary local economic development approaches/strategies. Traditional LED approaches, which are still employed by many local government authorities in developing countries, refer to direct efforts by local government authorities or municipalities to attract firms to a specific locality through subsidies, infrastructure, tax reduction, as well as



support for existing enterprises. “In the early stages of local economic development, activities focused strongly on the marketing of locations to external investors, often linked with incentive systems such as tax breaks and/or reduced costs of public services, such as water and electricity, and infrastructure development” (Patterson, 2008: 3). According to Tassonyi (2005: 5) “the traditional local economic development strategy which was particularly characteristic from 1950 to the mid-1980’s consisted of attempting to attract individual firms by emphasising cheap factor inputs or subsidised infrastructure and providing direct subsidies or tax reductions depending on the authority of the relevant taxing jurisdiction.” With reference to South Africa, Bond (2002: 8) notes “traditional approaches assert that the key to prosperity is attracting, primarily manufacturing investment through concessions such as tax breaks, cheap land, reduced rates, and even direct financial rewards in return for locating in the area.” Such traditional LED strategies emphasis output or outcome such as, increased number of firms or increased in local government revenue as local economic development (Bartik, 2003). As Bond (2002: 8) points out “the argument is that investment creates jobs and provides taxes, which can be used for service provision.” Explaining what it means to develop locally, Beer (2009: 63) notes “government agencies or community groups operating at the regional or local scale seek to foster growth through a mix of strategies including: encouraging inward investment in the region, fostering innovation, nurturing a ‘creative city’ environment, promoting new business start ups, engaging in regional economic development planning, coordinating infrastructure investment, assisting small businesses gain access to capital and acting to facilitate development applications through the approval process.” Gravingholt et al (2006: 31) identified what they termed ‘basic approaches’ of promoting local economic development to include; “encouraging local business growth, encouraging new enterprises, promotion of inward investment, investment in hard and soft infrastructure, and sector and cluster development.” In the view of Bartik (2003: 1), local economic development simply refers to the “local economy’s capacity to create wealth for local residents.” These views present local economic development more in terms of an output or outcome manifestation than a process-oriented activity and multi-stakeholder engagement which is the emphasis of contemporary local economic development approaches.

Local economic development in contemporary times takes a different approach. As Patterson (2008: 3) notes “since the late 1990s, a more holistic approach to local and regional economic development (LRED) has become prevalent. This third and latest phase of local economic development enhances the individual business support and sectoral development approaches of the second development phase by making the entire business and community environment more conducive to economic development.” Distinctively, contemporary local economic development is viewed as a process-oriented activity that generates results through the joint action(s) of multiple actors. In outlining the evolution of local economic development practices over time, Rucker and Trah (2007: 13) note that the current focus of LED initiatives is on

“providing a competitive local business environment, encouraging and supporting networking and collaboration between businesses and public/private and community partnerships, facilitating workforce development and education, focusing on inward investment to support cluster growth and supporting quality of life improvements.” Local economic development is increasingly being conceptualised by international development agencies and some western scholars as a holistic approach to economic development that goes beyond the mere support directed at agricultural development and micro and small enterprise development by local government authorities in developing countries.

The contemporary local economic development approach is seen as a process in which multiple actors, working in concert design and implements initiatives to stimulate or revamp the local economy to create area prosperity for the local residents. Blakely (1989: 58), who is one of the early authors and advocates of the contemporary local economic development approach, defines local economic development (LED) as “a process by which local governments and/or community based groups manage their existing resources and enter into new partnership arrangements with the private sector, and/or each other to create new jobs and stimulate economic activity in a well-defined zone.” Blakely’s definition of LED is not different from those proffered by the international development agencies and other scholars in recent times. The World Bank for instance defines local economic development as “a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation” (Swinburn, et al, 2006: 1). Similarly, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), which has been particularly active in LED promotion in Africa, views LED as “an on-going process by which key stakeholders and institutions from all spheres of society, the public and private sector as well as civil society, work jointly to create a unique advantage for the locality and its firms, tackle market failures, remove bureaucratic obstacles for local businesses and strengthen the competitiveness of local firms” (Rücker and Trah, 2007: 15). The European Commission (2007: 22) also defines local economic development as “a process by which a variety of local institutions and actors mobilise and work together to plan and implement sustainable local development strategies in a given territory.” On their part Rodriguez-Pose and Tijmstra (2009: 37) define local economic development by pointing out the key elements of the approach:

- Local economic development is a territorial-based approach, locally owned, designed and implemented by local actors to shape the future of their locality.
- Local economic development is an approach to development that creates opportunities for partnership between a wide range of actors including, local private and public sector actors, national governments and international organisations.

- Local economic development acknowledges globalisation, and thus seeks to take advantage of opportunities in local, national, and international markets by creating competitive advantages.
- The ultimate aim of local economic development is to create sustainable economic development.

From these perspectives, it is clear that ‘local economic development’ in its contemporary form is not just an economic output or an outcome, but a process that entails the building of a strong partnership arrangement for the collective promotion of economic activity (see Blakely, 1989; Helmsing, 2003; Stimson and Stough, 2009; Rodriguez-Pose and Tijmstra, 2009). “Local economic development approaches mean initiatives that encourage local actors within defined sub-national territories to get together to analyse their economies, identify what needs to be done, mobilise local and external resources and take joint actions aimed at stimulating economic growth, increasing the number of jobs, increasing incomes and taxes and, by these means, reducing poverty and exclusion in ways that are economically, socially and environmentally sustainable” (Hindson, 2007: 1). The contemporary local economic development approach has also been described in the following terms:

“In contrast, ‘community-based’ strategies associated with a new, more sustainable LED paradigm, emphasise the importance of working directly with low-income communities and their organisations. Investment is all very well, but the benefits are unlikely to accrue to the most needy they are active participants in new development, with the capacity to plan, monitor and enforce wider benefits. Support for institutions such as community development trusts and worker or community-controlled enterprises such as local credit unions or development corporations are a key feature of this approach. This approach explicitly aims to link profitable growth and redistributive development” (Bond, 2002: 9).

The conception of contemporary local economic development thus goes beyond mere economic action to embrace the building of a network of actors where such economic actions are anchored. As such, the success of LED goes beyond the attraction of new industries to a particular locality, tax relief for businesses or the mere expansion of economic activities in a given area. Contemporary local economic development also employs a mix of innovative strategies or tools such as industrial clusters, systemic competitiveness, and participatory appraisal of competitive advantage (PACA) to stimulate economic action in a given locality.

However, despite the prominence that the concept is receiving, local economic development like the subject discipline of economic development in general lacks “a dedicated coherent body of theory”, Rowe, (2009: 3). “Many local economic development programmes are based on one or more theories of economic development but the multiplicity of theoretical

perspectives results in confusion amongst practitioners on the purpose and justification for their programmes” (Beer, 2009: 63). It must be added that the organisation of local economic development is not limited to the subject domain of economics, it also relates to regional planning and the politics of who does what in the process – political economy. For instance, in discussing Peet and Thrift, (1989), Heron (2009: 97) notes that “principles relating to local economic development sprang from two powerful intellectual trajectories in the literature: the neoclassical and Keynesian traditions which dominated in the 1950s – 1970s, and the political economy school that gain prominence from the 1980s onwards.” This observation suggests that at any given time, the conceptualisation and/or promotion of local economic development have either been influenced by purely economic or politico-economic considerations. This explains why the rise of local economic development as an alternative development is linked to broader development theories or discourses such as neo-classical or Keynesianism, neo-liberalism, globalisation, post-development and decentralisation.

## **2.2 Situating Local Economic Development in the Broader Development Discourse**

Although the contemporary local economic development approach does not have a coherent theory on its own, its practice and promotion are nonetheless inspired by mainstream development theory/discourse. A careful examination of the concept of local economic development reveals that its emergence and practice is inspired by a wide range of theories or development discourse. The multiplicity of theories on local economic development can be attributed to its relatively long years of practice in the western world and its location or emergence within the multi-disciplinary boundaries of economics, regional development, planning and political economy of development. Similarly, local economic development activities have been largely promoted by economists and development planners and analysed largely by political economists, giving it a diverse theoretical background. At any point in time, local economic development can either be seen as a product of these broad theories or discourses or a response to the weaknesses associated with them. As such, these theoretical blocks help us to understand how local economic development has been conceived and promoted over time - thus providing a framework for understanding and for analysing local economic development practice. This section explores some of the mainstream development thought/discourse that shaped local economic development practice over time.

### **2.2.1 The Neo-classical and Keynesian Discourse**

The neoclassical and the Keynesian economic discourse took centre stage in development discourse immediately after post World War II. As Stimson and Stough (2009: 172) note “neoclassical economic theory and Keynesian theory provided the foundation on which most post-World War II economic policies were grounded [...] At that time conventional theories and

policies for regional economic development tended to focus in one way or another on the capital-labour production function and on responses by the state with a range of economic and non-economic policies.” The state was seen as the main driver of economic development. This was based on the belief that it was only the state and foreign donor countries that could raise the large quantum of capital needed to propel investment and development in the developing countries. Keynes advocated government intervention to promote investment through the use of monetary policies, or government expenditure (Willis, 2005; Chibba, 2009). As Willis (2005: 47) notes “the approach was based on government intervention at a national level and foreign assistance in terms of aid on an international scale.” This thinking was largely based on the experiences of the Marshall Plan, where the United States of America’s financial and technical assistance was said to be instrumental in sparking growth/development in parts of war-torn Europe. Neo-classical or Keynesian economics argue that such large external aid and massive state intervention are also needed to induce growth and development in the developing countries. Development at this point in time was seen in terms of growth – high gross domestic product, and industrialisation (Koponen, 2004). Economists were the main architects of development/planning. This group of economists formulated grand economic models to guide world leaders, especially the new independent states in the developing world in their pursuit of ‘development’. As Koponen (2004: 8) notes “development was seen as something which could be purposefully managed and rationally planned by the state and within the framework of the state.” The development economists, with John Maynard Keynes as the main luminary (see Willis, 2005; Chant and McIlwaine, 2009; Stimson and Stough, 2009; Skidelsky, 2010) at the immediate post World War II period performed planning functions and became advisors to world leaders on wide-ranging development issues. In Ghana for instance, the first nationalist president, Dr. Kwame Nkrumah was quick to engage Arthur-Lewis, a renowned international economist as his economic advisor.

Their unit of analysis was largely the nation-state. Heron (2009: 97) notes that under the neoclassical and Keynesian traditions, “the nation-state formed the macro context around which intellectual efforts focused.” The emphasis on the nation-state by the neoclassical or Keynesian economics was accompanied with emphasis on the role of central government in directing the course of development. Stimson and Stough (2009: 174) provide a clear account of the neo-classical and Keynesian thought:

“During the 1950s and the 1960s, economic processes were driven by a heavy focus on regulation and by strong government directives and initiatives in the US but even more so in other countries [...] It was a time when national governments played an exceptionally active role in establishing national industries [...]. Governments played a central role in the provision of infrastructure, planning, industry promotion and marketing systems” (also see Stimson and Stough, 2008).

As Haughton and Counsell (2004: 31) also note “the Keynesian approach is generally identified with an emphasis on state intervention to achieve full employment within relatively closed national economies.” Development interventions in the immediate post-World War II period were designed and implemented mainly by central governments usually without recourse to private economic actors and local government authorities. As Oosterlynck (2010: 1152) notes “theoretical propositions like that of the neoclassical often assume that the region is an already existing territory or scale situated somewhere between the local and the national, paying scant attention to the political agencies that drive the political, social, economic and cultural processes through which regions are made and unmade.” Central government and perhaps donor countries or agencies were the main actors of development, even at the local level. Government accepted responsibility for not only promoting economic growth, but also for creating employment opportunities for the citizenry (Skidelsky, 2010). The state was thus seen as the solution to national and local (economic) development problems.

The neoclassical and Keynesianism constituted the most powerful group or voice in development discourse until the 1980s. As Skidelsky (2010: 99) notes “for roughly a quarter of a century after the Second World War, Keynesian economics ruled triumphantly.” They were influential in shaping economic development thought and practice throughout the world. Nonetheless, by the beginning of the 1980s, neoclassical or Keynesian economics faded from mainstream development discourse. It was replaced by a counter economic thought - the neoliberal discourse. This latter economic thought stood opposed to state intervention in economic management. In the words of Skidelsky (2010: 99) “government was seen once more as part of the problem, not the solution [...] Expansionary government policies were accused of fuelling inflation and crowding out better-informed private investment without reducing unemployment in the long run.” Similarly, as Rowe (2009: 4-5) notes “traditional development theory has failed when it has been applied to local economic development because of its focus on abstract macroeconomic issues and not the specific.” From the 1980s onwards, the neoclassical and Keynesian economics gave way to the neo-liberal regime whose emergence was viewed as a counter revolution in (economic) development discourse.

Clearly, the contemporary local economic development approach is at variance with the state or central government’s top-down neoclassical and Keynesian economic approaches. Essentially, while the former is a bottom-up process driven largely by a set of local actors, the latter is a top-down approach driven by national governments. Contemporary LED approaches emphasise a bottom-up approach to the organisation of economic development. Contemporary LED approaches particularly encourage joint action by relevant actors in the promotion of economic interventions. It can thus be said that contemporary LED approaches sprang up as a result of the perceived weaknesses associated with the neoclassical or Keynesian economics which assigned a lead role to the state or central government in economic management.

Nonetheless, the top-down interventionist practices of the state and international development agencies is still evident in local economic development promotion. As discussed in this thesis, central government agencies and international development agencies in Ghana are setting the agenda and influencing local economic development practice at the district or local level in Ghana.

### **2.2.2 The Neo-liberal Development Discourse**

Neo-liberalism took a centre-stage or dominated development discourse from the 1980s. The main distinguishing feature between the neoclassical or the Keynesian economics and neo-liberalism is the latter emphasis on the market rather than the state in economic management. Neo-liberalism advocates a reduced role for the state in economic governance or management in favour of free market forces. As Haughton and Counsell (2004: 37) notes “neo-liberalism seeks to normalise free market forces and principles as an economic ideal and as a political ideology.” According to Skidelsky (2010: 100) “what defined the new world view was the classical belief in efficient and self-regulating markets [...] Free markets would deliver better results than fettered ones.” The central argument or main tenet of neo-liberalism is the call on states “to permit free markets to flourish, to privatise state-owned enterprises, to promote free trade and expansion, to welcome foreign investors from the North, and to eliminate government regulations and protectionism” (Chant and McIlwaine, 2009: 39). The Washington Consensus proposal is based on the belief that governments are pre-occupied with “irrational concerns such as national security, full employment, welfare, and redistributive taxes, all of which hamper private commercial and business interests” (Hintjens, 1999: 384). As Skidelsky (2010: 99-100) rightly captures it “the Bretton Woods philosophy of managed global capitalism was replaced by the Washington Consensus – a term coined by John Williamson in 1989 to denote the neoliberal policies advocated for developing countries by the US Administration: free trade, privatisation, deregulation, balanced budgets, inflation targeting, and floating exchange rates.” The controversial aspect of neoliberal economic policies in the developing world was the Structural Adjustment Programme (SAP), which became a key condition for accessing IMF and World Bank loans (Willis, 2005; Chant and McIlwaine, 2009). The essence of the Structural Adjustment Programme was to reshape the economies of developing countries in favour of the free market, which minimises government intervention in the economy, and re-orienting the economy towards the market (Willis, 2005; Chant and McIlwaine, 2009). Neo-liberalism still features prominently in development discourse in present day.

The introduction of neoliberal economic policies in the developing countries has had a profound influence on contemporary local economic development practice and promotion. In fact, neoliberal economic policies greatly shaped local economic development in developing countries. As Helmsing (2003: 67) points out, the context and nature of local economic

development in developing countries have experienced radical changes since the 1980s. The change in the context of local economic development in Africa in particular under the neoliberal regime was influenced by: “structural adjustment and liberalisation policies; ideological disenchantment with the state and state-led development, marked by the fall of the Soviet empire, which created a vacuum that other actors needed to fill; and aid fatigue and decline of Overseas Development Assistance (ODA), which necessitated the search for alternatives” (Helmsing, 2001: 60).

This change as seen in Helmsing’s discussion is not only limited to the content of local economic development, but more importantly on key actors of local economic development. According to Helmsing (2003: 67), central government was no longer the main organising agency of local economic development under structural adjustment and market liberalisation. This change in actors and current practice of local economic development under the neoliberal reign was geared towards placing the responsibility of LED promotion on local governments:

- First of all, central governments lost their central economic co-ordinating role; other actors have to come in to make the market economy work.
- Second, localities are increasingly thrown onto themselves to create ‘place prosperity’, to create the right conditions for the economic advancement of its population.
- Third, local economic development is about new roles for the public sector, as (local) government is now expected to provide the right mix of local public goods; and to facilitate or enable other actors, communities, private firms, workers and NGOs to make their productive contribution (Helmsing, 2003: 69).

The adoption of neoliberal economic policies by developing countries in the late 1980s has also widely opened their doors to foreign direct investments. As Haughton and Counsell (2004: 169) note “neoliberal policy regimes heightened and indeed reified inter-locality competition for investment in a global marketplace.” Although the contribution of foreign direct investment to the economies of developing countries has been well propagated, many localities are yet to feel it and make sense of it. In the context where the importance or benefits of foreign direct investment is known or felt by only a limited portion of the country or its citizens, the solution here does not solely lie in trying to extend such investments to the localities or hinterlands. Rather, it calls for the mobilisation of local resources to promote local (economic) development. As Haughton and Counsell (2004: 169) argue “rather than waiting for government handouts to palliate the impacts of disinvestment, the new political credo was for local and regional economic development managers to create the conditions with which to retain and attract private investment: a business friendly environment, low business costs, a range of available sites, a suitable range of skills, flexible labour markets, and a good-quality environment.” In this context, the solution largely lies in an organised local effort to promote



economic development in order to create area prosperity. This is the object of the contemporary local economic development approach.

Neo-liberalism has thus greatly influenced contemporary local economic development practice. For instance, neo-liberalism and its associated decentralisation reforms resulted in the rise of local government as key actors of local development. Similarly, it was under the neoliberal regime that the private sector emerged as a key actor of (local) economic development. From the late 1980s onwards, the private sector was presented as the 'engine of growth' in many parts of the developing world. The adoption of neo-liberal economic policies in Ghana has also made a lot of micro, small and medium enterprises visible in the national and global arena. The craft industry in the Upper East Region of Ghana for instance, became visible during this period. Following the rise of non-traditional export trade, baskets became a visible commodity in the global market. Basket weavers in the Upper East Region are now connected to the global market through the adoption of neoliberal economic policies in Ghana. This has brought about a new set of opportunities and challenges. There is demand globally for these products, which they have to respond to. At the same time, local entrepreneurs are required to produce to meet international standards – not only in terms of quantity, but also, and more importantly in terms of quality. This calls for the application of the local economic development approach where synergy can be tapped for joint diagnoses, design and implementation of strategies to generate the needed competitiveness in these local enterprises.

### **2.2.3 The Globalisation Discourse**

Globalisation has featured prominently in development discourse in recent times. As Chant and McIlwaine (2009: 51) argues, "current exploration of both the theory and practice of development can no longer be undertaken without some consideration of the concept and processes of globalisation." In reference to the work of Kelly (2000), Willis (2005: 174) notes "globalisation has entered into the development discourse of many governments; either because it is regarded as an opportunity to promote growth and poverty alleviation or because globalisation is viewed as an inevitable reality within which nations must either play the game, or lose out in the search for development." Globalisation is a multifaceted concept, embracing political, historical, social, cultural and economic dimensions, (Chant and McIlwaine, 2009; Adesina, 2012). Heron (2009: 104) notes "a common image of globalisation was of a process that was giving sameness to the world of economic, social and cultural relations, leading to a 'McDonalduesque' landscape, where boundaries disappear and the effects of distance diminish." Globalisation is thus not new, but it has an emerging context (see Heron, 2009; Chant and McIlwaine, 2009). Globalisation in general terms refers to a phenomenon of increasing interconnectedness of various parts of the globe in a manner that distance and national borders become irrelevant (Willis, 2005; Luger, 2009; Heron, 2009; Chant and McIlwaine, 2009).

With time, the concept of globalisation was inspired by new perspectives including “post-structural insights and opens new avenues for thought about local economic development in a globalising world” (Heron, 2009: 106). Different authors often highlight one or two dimensions of globalisation:

- Economic globalisation, referring to the phenomenon of increasing integration of economic activities where distance is no longer a barrier to the movement of goods and services around the world.
- Cultural globalisation, which is associated with the phenomenon of growing convergence of consumption patterns and lifestyles across the world.
- Political globalisation, representing the erosion of the powers, rights and functions of nation-states or sovereign nations, (Chant and McIlwaine, 2009: 52).

Globalisation is also giving meaning to contemporary local economic development practice, which seeks to pull synergy and create local competitiveness or area prosperity. Globalisation has brought about an unprecedented competition not only among business entities, but among localities as well. This wave of competition is prompting people, places and businesses to assess where they are now and where they think they should be or want to be. As Friedman (2005) asserts “individuals must, and can now ask: where do I fit into the global competition and opportunities of the day and how can I on my own collaborate with others globally?” This is one of the key questions that the contemporary local economic development approach seeks to address. An interesting observation has been made about the likelihood implication of the globalisation process on local economic development:

“In the globalising conceptual space that is resulting, local economic development is at a watershed [...] The representational knowledge of earlier eras is now being supplemented by efforts to consciously enact local worlds in new ways [...] Local economic development with its overt focus on the trilogy of capital: labour: land could be at the vanguard of this new direction” Heron (2009: 104).

Clearly, the contemporary local economic development approach finds expression in the concept and process of globalisation that calls on local authorities and relevant actors to as a matter of urgency use their available resources in the form of land, labour and capital to create a competitive edge for themselves in various spheres of economic life.

According to Stimson and Stough (2009: 177), globalisation is influencing the economic re-organisation of regions in a manner that could impact positively or negatively on them. Similarly, as Luger (2009: 115) notes “regions throughout the world are asking: what are our unique advantages around which we can build an economic future, and what opportunities can we pursue that will pay off economically?” Globalisation calls for new ways of thinking, new

ways of doing things and being innovative to create a competitive edge. It calls for the crafting of locally appropriate strategies since it is becoming clear that traditional top-down national development strategies are unable to effectively respond to the challenges presented by globalisation. In the view of Friedman (2005), “the solution to the challenges of globalisation called for an orientation away from traditional business development and recruitment towards ensuring that all participants in a local economy have adequate preparation to make contributions.” According to Blakely and Leigh (2010: 1) “cities, towns, counties and all local entities in a global economy have the challenge and opportunity of crafting their own economic destinies.” This must be done creatively in order to find space or visibility in the global economy. As Helmsing (2003: 69) notes “globalisation, both as a competitive threat and an opportunity forces local initiatives to be framed by an analysis of global change.” Globalisation has undoubtedly not only brought about an unprecedented competition among business entities, it has threatened the survival of many local economies. This wave of competition is prompting people, places and businesses to reassess where they are now, and where they want to be, in order to strategise to get there. The need for a shift from ‘business as usual’ to a new arena of viewing localities in respect of the global economy coincided with the rise of the local economic development approach, which seeks to mobilise actors to jointly design and implement initiatives with the view of stimulating local economies and enterprises, and making them competitive in the global arena.

Aside the creation of a global market, globalisation has influenced the design of contemporary local economic development tools or initiatives. For instance, contemporary LED tools or initiatives such as the creation of competitive advantages, global value chain development, locality development, participatory appraisal for competitive advantage (PACA) exercises and cluster development, are all linked to the globalisation discourse and its concomitant competition. The thrust of contemporary local economic development strategies/initiatives is to promote competitiveness in local enterprises as well as making localities attractive.

#### **2.2.4 The Decentralisation Discourse**

Decentralisation has become a household word. In many developing countries, decentralisation was widely promoted alongside neoliberal economic policies like the structural adjustment programme introduced in the 1980s. Decentralisation has since featured prominently in the political discourse of developing countries. Gravingholt et al (2006: 22) note that decentralisation efforts rank high on the political agenda of many developing countries. Decentralisation reforms aim at enhancing efficiency and effectiveness of local administration in public service provision by bringing decision-making processes and responsibilities as close to the people as possible, (Gravingholt et al, 2006: 22). Jutting et al (2005: 625) broadly defined decentralisation as a process “embracing the transfer of power and resources from higher tiers

to lower tiers of government.” In the view of Johnson (2001), decentralisation must be democratic. “Democratic decentralisation can be defined as meaningful authority devolved to local units of governance that are accessible and accountable to the local citizenry, who enjoy full political rights and liberty”, Johnson (2001: 523).

There are different forms of decentralisation, but the focus is usually on devolution and deconcentration. Blair (2000) notes “decentralisation involves both deconcentration, in which local bodies are asked (or, more appropriately, instructed) to assume responsibilities that have traditionally been carried out by central line agencies; and devolution, in which local bodies are granted the political and financial authority to undertake these duties”, (cited in Johnson, 2001: 523). The aim of deconcentration according to the OECD, (2001: 16) has been to increase the local input to policy design in order to increase policy efficiency, while the aim of devolution is to increase policy effectiveness by developing entirely new policies as well as to improve governance by bringing decision-making closer to the people affected. Devolution is usually seen as the best and true form of decentralisation as it involves the real transfer of power, authority and resources to sub-national structures. The OECD (2001: 16) defines devolution as a process involving the “transfer of powers between central, nation-state, government and lower levels of government, principally operating at city and region level.” Devolution in most part is usually advocated because of the perceived inefficiencies associated with most central governments (Akudugu, 2012). According to Bardhan (1997: 45), “the centralised state has lost a great deal of legitimacy owing to its many failures, and decentralisation is often suggested and implemented as a way of reducing the role of the state.” The OECD (2001: 17) argues that by devolving appropriate powers to city and region level, decisions can be rendered more responsive to the needs and preferences of local people, democracy can be strengthened and the effectiveness of the public sector can be improved by helping to ensure that the right public services are provided in the right way.

There are also different types of decentralisation. According to Robinson, (2003: 1-2) decentralisation encapsulates three distinct elements:

- Fiscal decentralisation, entailing the transfer of financial resources in the form of grants and tax-raising powers to sub-national units of government;
- Administrative decentralisation (sometimes referred to as deconcentration) where the functions performed by central government are transferred to geographically distinct administrative units, and,
- Political decentralisation where powers and responsibilities are devolved to elected local government.

Devolution entails all the above three elements identified by Robinson, but fiscal decentralisation is usually considered more important and difficult to pursue. According to Berg

(2004: 33), “the success of decentralisation reforms hinges on the way fiscal decentralisation is designed and implemented.” Fiscal decentralisation in the view of Bardhan (1997: 54) “largely involves assignment of expenditures and revenues to lower-level governments.” Fiscal decentralisation is the life-wire of the decentralisation process (Akudugu, 2012: 25). This is so because the essence of decentralisation is not only to improve political participation, but also to improve service delivery, and this requires money. Devolution has resulted in the creation of sub-national structures charged with the responsibility of promoting democratic decision making and local development.

The decentralisation process and its resultant local government system have provided the platform for the promotion of local economic development. As Alburquerque (2004: 158) notes “the restoration of democracy at the municipal and the local level in general has been accompanied by greater demands for the local public authorities to present concrete programmes and proposals to the inhabitants on the substantive issues on the development of production and employment at the local level.” According to the OECD (2001: 15) “devolution opens up new possibilities and challenges for economic development policymakers because it gives them the capacity to develop their own distinctive approaches to economic development and to develop new institutional relationships suited to their own city or region.” The conception of contemporary local economic development practice makes the local government system the pivot around which local economic development promotion revolves. Gravingholt et al (2006: 31) note that “the governments of many decentralising countries are transferring responsibilities for promotion of economic development to provincial and local governments.” This process according to Gravingholt et al, (2006: 31) is based on the “idea that local governments can more easily recognise and solve problems involved in local economic development.” Similarly, the OECD (2001: 9) argues that devolved governments are best placed to design and deliver policies that help build and exploit endogenous capabilities. “It is well accepted that local governments play a significant role in the economic development process and that economic development success is largely dependent on effective local government participation” (Sjostrom, 2010: 10). According to Rodriguez-Pose and Tijnstra (2009: 22) “decentralisation offers territories real opportunities to shape their future and deal with the challenges of globalisation in a productive way.” As such, decentralisation must go beyond improving the capacity of local governments for efficient management of resources transferred to them to include training for their new role as promoters of local economic development, (Alburquerque, 2004). These arguments support the fact that there is so much expectation on local governments to promote local economic development in their localities, which has hitherto been the function of central government. Through decentralisation, local government authorities have become the new masters or conveners of local economic development (see Helmsing, 2003).

Clearly, the decentralisation discourse is centred on the transfer of responsibilities from the centre to sub-national actors. The decentralisation discourse thus mark a shift from the neo-classical discourse that views the state or central government and international donor agencies as the 'resource-rich' actors and the ones with the power and responsibility to intervene by way of promoting (local) development. The essence of decentralisation is the transfer of power, authority, resources and (local) development decision making to sub-national actors. Through this process (decentralisation), local government authorities have become the main organisers of local (economic) development. Decentralisation has thus provided the platform and impetus for the promotion of local economic development, particularly at the district level.

### **2.2.5 The Post-Development Discourse**

Development discourse took another turn in the 1990s following the emergence of a group commonly referred to as the post-development theorists. This group is questioning the relevance of the "development project" or "modernist development". The fundamental difference between this group and other development theorists is their strong rejection of the "development project" which they described as Eurocentric, imperialistic, paternalistic, visionless and problem-ridden. "Applying the lessons of post-structuralism, this nascent school – which has come to be known as post-development thought – proposes that development is itself an arbitrary concept rooted in a meta-narrative which, in turn, reflects the interest of its practitioners" (Rapley, 2004: 350). The tenets of post-development theory have been outlined in the following terms:

"Since the middle and late 1980s, for instance, a relatively coherent body of work has emerged which highlights the role of grassroots movements, local knowledge, and popular power in transforming development. The authors representing this trend state that they are interested not in development alternatives but in alternatives to development, that is, the rejection of the entire paradigm altogether. In spite of significant differences, the members of this group share certain preoccupations and interests: an interest in local culture and local knowledge; a critical stance with respect to established scientific discourses; and the defence and promotion of localised, pluralistic grassroots movements" (Escobar, 1995: 215).

Essentially, post-development theorists are questioning the desirability of 'development'. According to Siemiatycki (2005: 60) "post-development theory is a response to the resounding failure of the development project of the last century." "The issue is, therefore, not that development strategies or projects could or should have been better planned or implemented. It is that development, as it imposed itself on its 'target populations', was basically the wrong answer to their true needs and aspirations" (Rahnema, 1997: 379). Thus, "these advocates of 'alternatives to development' argue that we must cut ties with this paradigm and build a new

idea of development”, (Grischow and McKnight, 2003: 517). “Development, according to this critique, has to be seen as an invention and strategy produced by the ‘First World’ about the ‘underdevelopment’ of the ‘Third World’, and not only an instrument of economic control over the physical and social reality of much of Asia, Africa and Latin America” (Escobar, 1992: 22). In view of its nature and intentions, post-development theorists have called for the rejection or abandonment of ‘development’ in its entirety (see Ziai, 2004; Rapley, 2004; Siemiatycki, 2005; Simons, 2006; McGregor, 2007). Post-development theorists are thus advocating ‘alternatives to development’ and not ‘alternative development’ (see Grischow and McKnight, 2003; Ziai, 2004; Rapley, 2004; Siemiatycki, 2005; Simons, 2006; McGregor, 2007).

But some scholars think otherwise. In the view of Matthews (2004: 376) “post-development theorists reject post-World War II development project, rather than development.” This notion has been clearly captured in the following terms:

“If development is defined most simply, it could be said to be a process involving unfolding of changes in the direction of reaching a higher or more mature state of being [...] Stripped of the connotations that have attached themselves to the concept over the past few decades, the concept ‘development’ is close in meaning to improvement, to amelioration, to desirable change. Surely post-development theorists cannot mean to reject the desirability of positive change when they called for an ‘end to development’. Post-development theorists’ enthusiasm regarding the so-called New Social Movements, and other grassroots organisations aiming to bring about change in their communities, shows that such theorists certainly do not view positive social change as impossible or undesirable [...] Thus the call for an ‘end to development’ and ‘alternatives to development’ is a rejection of the post-World War II attempts to engineer particular changes in the so-called ‘Third World’ in order to bring about a situation deemed by various development theorists, (who, more often than not, do not come from the ‘Third World’) to be more desirable than the current situation” (Matthews, 2004: 376).

“Post-development theorists clearly reject attempts to reform the post-World War II development project in order to eliminate its negative effects” (Matthews, 2004: 375). According to Matthews (2004: 374) “this rejection appears to emerge from a feeling that the negative consequences which have been observed to result from development are intrinsic to development, rather than being unintentional side-effects of it.”

Despite her scepticism about the focus and intentions of post-development theorists, Matthews nevertheless acknowledges the failure of what she terms the “post-World War II development project” to impact positively on the conditions of the developing countries.

“The failure of the post-World War II development project in Africa and the rest of the so-called ‘developing’ world must be recognised. After half a century of theories and practices claiming to bring about development, the poor remain poor, inequities persist and grow more stark, and aspirations to a better future remain, for the most part, only aspirations [...] In the light of these flaws, post-development theorists assert, the post-World War II development project ought to be abandoned altogether” (Matthews, 2004: 382).

Despite their vociferousness, post-development theorists have received a fair share of criticism. One of the ardent critics of post-development theory asserts:

“In my view, post-development and ‘alternatives to development’ are flawed premises – flawed not as sensibilities but as positions. The problem is not the critique, which one can easily sympathise with easily enough and which are not specific to post-development, but the companion rhetoric and posturing, which intimate a politically correct position. ‘Alternatives to development’ is a misnomer because no alternatives to development are offered” (Pieterse, 2000: 188).

But other scholars also disagree with this criticism levelled against post-development. “Post-development often does present alternatives to development in the form of communal solidarity, direct democracy, informal economy, traditional knowledge, and so on” (Ziai, 2004: 1053). “Again, as post-development theorists react to the problems of disorder embodied in the failure of modernist development, they appear to turn to local communities to try and solve those problems”, (Grischow and McKnight, 2003: 518).

Interestingly, some scholars of local economic development are linking the recommendations of post-development theory to the contemporary LED approach:

“In a world where post-modern thinking encourages a rejection of all-encompassing models and a greater focus on local uniqueness, LED is clearly an expression of a broader paradigm shift in both the social sciences and global reality. In addition, there seem to be close parallels between the fundamental principles of LED and the ideas advocated by anti-development theorists, namely that future development initiatives should focus on strengthening local social movements rather than encouraging alien or imposed Western development theories [...] Whilst it seems inappropriate to argue for the total abandonment of external involvement in the development process, there are instances where LED might provide an alternative form of development in Africa” (Binns and Nel, 1999: 393).

Post-development theorists have provided a useful reflection on or critique of ‘development’, but their recommendations remain dreams about the future than practical actions to change



the status quo. As Cavalcanti (2007: 90) points out “the contribution made by post-development thinkers is to have deconstructed development, and the theoretical task they have bequeathed to us is not how to reconstruct development but how to construct something new in the midst of the debris.” “That being said, the potential for post-development theory to conceive of, and ultimately execute an organic system of culturally sensitive, community-oriented improvement – or ‘real development’ – can only be realised with the further engagement of those indigenous and marginalised knowledge which promote diversity, equity and justice” (Siemiatycki, 2005: 60). Certainly, “constructing something new out the debris” cannot be a simple task for local communities or local actors. Thus, the extent to which post-development thought can inspired community initiatives like local economic development promotion would be hard to assess now. As demonstrated in this thesis, LED initiatives in Ghana are still directed by foreign agencies and state actors. This runs counter to the position held by post-development theorists.

From the discussion above, one can conclude that the contemporary local economic development approach is a product of mainstream development theory/discourse. As Beer (2009: 64) notes “all theoretical approaches have implications for local economic development practice: for example, regulation theory approaches emphasise the creation of appropriate institutions for regional or local development; neo classical models highlight the need to attract capital and/or labour to the region or locality; new regionalism perspectives emphasise encouraging growth locally; while new institutional economics draws the attention of the economic development practitioner to the need to encourage information and infrastructure provision in order to reduce transaction costs.” From the different theoretical perspectives or discourses explored above, the fundamental question that is being addressed by each theoretical block is “who drives local economic development at which period of time”? As can be seen, whilst the neo-classical discourse places the responsibility of organising or promoting (local) economic development on the state or central government, the neoliberal and globalisation discourse on the other hand places that responsibility on the market or private sector actors. The decentralisation discourse places the responsibility of organising local economic development on local government authorities or sub-national actors. Similarly, the post-development school of thought emphasises the role/importance of organised community groups and local knowledge systems in the organisation or promotion of development. Whilst the responsibility of promoting traditional local economic development has shifted or moved along these theoretical strands, contemporary local economic development takes a common ground: the promotion of local economic development is the collective responsibility of the state/central government, private sector operators, local government authorities as well as community groups, and with or without the support of donor agencies. In other words, contemporary local economic development is the product of the actions of multiple actors working in concert; but with local government authorities as the conveners.

### **2.3 An Actor-Oriented Approach: Conceptualising LED Promotion as an Intervention**

In this study, I adopt an actor-oriented approach to analyse the promotion of local economic development in Ghana by the various actors. The actor-oriented perspective employed here is largely drawn from the work of Norman Long who initially used this approach to analyse regional development in Peru in the 1970s. This actor-oriented perspective/sociology of development has since become a popular theoretical and methodological framework for analysing development interventions. Long's actor-oriented analysis has largely focused on the actions and interactions of individual actors and social groups in shaping the process and outcome of development interventions. The actor-oriented approach also recognises that "planned interventions" are often engineered by governments, development agencies and private institutions (see Long, 2001: 25). As such, an actor-oriented analysis of development interventions extends to organisational or institutional actors as well.

In this study, the focus is largely on organisational or institutional actors such as international development agencies, central government agencies and District Assemblies. As such, Long's work is complemented here by David Ellerman's analysis of development interventions. Long (2001: 16) also makes a case for "combining actor and historical-structural approaches" for a more comprehensive and in-depth analysis of development interventions. From this actor-oriented approach, I conceptualise the promotion of contemporary LED practice at the district level in Ghana as an intervention involving the interaction between actors, the deployment of strategies, processes, and an encounter with structures. In viewing local economic development as an intervention involving actors, strategies/actions, as well as structures, I adopt an actor-oriented methodological approach to follow the actors, and their strategies/actions in the local economic development promotion process. Here, I define actors as organisations and individuals with the mandate or responsibility and interest in promoting local economic development at the district level in Ghana.

Intervention is a key concept and instrument in both development discourse and practice. However, the word 'intervention' is rarely used in its right context in contemporary development discourse and practice. As Koponen (2004: 5) rightly notes, development activists or agencies would like to brand or call their activities as 'development work', or 'development cooperation' rather than 'intervention'. This creates the impression that the activities of development activists and agencies is different from what pertains in development intervention. But changes in words does not usually imply a change in practice or approach; hence the concept of intervention is "indispensable as an analytical notion" (Koponen, 2004: 5). As Koponen (2004: 5) argues "intervention is part and parcel of development, and development is an exercise which is thoroughly interventionist." The notion of intervention is often premised on the belief that some people are knowledgeable than others. As Ziai (2011: 7) notes

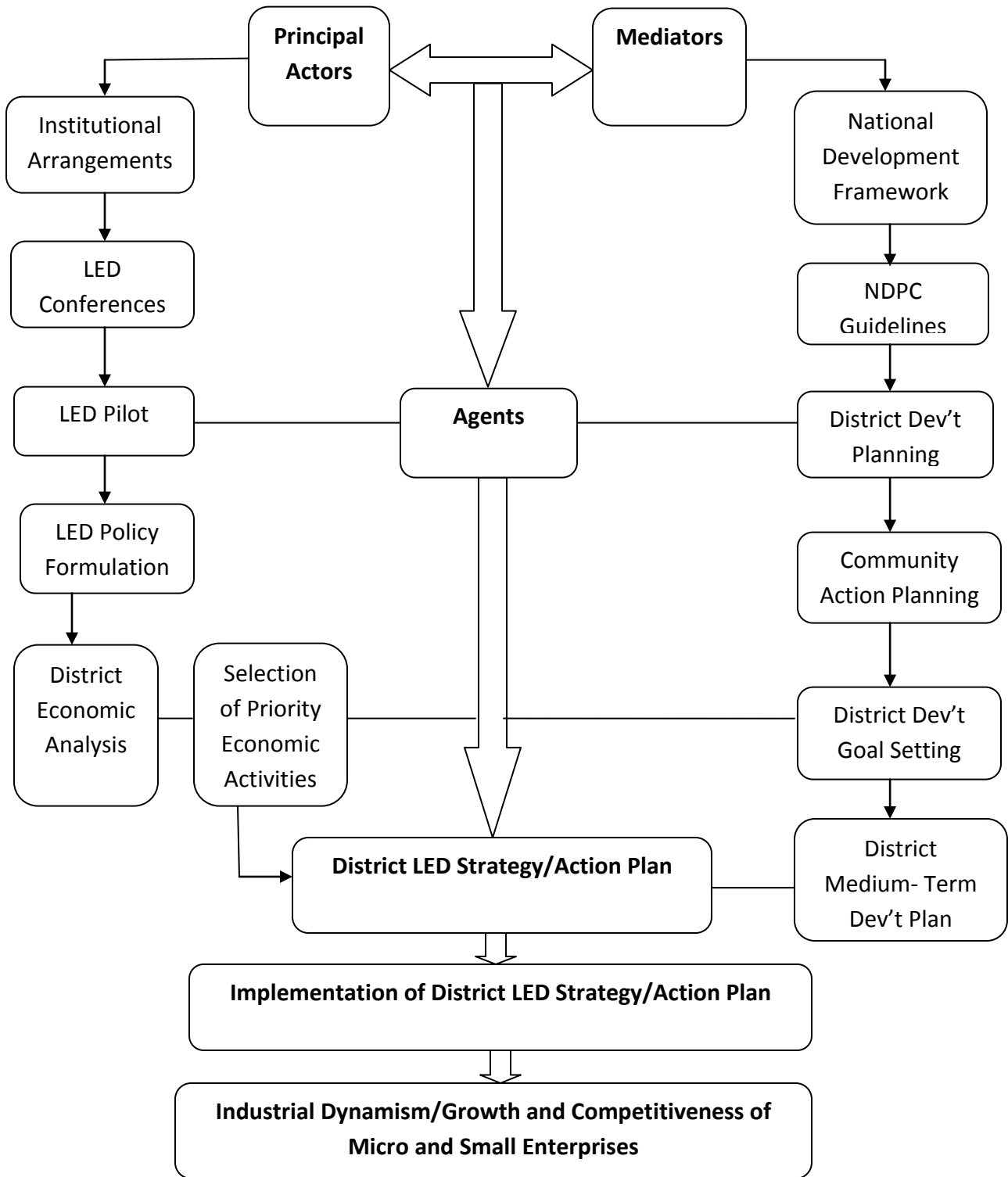
“development interventions based on expert knowledge are in the classical paradigm not in need of legitimation by the people affected by these interventions, because they are – as rational measures in the common interest – legitimated through expertise and through their results.” The notion of ‘intervening’ is premised on the historical belief that ‘development’ has taken place in parts of the world and not in other parts. As Ziai (2012: 4) posits, the term ‘development’ can thus be described as “a bundle of interconnected and normatively positive processes which took place in some parts of the earth but not in others.” In this scheme of things, those who have experienced ‘development’ have the moral obligation to mentor those who have ‘not’ experienced ‘development’.

Contemporary local economic development practice which has been introduced by international development agencies can be analysed from this “interventionist” perspective. Local economic development, like any other form of development activity is often thought of as something consisting of a goal and a process towards that goal. But as pointed out;

“In addition to the goal, and the process that leads to the designated goal, there is also the intervention itself: something thought to be necessary to start or trigger off the process that will lead to the goal. In this vision, development is not something that simply happens and takes things in a better direction; it is something that has to be purposely created, or at least facilitated by development intervention. This notion of development is older than is often realised and has firm roots in the ideology of European colonialism” (Koponen, 2004: 6).

Local economic development has not simply been introduced in Ghana by international development agencies as an alternative development strategy; its practice is being promoted by them. The specific actions of the international development agencies intended to promote LED in the country, such the institutional arrangements being put in place, the use of certain LED tools or instruments, policy considerations and funding options, as well as their relationship or interactions with local actors in the process are all intervention practices that require closer examination. Similarly, external intervention often attracts some form of response from the local implementers or beneficiaries. This also requires close analysis in order to understand the nature of the intervention and its (potential) outcome.

Figure 2.1: Conceptual Framework



Source: Author's Construct

To focus the discussion, my analysis revolved around the works of Long (2001) and Ellerman (2006). As shown in the conceptual framework (Figure 2.1), the promotion of local economic development is conceptualised in this thesis as an intervention involving multiple actors (principal, agents, mediators), relationship between these actors, actors' strategies, processes, as well as expected results/outcome. From this actor-oriented approach, I seek to follow the actors by identifying and analysing the actors/agents, their relationship, their practical strategies, the processes, the arenas of actions and the interfaces. I also explored how the actions of the actors, particularly the agents are affected by structures. By following the actors and their actions, the focus is on understanding how these processes are shaping local economic development promotion and practice in Ghana.

### **2.3.1 Following the Actors**

The actor-oriented approach focuses on analysing interventions within the arena of development (Kontinen, 2004). Intervention practice is often conceived of as an interaction between two actors or two sets of actors. In what has become known as the 'principal-agent' theory, this relationship is conceived as one between a 'principal' and 'agent'. The principal-agent theory has thus been widely used as an analytical tool to analyse the relationship between two actors - 'principal' and 'agent', particularly within the disciplinary boundaries of economics. The principal-agent theory has over the years featured prominently in (economic) development literature (Ross, 1973; Lewis and Sappington, 1989; Ellerman, 2006). As Ross (1973: 134) points out "the relationship of agency is one of the oldest and commonest codified modes of social interaction." The principal-agent theory which is widely used in economics has also been borrowed from legal language where it is used to denote a contractual relationship between two parties. According to Ellerman (2006: 26) "the theory is about how a 'principal' can design contracts and organisations or institutions with the appropriate carrots and sticks so that by following their own interests the 'agents' will do the principal's bidding." Essentially, in development intervention, two main actors are usually identified: a principal and an agent (see Ross, 1973; Lewis, et al, 1989; Ellerman, 2006). Ross (1973: 134) views this relationship as a contractual arrangement where "one designated as the agent, acts for, on behalf of, or as representative for the other, designated the principal, in a particular domain of decision problems." This notion of a contractual arrangement between two actors is increasingly being used to analyse various forms of relationships and interactions between different actors in various social arenas.

In recent times, the principal-agent theory has been applied to the study of development interventions in the developing world. One of such classical examples is the work of Ellerman (2006) who used the principal-agent theory to analyse donor interventions in the developing world. In his work, Ellerman (2006: 100) conceptualises development intervention as a

relationship between two actors or set of actors: “an external development organisation (the helper) trying to promote economic development in a less-developed country (the doer).” Thus, in applying the principal-agent approach to the study of development interventions, Ellerman (2006) conceives of the external development organisation as the principal and the less developed/recipient country as the agent.

From the perspective of the principal-agent theory, the relationship between two actors, principal and agent is driven by incentives. In this relationship, the ‘helper’ tries to influence or induce the ‘doer’ to act in a manner that is pleasing to the former through an appropriate incentive scheme like aid. In other words, incentives are the tools that drive the engagement between the principal and the agent. As Lewis and Sappington (1989: 294) note “virtually all of the analyses in the literature are structured so that the agent has a systematic incentive to always overstate and understate his private information.” In the principal-agent relationship, a key assumption is that “left to their own devices, agents cannot be trusted to act in the manner desired by the principal, so an incentive structure must be externally applied to redirect and channel the agents in the desired manner” (Ellerman, 2006: 27). It is thus believed that in development interventions, developing countries are often given various forms of development assistance to do the bidding of the donors. It is in line with this thinking that Stockmayer (2005: 68) argues that “increased aid flows will necessarily lead to substantive changes in incentives and, above all, in relations of power and influence given the concomitant changes in structures and relations that shape the political process.” Thus, in the relationship between donors and recipients, the actions of the latter are said to be socially engineered by the former through incentives.

Understanding intervention therefore requires an analysis of the structure of relationship between the actors in a given arena of action. As Ellerman (2006: 100) argues “the economic theory of agency is one of the most sophisticated forms of the social engineering approach to human affairs, so it is worthwhile to examine it in a development context.” In development intervention, the donor (principal) is often seen as the one that sets the agenda for the recipient (agent). As Lewis and Sappington (1989: 294) plainly point out, “the task of the principal is to design an incentive scheme to motivate the agent to operate in the best interests of the principal.” This suggests that the action of the recipient is patterned by the donor. This manifests in different forms. For instance, as Mongbo (1995: 96) points out, reliance on external aid provides grounds for the external actors to exert influence over local affairs, including “the actual design and implementation of development policies.” Thus, in the view of Mongbo (1995: 117), one cannot fully grasp the subject of intervention and its process without first understanding the important role played by donor agencies in the “allocation of means and in the making of the language and rhetoric used in development intervention.” This presents a picture of a situation where developing countries design and implement policies and

programmes to please donor agencies. In other words, the motivation for the design and implementation of certain development policies in the developing world often come from the donor agencies and not from the developing countries.

However, this notion of 'agents' as people or organisations always acting in the interest, or doing the bidding of the principal has been disputed (see Giddens, 1984; Sewell, 1992; Long, 2001; Llewellyn, 2007; Leftwich, 2010). For instance, although Long (2001) believes in the notion of 'intervention', he does not see the agent as merely occupying a subservient position or always acting in the interest of the interventionist(s). For Long (2001: 17), development interventions are thus nothing, but "strategic weapons in the hands of those charged with promoting them [...] Yet the battle never ends, since all actors exercise some kind of 'power', leverage or room for manoeuvre, even those in highly subordinate positions." This perspective or view of agents by Long (2001) gives an interesting dimension to the notion of agents. While the other authors (Ross, 1973; Lewis and Sappington, 1989; Ellerman, 2006) see agents as people or organisations merely carrying out instructions from the principal, Long (2001) sees agents as people or organisations with the power to undo things or act contrary to the principal's wish. In this respect, agents and principals are 'equal' actors who can engage in a given action arena.

Conceptually, 'agents' in simple terms refer organisations, individuals or groups of people who have the capacity to get things done. Leftwich (2010: 96) defines agency as "the capacity of agents, including individuals, groups, organisations and coalitions to shape their environment." Similarly, Sewell (1992: 20) notes that to be an agent means "to be capable of exerting some degree of control over the social relations in which one is enmeshed, which in turn implies the ability to transform those social relations to some degree." According to Sewell (1992: 20), "a capacity for agency – for desiring, for forming intentions, and for acting creatively – is inherent in all humans." Further, Llewellyn (2007: 133) defines an agent as "a person with the capability to pursue a project." What is interesting or worth noting in these definitions is the assertion by the authors that agents have the capacity or power to act, and even to the extent of transforming their environment. Also, agents have the capability to undertake a project. An agents or agency thus has the power to transform an existing condition and is always desirous to do so. This notion of agency by Leftwich (2010), Sewell (1992), and Llewellyn (2007) confirms the view held by Long (2001), and runs counter to the view held by Ross (1973), Lewis and Sappington (1989), as well as Ellerman (2006).

Agency is the central point around which socio-economic interventions revolve. As such, any attempt to analyse or understand local economic development promotion must carefully focus on the role of agency in that endeavour. According to Long (2001: 16) the subject of 'human agency' is a "meta-level theory that lies at the heart of any revitalised social actor paradigm and

forms the pivot around which discussions aimed at reconciling notions of structure and actor revolves.” The centrality of ‘agency’ in local economic development promotion cannot be overemphasised. But as Leftwich (2010: 94) points out, “researchers and policy makers have tended to look for, and find, institutional and structural explanations for developmental successes and failures and for the rise and fall of developmental states, when we should also (but not only) have been looking at the agential factors that have crafted the very different kinds of developmental strategies and states in different parts of the world.” According to Leftwich (2010: 95) “if we are to understand how effective developmental strategies and states have been devised and implemented (or not, as the case may be), and whether new examples and forms may yet emerge, we need to give much more attention in both analytical work and policy terms to human agency – that means the politics of development.” As such, an analysis of local economic development promotion should focus on analysing the actions, capacity, and willingness, and performance of actors playing the role of agents (District Assemblies) in the structure of relationships that characterised the intervention process.

In development interventions, some actors aside the principal and agents also assume the role of ‘mediators’. This group of actors mediate between the principal and the agent. This group of actors serve as “spokespersons on behalf of technical-scientific knowledge and popular knowledge” (Sardan, 2005: 169). In the context of development intervention, Sardan (2005: 170) notes “mediation must take place, whether in good or in adverse conditions, with its corollary of misunderstanding, slippages or distortions of meaning.” Mediators are also sometimes called interpreters, (Sardan, 2005: 170). Sardan (2005: 172) see mediators to be playing three contradictory roles: “defending their personal interests; defending the interest of their institutions; and mediating between various actors’ interests and those of local fractions.” In conceptualising the ongoing promotion of local economic development in Ghana as an intervention practice, one can see a set of actors playing this mediatory role. For instance, central government agencies mediate between the international development agencies who are the initiators or promoters of contemporary local economic development practices and the District Assemblies who are implementers of LED initiatives. As mediators between LED discourse and practice, the role of central government agencies needs closer examination for a better appreciation or understanding of how the contemporary local economic development approach is promoted in the country.

### **2.3.2 Local Economic Development Intervention as an Outcome of Interaction between and Amongst Actors, Strategies and Structures**

From an actor-oriented perspective, intervention is not merely a top-down implementation of policies or planned programmes. It is an interaction where “planned interventions” are shaped



by the local actors, herein referred to as agents. Thus, the focus or aim of an intervention analysis has been well articulated in the following terms:

“The problem for analysis ... is to understand the processes by which external interventions enter the life-worlds of the individuals and groups affected and thus come to form part of the resources and constraints of the social strategies and interpretive frames they develop [...] The concept of intervention, then, needs deconstructing so that it is seen for what it is – an ongoing, socially-constructed, negotiated, experiential and meaning-creating process, not simply the execution of an already-specified plan of action with expected behavioural outcomes [...] It is important, then, to focus on upon intervention practices as shaped by the interaction among the various participants, rather than simply upon intervention models....” (Long, 2001: 25-26).

Essentially, the promotion of local economic development can be viewed as a process-oriented activity where various actors, - external and internal, principal and agents, and the like engage or confront each other in its organisation and implementation. As depicted in Figure 2.1, the promotion of local economic development in Ghana goes through many processes, including policy formulation, planning, setting up institutional arrangements for its promotion and the mobilisation of actors among other things. In these processes, the worldviews of the various actors are likely to diverge. Thus, in the view of Long (2001: 27), analysing planned interventions entailed a careful examination of the “interactions that evolved between local groups and intervening actors.” This is so because “intervention is an ongoing transformational process that is constantly re-shaped by its own internal organisational and political dynamic and by the specific conditions it encounters or itself creates, including the responses and strategies of local and regional groups who may struggle to define and defend their own social spaces, cultural boundaries, and positions within the wider power fields” (Long, 2001: 27). This is why an actor-oriented approach recommends interface analysis which “explores how discrepancies of social interest, cultural interpretation, knowledge and power are mediated and perpetuated or transformed at critical points of linkage or confrontation” (Long, 2004: 16). This also justifies the choice of a case study research design for this study. “Case studies often include the analysis of divergent interests and aspirations formulated by different agents, stakeholders or interest groups with respect to the current state or the future development of a case” (Scholz and Tietje, 2002: 197). It is thus of interest to understand the meaning and value that the various actors attach to intervention practices or processes as well as the positions they take or the actions they pursue, and how these affect or influence the intervention outcomes. The analysis focuses on areas of dissent among the various actors, and strategies or actions the actors adopt in such action arenas.

The analysis also entails looking at the organising practices and strategies of the actors. This implies a concern for how various actors or parties organise themselves around the problems of conceptualising and promoting the local economic development approach, (see Long, 2001: 26). It entails how the actors engage each other over a common problem. In this respect, the organisation of local economic development is thus viewed as “a complex set of social practices....” (Long, 2001: 26). According to Long (2001: 26) “using the notion of intervention practices allows one to focus on the emergent forms of interactions, procedures, practical strategies and types of discourse, cultural categories and sentiments present in specific contexts.” In addition, such analysis also entails investigating the methods and processes adopted by the various actors to promote local economic development or pursue their interest in the intervention process.

Basically, local economic development promotion is partly a set of initiatives to realise an intended outcome. The promotion of local economic development can also be seen as an intervention involving a number of actors; each of whom devises personal or practical strategies in line with its interest and role in the process (Long, 2001; Sardan, 2005). This means that at any point in time, the promotion of local economic development and its resultant outcome is shaped by the practical strategies of the actors involved in its promotion. As Long (2001: 25) notes, the direction and outcome of planning or intervention is constantly being shaped by the “discursive and organisational strategies” deployed by actors involved in the process. These strategies could be the exercise of leadership like the mobilisation of actors for the effective promotion of local economic development. It could also take the form of implementation of specific initiatives or the deployment of certain instruments to achieve a goal. For a better understanding of local economic development promotion and practice, it is thus necessary to analyse the practical strategies adopted by the actors in its promotion in a given location.

Finally, it requires the identification and analysis of the structures that enable or constrain local economic development promotion. Knowledge of the wider structural factors or phenomena is essential “since many of the choices perceived and strategies pursued by individuals or groups will have been shaped by processes outside the immediate arenas of interaction” (Long, 2001: 27). Structures here are also viewed through the lens of political economy of development. This is so because the design and implementation of local economic development initiatives at the district level in Ghana is “structured by the larger arenas of economic and political power relations” (Long, 2001: 27). As Leftwich and Sen (2010: 24) argue, “the way organisations interact with each other and with the institutional context is the essence of the politics and political economy of growth and poverty reduction, for organisations and informally organised interests play a key role in the politics of institutional formation, implementation and change.” The evolution of local economic development as a development strategy, and the design and

implementation of programmes to promote economic activity requires leadership on the part of the political agency. But these are shaped by structures. In other words, interventions are shaped not only by actors alone, but also by structures. This means that beyond actors or agents, structures are key determinants of a successful intervention.

The structure-agency interaction, initially advanced by Giddens (theory of structuration, 1979) has been re-activated in recent times, and now used to analyse cases outside the subject domain of sociology and anthropology. As Leftwich (2010: 94) argues, “though it is seldom now addressed in mainstream political science, and even less so in development studies, the ‘structure-agency’ question remains one of the most important and longstanding problems in the social sciences.” Structures take different forms:

- Structure refers to material circumstances – for instances whether a country was primarily tropical or temperate, landlocked or insular, mountainous or desert, large or small, and also its resource endowments.
- Second, structure may also consist of the external geopolitical contexts and the formal and informal institutional arrangements and the distribution of powers which constitute them.
- Finally, there are formal institutions of rule – laws, rules and regulations – governing economic, political or social life, (Leftwich (2010: 96).

According to Leftwich (2010: 94), the structure-agency problem concerns the key issue of how socioeconomic and political behaviour is explained. The structure-agency question thus constitutes a useful analytical framework for the subject under consideration as it touches both sides of the coin. It does not only explain the importance of either structures or agency, but the interactions between them, and how their interactions shape a given phenomenon. The successful promotion of local economic development is largely dependent on the actions of a political agency like a local government authority; but the capacity of a given local government authority to do so is largely dependent on how the existing structures enable or constrain the actions of this political agency. Agents according to Sewell (1992: 27) are empowered and also constrained by structures. This means that the capacity of agents to act or effect change largely depends on the kind of environment created by structures. In this thesis, I reflect on a number of structural issues as far as the promotion of local economic development at the district level in Ghana is concern. In line with this, an analysis of Ghana’s decentralisation system and its likely implications for the organisation of local economic development at the district level is essential. Aspects of Ghana’s decentralisation such as decentralised planning and district development financing in particular were critically examined. Equally, the institutional, economic, and other forms of human factors that affect the promotion of local economic

development interventions or the activities of LED target areas like micro and small enterprises in the districts are closely examined.

## **Conclusion**

In this chapter, I explored the various meanings and traditions of local economic development. The discussion shows that the concept of local economic development is evolving as a development strategy. From an initial conception as an output in terms of growth or expansion of economic activities and employment opportunities, local economic development is emerging as an alternative development strategy. Local economic development has featured directly or indirectly in mainstream development discourses over time, in terms of its conception, strategies and promotion as well as changes in the organising actors. The discussion on mainstream development thought reveals that contemporary LED discourse and practice are rooted in mainstream development theory/discourse. In other words, it is through mainstream development theory that contemporary LED discourse and practice are structured and promoted. For instance, under the neoclassical and Keynesian economic discourse, the state was the main actor of economic development at all levels of society. Under the neoliberal regime on the other hand, the actors of (local) economic development changed. Local economic development promotion at this period became the responsibility of local governments and private sector actors. Private sector participation in economic governance/management was also promoted nationally. The period of neoliberal reign witnessed a reduction of the economic role of the state, and the opening up of national economies through the implementation of market-oriented structural reform programmes prescribed by the Bretton Wood Institutions. Globalisation came in as an extension of neo-liberalism resulting in further opening of national economies to the wider global market. Under the globalisation discourse, the concept of competitiveness became a key word. The concept of competitiveness has since become a key instrument/tool of local economic development promotion as contemporary LED interventions seek to create competitiveness in local enterprises or economic activities and locations. Globalisation continues to present a basket of socio-economic opportunities and challenges to people, businesses and locations. As these mainstream development discourses continue to shape the conception and practice of local economic development, the LED concept/approach will eventually evolve as a mainstream development theory on its own right.

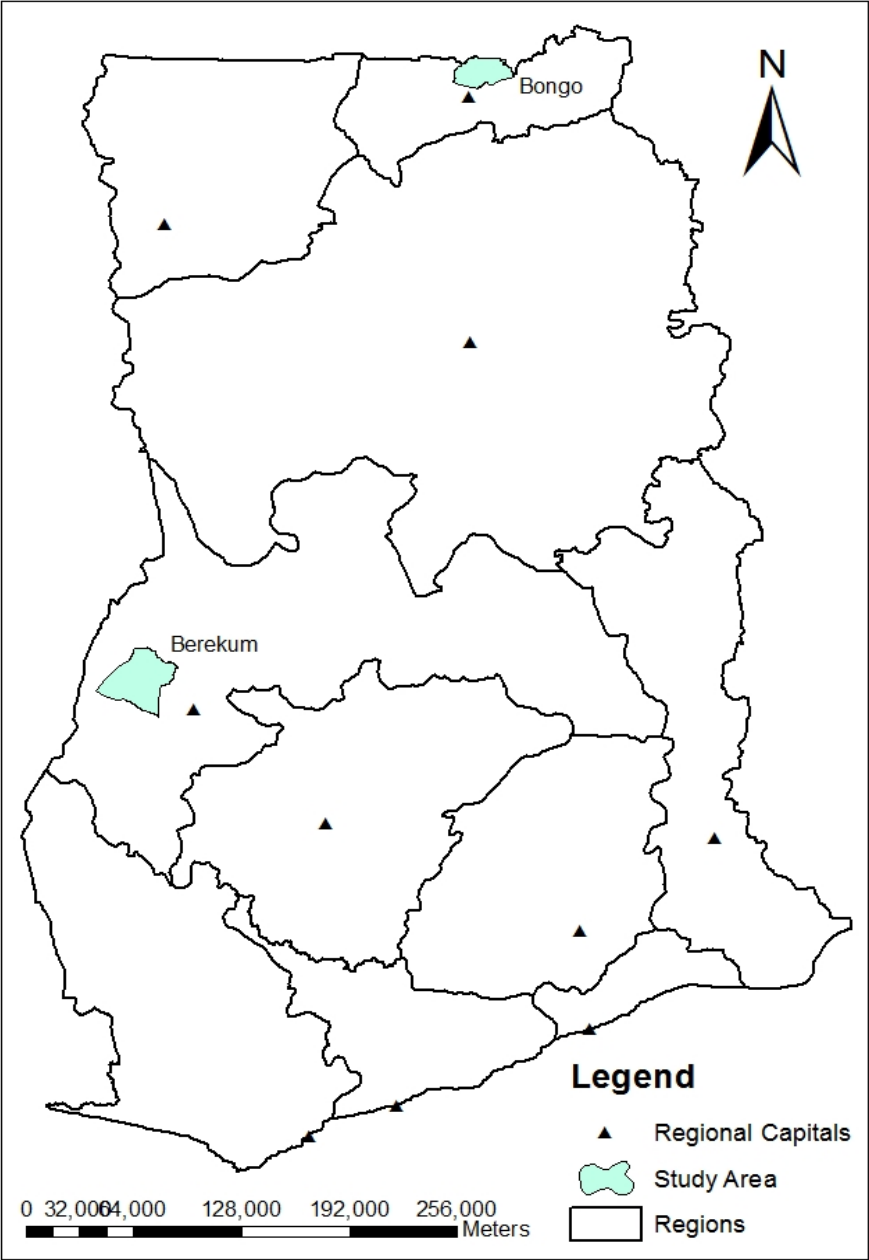
## **Chapter Three**

### **3.0 Study Areas in Context**

This chapter seeks to put the study districts in perspective. It describes the physical, social, political and economic characteristics of the two study districts. By putting the study districts in context, the chapter provides a great deal of information about the setting within which local economic development is organised or implemented. Starting with the physical characteristics of each district, the chapter describes the location, resource base, vegetation and climatic conditions of each district. There is also a section describing the demographic characteristics of each district. In this chapter, a closer look is taken on the provision of social services of each district, particularly in the areas of education and health, which has been the preoccupation of District Assemblies in Ghana over the years. The chapter also examines the nature and constituent elements of the district local economy. Finally, the chapter presents the political and administrative set up of the districts. The data and information used for this chapter are largely drawn from the 2010 Medium-Term Development Plans of the Bongo District Assembly and the Berekum Municipal Assembly. This is complemented by information gotten from direct observation, interviews and more documentary analysis.

Districts are spatial entities where political authority at the sub-national level is exercised. In Ghana, the ten administrative regions are sub-divided into a number of administrative districts. The districts are politically constituted into District Assemblies. Each District Assembly is headed by a District Chief Executive. As extensively discussed in this thesis, the District Assemblies are responsible for the socio-economic development of their respective districts or local communities. As such, districts in Ghana have become sites of development intervention and research.

Figure 3.1: Map of Ghana showing the two Study Districts

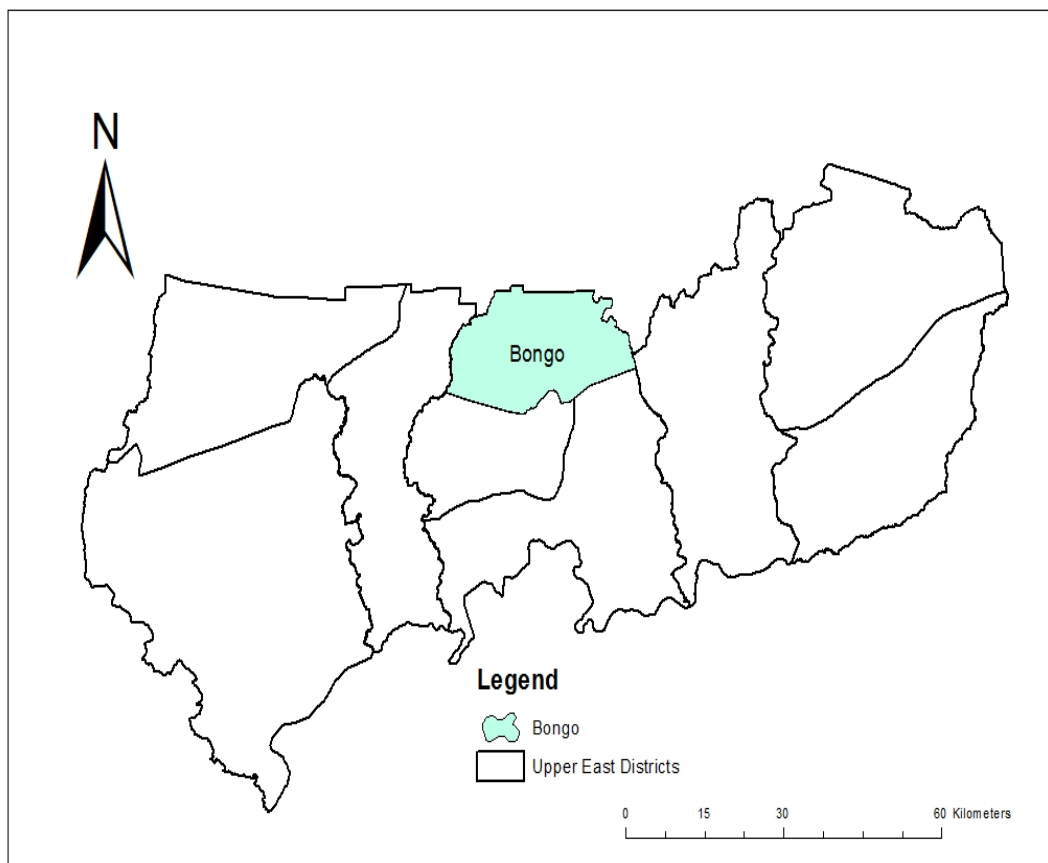


Source: Author's Construct

### 3.1 Bongo District in Context

The Bongo District is one of the thirteen (13) administrative districts in the Upper East Region of Ghana. The Bongo District was created out of the then Bolgatanga District (now Bolgatanga Municipal) in 1988 following the implementation of Ghana's comprehensive decentralisation programme that year. Located between longitude  $0.45^{\circ}$  W and latitude  $10.50^{\circ}$  N, the district covers a total land area of 459.5 square kilometres. The Bongo District shares boundaries with Burkina Faso to the North and East, Kassena-Nankana West and East Districts to the West and the Bolgatanga Municipal to the South (see Bongo District Assembly, 2010).

Figure 3.2: Map of Upper East Region of Ghana showing the Bongo District



Source: Author's Construct

The District has a flat low lying landscape interspersed with outcrops of granite and Birimian rocks. The rock formation in the District presents options for tourism development and the setting up of quarries, but the Bongo District Assembly is yet to tap this potential. The District is drained mainly by the Atankuidi, Yaragatan-Atanure, and the Red Volta with its tributaries namely Ayedema and Kulumasa. The district lies within the Guinea Savannah belt. The district experiences two seasons – a dry season occurring between November to April, and a rainy season occurring between May to October. Mean monthly temperature is about 21<sup>0C</sup>, with rainfall values ranging between 600mm to 1400mm per annum. The evaporation rate is as high as 168 cm per annum. The short and poor rainfall pattern in the district negatively affects agricultural activities in the district. Not only are crop yields said to be declining, some fields are not usually cultivated largely because of the erratic nature of rains at the beginning of the cropping season. During the long dry season, the district often comes under the influence of the dry, dusty harmattan winds. Water bodies in the district also dry up during this long dry season, thus reducing their capacity to support vegetable production and livestock watering.

Soils in the Bongo District are said to be made of about 3 inches of very slightly human stained, crumbly coarse sandy loamy overlying reddish brown, fine blocky, very coarse sandy loamy containing occasional incompletely weathered feldspar particles. The soils are mainly derived from granite, sandstone and greenstone. The soils are said to be declining in fertility and subjected to erosion during the rainy season. All the three main forms of erosion – sheet erosion, gully erosion, and rill erosion are present in the district. This is said to be negatively affecting agricultural production and productivity in the district. The degraded or poor nature of the soils couple with the high population density in the district is also compelling some farmers to encroached forest belts and river banks in an attempt to expand their farmlands. This practice is contributing negatively to the depletion of forest belts and the siltation of river basins in the districts, particularly the Red Volta and White Volta Basins. The physical environment in the Bongo District is subjected to constant destruction by human activities such as intensive farming, overgrazing, and constant felling of trees and shrubs which is not matched by an equal measure of tree planting efforts in the district.

### **3.2 Demographic Characteristics**

Results of the official national census conducted in 2000 put the population of the Bongo District at 77,885 people. Based on a growth rate of 2.8% provided by the 2000 Population and Housing Census Report, the population of the district was estimated by the Bongo District Assembly to be 99,890 people in 2009, with a density of 217 persons per square kilometre. The 2009 projections also put the male population of the district at 46,548 (46.6%), with a female population of 53,340 (53.3%). The 2009 population estimates present a picture of a growing population in the Bongo District.



Table 3.1: Age Distribution of the Bongo District

<b>Age Group</b>	<b>Absolute Population</b>	<b>Percentage (%)</b>
<b>1 – 14</b>	44,841	44.8
<b>15 – 44</b>	33,229	33.2
<b>45 – 64</b>	14,913	14.9
<b>65 and above</b>	6,906	6.9

Source: Bongo District Assembly, 2010

The population distribution presented in Table 3.1 shows that the Bongo District has a youthful population. As shown in Table 3.1, about 44.8% of the population in the district is below 15 years. The large youthful age group suggests a high birth rate in the district. Although the youthful nature of the population presents prospects for labour, it equally presents problems to the Assembly in view of the limited economic opportunities in the district. For instance, not only is agricultural land in the district limited, its fertility is also on the decline. At the same time, off-farm economic activities in the district are limited and less developed. The age distribution as shown in Table 3.1 also presents a picture of high dependency ratio in the district. As can be seen from Table 3.1, more than half of the population falls within the dependency age group (i.e, below 15 years and above 64 years).

The settlement pattern in the district is largely rural, with Bongo, the district capital as the major settlement. Other relatively bigger settlements in the districts are Namoo, Soe, Zorko, Kanga and Beo. The average household size in the district ranges between 5-10 persons. The Grushies (Frafra) constitute the main ethnic group in this district. People in the district live in various types of dwellings, including compound houses, detached and semi-detached houses. According to the 2000 Population and Housing Census Report, about 58.9% of the people in the Bongo District live in compound houses. Aside the government quarters in Bongo town and Gowrie, only a very limited number of modern private flats and apartments can be found in the district. This partly depicts the high incidence of poverty in the district, and the desire of some of the wealthy citizens of the districts to build their houses in cities like Bolgatanga. It is however expected that this trend will change in the near future; where inhabitants of the District would eventually put up decent housing units in the area.

Migration is a common phenomenon in the Bongo District. Although there are no official statistics on migration and its effects on the demography of the district, emigration is a widespread phenomenon in the district. In assessing the migration trends in the district as part of analysis for the formulation of the District Medium-Term Development Plan (2010-2013), the Bongo District Assembly, though unable to provide official statistics, acknowledged that emigration is pronounced in the district (see Bongo District Assembly, 2010). Nearly all categories of people in the district – men and women, the youth and the middle-aged, married

and singles, as well as the educated and the uneducated emigrate. According to the 2008 Ghana Living Standards Survey report, in-migration in the Upper East Region where the Bongo District is located is very low (see Ghana Statistical Service, 2008). This means that majority of the people in the Bongo District and other districts in the region who migrate move outside the Upper East Region.

The destination regions for migrants from the Bongo District are the Northern Region, the Brong Ahafo Region, the Ashanti Region, and the Greater Accra Region. The married women in the Bongo District are said to be migrating largely to the Northern Region, particularly during the harvest season where their labour is needed in the farms. After engaging in the farm work, these women often receive cash payment as well as some payment in kind, in the form of millet, corn, and guinea corn. The men on the other hand mainly migrate to the southern half of the country where majority of them also find jobs as farm labourers. The youth including Junior and Senior High School leavers on the other hand mostly migrate to big cities and towns where they work as potters, meat sellers, cleaners, and canteen assistants or seek educational opportunities. The well educated citizens of the district also migrate mainly to the cities and big towns in search of 'white-collar' jobs. Migration is said to be a temporal or short-lived exercise, particularly among the married men and women. It is however, a routine exercise as many of these people migrate almost at a specific time period every year. Except in cases where people in the district move out to pursue higher education, majority of the people in the district migrate for economic reasons – in search of jobs or income opportunities.

### **3.3 Social Services**

The provision of social infrastructure and services has been the main preoccupation of the Bongo District Assembly since its creation in 1988. The two main social services that have attracted the attention of the Bongo District Assembly over the years are education and health. Education in the Bongo District is however limited to pre-tertiary education. The highest educational institution in the district is Senior High School/vocational institute. The Bongo District Assembly has worked tirelessly over the years to promote pre-tertiary education in the district. The Assembly together with the central government, the catholic church and private individuals have been able to put up a couple of basic schools in the district. As shown in Table 3.2, the district can boast of 63 kindergarten and 63 primary schools. The district can also boast of three Senior High Schools located in Bongo town, Gowrie and Zorko, and one vocational institute near Bongo town.

Table 3.2: Educational Institutions in Bongo District

School/level	Public	Private	Total
Kindergarten	63	2	65
Primary	63	2	65
Junior High School	33	1	34
Senior High School	3	-	3
Vocational/Technical School	1	-	1
<b>Total</b>	<b>163</b>	<b>5</b>	<b>168</b>

Source: Bongo District Assembly, 2010

The effort of the District Assembly in the provision of educational infrastructure received considerable support from World Vision International, an international non-governmental organisation. In a tour around the district, it is common to see school blocks with sign posts indicating that they have been built by World Vision International. The support from this international non-governmental organisation has helped the Assembly to construct basic schools in various parts of the district. From Table 3.2, one can also notice some level of private sector involvement in the provision of education. This is however still limited. One major challenge facing the educational sector in the district is the inadequate number of teachers. Currently, the teacher-pupil ratio at the primary and Junior High School is 1:62 and 1:31 respectively. This is high compared to the national average of 1:35 for primary and 1:22 for Junior High School. The consequence of this is the declining performance of students in the Basic Education Certificate Examinations (BECE) over the years. According to the Bongo District Assembly, percentage performance of students who sat for the Basic Education Certificate Examination has consistently been declining since 2006: from 45.9% pass in 2006 to 39.4% pass in 2007, down to 35.9% pass in 2008, and then to 30.1% pass in 2009 (see Bongo District Assembly, 2010). This shows that the promotion of education in the district hardly goes beyond the provision of school infrastructure which has been the pre-occupation of the Assembly over the years. In recent times however, the Assembly has been sponsoring Senior High Schools leavers to Colleges of Education to be trained as teachers for the district.

In terms of health, the Bongo District can boast of one hospital, four health centres, two clinics and twelve functional Community-based Health Planning and Services (CHPS) Zones as well as sixty-three outreach centres. The district also has ten feeding centres and one rehabilitation centre. What can be observed at the district level in recent times is the establishment of Community-based Health Planning and Services (CHPS) Compounds. Not only are the CHPS Compounds easy to establish as compared to the clinics and health centres, they also encourage community participation in health delivery at the community level. The CHPS Compounds are intended to improve access to health services and health care at the

community level. However, despite the existence of these facilities, health infrastructure in the district is still inadequate. The single hospital in the district is often overcrowded with patients, and needs expansion. Similarly, although the District Health Directorate divided the district into 36 CHPS Zones to improve access to health care, the Assembly has been able to construct only 12 CHPS Compounds in these zones.

Table 3.3: Reported Malaria Cases in Bongo District

<b>Incidence/Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Total Out Patient Attendance</b>	38,553	58,118	70,827
<b>OPD Attendance due to Malaria</b>	20,027(52%)	28,197(48.5%)	35,751(50.5%)
<b>Total Admissions</b>	3,638	3,815	3,961
<b>Malaria Admissions</b>	1,300(35.7%)	2,045(54.6%)	2,215(56%)
<b>Total Deaths</b>	61	115	136
<b>Malaria</b>	30(49%)	59(51.3%)	64(47%)

Source: Bongo District Assembly, 2010

Despite the health delivery efforts of the Bongo District Assembly, which has been supported by central government and donor agencies, the district is still confronted with a number of preventable diseases. For instance, the incidence of malaria still remains a big health threat to people in the district. As shown in Table 3.3, malaria alone accounted for 50.5% of total outpatient department (OPD) cases in the district in 2009 (see Bongo District Assembly, 2010). Similarly, 51.3% of reported deaths in the district in 2008 were caused by malaria. This demonstrates the concentration on curative health at the expense of preventive health in the district. Inadequate staffing in the existing health facilities is also a common phenomenon in the district. The district has only 3 doctors, two of which are Cuban doctors. This presents a doctor-patient ratio of about 1:33,296 as at 2009. The nurses and other health professionals are also said to be fewer than required. This does not present a picture of a good health delivery system in the district.

### **3.4 The Local Economy**

The local economy is composed of four main sectors: agriculture, commerce, industry, and service (see Bongo District Assembly, 2010). Commerce in the district is characterised by petty trading. In terms of employment, the agricultural sector is the main employer. However, in the Bongo District, it is a common phenomenon to find some people engaged in almost all these sectors, as a means of diversifying their livelihood schemes. Petty trading in the district is propelled by the three-day market cycle that takes place in almost every community in the district. The major marketing centres in Bongo District include the Bongo Market, the Soe

Market, the Zorko Market, and the Beo Market. There is also cross-border trade between the people of the Bongo District and the inhabitants of some communities in neighbouring Burkina Faso. The Yelwongo market in neighbouring Burkina Faso is the most patronised market centre in the cross-border trade. Commodities traded in these markets are usually food or food related items such as millet, sorghum, beans, groundnuts, vegetables, shea nuts and shea butter, poultry birds, clothes, and other personal effects (see Bongo District Assembly, 2010). Women are the dominant group in commerce or petty trading.

Industrial activities in the district are less developed. This is the general trend in Ghana, where people in rural districts are largely engaged in agricultural activities; whilst their counterparts in the urban areas are largely engaged in non-agricultural activities (see Ghana Statistical Service, 2008). Nonetheless, there are various forms of industrial activities in the rural districts. Industrial activities in the Bongo District are currently limited to such local domestic activities as shea butter processing, groundnut oil extraction, dawadawa processing, pito brewing, and rice parboiling, as well as the handicraft industry that entails basket weaving, smock weaving and rope making. The service sector is also less pronounced in the district. According to the 2008 Ghana Living Standards Survey report, there is a high proportion of public sector employees in the urban areas than in the rural areas where majority of the people are engaged in the agricultural sector (see Ghana Statistical Service, 2008). Teachers, health workers and staff of the District Assembly are the main groups of people in formal employment in the Bongo District. Currently, it is only the Bongo Rural Bank which was established in 2009 that provides banking services in the district. The communication sector is also growing in the district; making the sale of mobile phone recharge cards a business for some people. As pointed out earlier, tourism in the district is not explored although potentials exist. The notable tourist sites or activities that could be promoted in the Bongo District include, the Vea Irrigation Dam and Water Treatment Plant, the beautiful rock formations such as the Aposerga and Azudoo rocks near Bongo town, the footprints of the Apasepanga the ancient warrior near Bongo town, the Avea Masera crocodile pond, as well as the beautiful baskets, hats, smocks and leather works produced in various parts of the district (see Bongo District Assembly, 2010).

Agriculture employs more than half of the labour force of the Bongo District. It is estimated that close to 90% of the people in the district are engaged in the agricultural sector (see Bongo District Assembly, 2010). The main agricultural activities in the district are crop farming, livestock and poultry rearing. Like other areas in the rural savannah, livestock rearing is common in the Bongo District. Cattle, donkey, sheep, goat and poultry are raised in the district. Fishing in the district is limited only to the Vea Dam. The main crops cultivated in the district are millet, sorghum, groundnuts, rice, and soya beans. It has been observed that maize farming is also picking up in the district, as a result of the changing rainfall pattern in the area. According to the 2008 Ghana Living Standards Survey report “while cocoa and maize are the two most

important cash crops in the forest zone, accounting for 95 percent of its total harvest value of crops, groundnut and maize account for 59 percent of total crop harvest in the savannah zone [...] Overall, the savannah zone accounts for about half (50%) of the crops harvested, but less than one third (26%) of total value of sales” (Ghana Statistical Service, 2008: 75). This means that in areas like Bongo, agricultural production is largely for household consumption than for market or income. Agricultural activities in the Bongo District are supported by the Vea Irrigation Scheme, one of the few large scale irrigation schemes in Ghana. It is estimated that about 2000 farmers in and outside the Bongo District cultivate the 850 hectares of land irrigated by the Vea Dam (see Bongo District Assembly, 2010). The District also has about nine small dams and five dug-outs located in Bongo, Soe-Yidongo, Zorko, Balungu, Namoo, Adaboya, Akulmasa and Gorogo. Aside the food and meat, the farmers earn their income through the sale of crops, animals and poultry birds. Although agriculture is the mainstay of the local economy, its potential is severely limited by poor soils resulting from intensive farming and bad farming practices, and erratic rainfall. The District currently experiences five months of variable rainfall, with seven months long dry season. Nearly 40% of the cultivable land in the District is also occupied by rocks (see Bongo District Assembly, 2010). The rocky nature of the land, couple with the high population density makes agricultural land scarce in the district. Agricultural production in the district is also affected by limited extension services. This negatively affects food security in the district, which is already one of the poorest districts in the country.

### **3.5 Political and Administrative set up of the Bongo District**

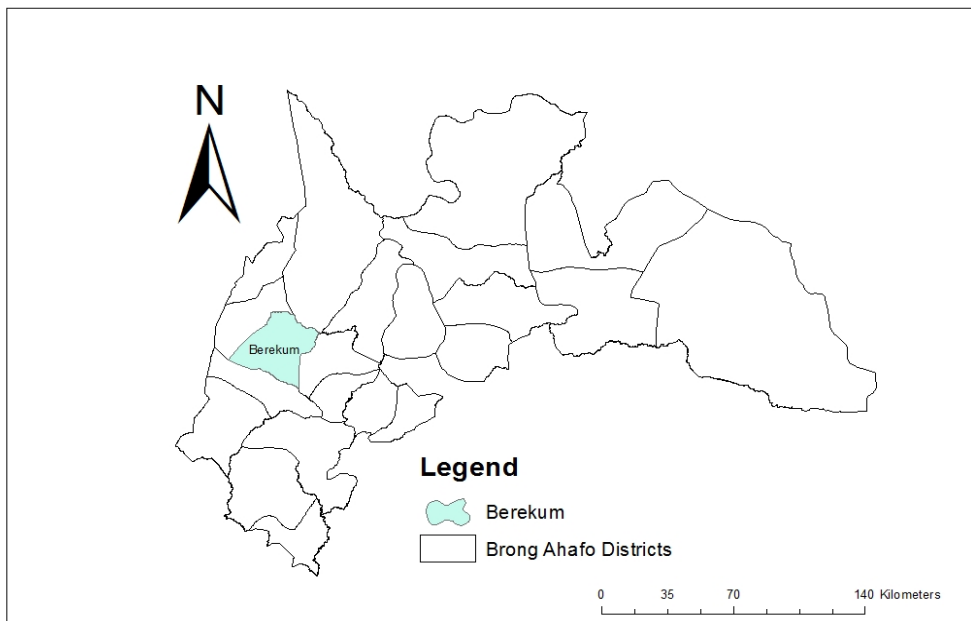
The District Assembly is the highest political body in the district. Established in 1988 under Legislative Instrument (LI 1446), the District Assembly is the highest decision making body charged with the responsibility of promoting political and socio-economic development in the area. The District Assembly has a District Chief Executive as the political and overall head of the district. The Assembly is made up of fifty-four (54) Assembly members. In furtherance of the decentralisation programme, the Bongo District has been sub-divided into seven (7) Area Councils. The district also has fifty-one Unit Committee members at the community level as part of efforts to promote participation in decision making. The Bongo District Assembly also has a number of decentralised departments and agencies including the District Agricultural Development Unit, the Ghana Education Service, the Department of Social Welfare, the Department of Community Development, the Department of Town and Country Planning, and the Information Services Department among others, which assist the Assembly to deliver its development agenda. Although these agencies have operated as line agencies for their parent ministries, efforts are being made under the new decentralisation policy to mainstream them into the District Assembly system.

The paramount chief of Bongo (Bonaba) is the head of the traditional political structure in the district. Under the paramount chief are eleven (11) divisional chiefs and thirty-one sub-chiefs. This group of actors perform traditional political functions including the settlement of disputes and the organisation of festivals. There are also earth priests who offer sacrifices on behalf of the chiefs and people to the 'gods'. In recent times, efforts are being made by the District Assemblies to collaborate effectively with the traditional authorities in development decision making in various ways including participation in community fora.

### 3.6 Berekum Municipal in Context

The Berekum Municipal Assembly is one of the 27 districts in the Brong Ahafo Region of Ghana. Berekum Municipal lies between latitudes  $7^{\circ}15'$  South and  $8.00^{\circ}$  North, and longitudes  $2^{\circ}25'$  East and  $2^{\circ}50'$  West. The Berekum Municipal shares boundaries with Wenchi Municipal to the Northeast, Jaman District to the Northwest, Dormaa Municipal to the South, and Sunyani Municipal to the East (see Berekum Municipal Assembly, 2010). The Berekum Municipal covers a total land area of 1,635 square kilometres. The Municipal capital, Berekum is 32km away from the Regional capital, Sunyani, and 437km away from the national capital, Accra.

Figure 3.3: Map of Brong Ahafo Region of Ghana showing the Berekum Municipal



Source: Author's Construct

The Berekum Municipal lies within the semi-deciduous forest zone. The area experiences double-maxima rainfall, ranging between 1275mm to 1544mm per annum. The main rainy season is between May and June, while the second and minor rainy season occur between September to October. The dry season here lasts from December to March, but it is not rare to experience some amount of rainfall during this period. The Berekum Municipal abounds in a lot of natural resource endowments with timber as the most exploited species. Timber species in the Berekum Municipal have been exploited in commercial quantities. This has made the Municipality attractive to both large and small scale wood producers. The Municipality is home to some of the major large scale wood processing industries in the region, such as ADA Anthony, and ABTS, which process wood in commercial quantities for export and for the domestic market. It is estimated that about 10% of the labour force in the Municipality are employed in the wood work industry alone. The Berekum Municipal also boasts of gold and clay deposits. However, these resources are not properly exploited. The gold deposits, found mainly in some forest reserves in communities such as Jinijini, Domfete, Ayimom, Koraso, Namasua, and Fetentaa are currently extracted on small scale basis (see Berekum Municipal Assembly, 2010). Although the clay deposits serve as a raw material base for brick and tile industrial development, there are currently no investments in this direction.

### 3.7 Demographic Characteristics

The 2000 Population and Housing Census Reports put the population of Berekum Municipal at 93,235. In reference to the preceding 1984 official census reports that put the population of Berekum at 78,604, the population is estimated to be growing at a rate of 3.3%. This is higher than the national growth rate of 2.7%. The 2000 Population and Housing Census Reports put the population of male and female at 48.6% and 51.4% respectively. The less than fifteen years group stood at 40.4%, while the aged (over 64 years) stood at 6.8% (see Berekum Municipal Assembly, 2010). One emerging demographic feature of the Berekum Municipal is the increasing rural-urban divide depicting a growing urban population as against a declining rural population.

Table 3.4: Rural-Urban Split of District Population

Year	Rural	Urban
1960	61%	39%
2000	45.3%	54.7%
2006	40%	60%

Source: Berekum Municipal Assembly, 2010

As shown in Table 3.4, the urban population in Berekum has been on the increase. From 39% in 1960, the share of urban population in Berekum Municipal as shown in Table 3.4 increased



rapidly to 60% by 2006. The increased in urban population in the Berekum Municipal is not only accounted for by the movement of people from rural areas to the urban centres, but also by the emergence of settlements as urban centres other than Berekum. Aside Berekum, Jinijini, Senase and Kato have also emerged as urban centres. The growth of these three additional settlements contributes to the rising urban population in the Berekum Municipal. The average household size in the municipality is estimated at 4.4 persons for rural settlements and 4.1 persons in urban settlements. The room occupancy rate is also estimated at 2.8 for rural settlements and 3.1 for urban settlements. In terms of ethnicity, about 90% of the inhabitants of the Berekum Municipal are Bonos. Over 95% of the people in the Municipal are also said to be Christians (see Berekum Municipal Assembly, 2010).

### **3.8 Social Services**

Health delivery in the Berekum Municipal has been the collective responsibility of central government, religious organisations, the Municipal Assembly and private people. Currently, there are two hospitals in the Berekum Municipal; the Holy Family Hospital established by the Catholic Church, and the 'Bre-Nye Kwa' Hospital, a private hospital. Although the Holy Family Hospital which provides the highest level of healthcare in the Municipality is a Mission hospital, it has been integrated into the mainstream public health delivery system. The Holy Family Hospital in Berekum also serves as a referral hospital to people in the adjoining districts as well. Aside these three hospitals, there is a health centre in Jinijini. There are also four Public clinics located in Koraso, Mpatasie, Amomaso, and Botokrom, as well as three other private clinics in the Municipality. In addition, the Berekum Municipal can also boast of five Community-Based Health Planning and Services (CHPS) Compounds; thirty-two outreach posts, as well as seven private maternity homes. Whilst the number of health facilities in the Berekum Municipal looks encouraging, the staffing situation does not suggest an effective health delivery system.

As can be seen from Table 3.5 the staffing situation in the health facilities can best be described as poor. Apart from the Holy Family Hospital, the staffing situation in the other health facilities is nothing to write home about. Although efforts have been made to set up health facilities in rural communities in the Berekum Municipal, such facilities are poorly staffed. For instance, as shown in Table 3.5, none of the rural health facilities in the Berekum Municipal has a doctor or a professional nurse. At best, these health facilities are manned by auxiliary nurses who are not well trained enough to handle a number of reported ailments. In a situation like this, most ailments reported in these rural health facilities are often referred to the Holy Family Hospital. This does not only make the Holy Family Hospital congested, the high number of referral cases renders the seemingly impressive staffing situation inadequate. As at 2010, the doctor-patient ratio in the Berekum Municipal stood at 1:21,097, while the nurse-patient ratio stood at 1:1,551 (see Berekum Municipal Assembly, 2010).

Table 3.5: Staffing of Health Facilities

Facility	Number of Doctors	Professional Nurses	Auxiliary Nurses
Holy Family Hospital	6	64	68
Jinijini Health Centre	0	3	8
MCH/Family Planning Clinic	0	1	7
Akrofro Rural Clinic	0	0	2
Koraso Rural Clinic	0	0	3
Botokrom Rural Clinic	0	0	3
Mpatasie Rural Clinic	0	0	1
Amomaso Rural Clinic	0	0	3
Bre-Nye Kwa Hospital (private)	1	0	0
RCH Clinic/DHD	1	2	4
<b>Total</b>	<b>8</b>	<b>70</b>	<b>99</b>

Source: Berekum Municipal Assembly, 2010

Malaria is the top most reported case in the municipality. Statistics provided by the Municipal Health Directorate indicate that 42,632 outpatient department attendances in 2008 were malaria cases. This figure rose to 57,496 in 2009 (see Berekum Municipal Assembly, 2010). The high incidence of malaria in the Berekum Municipal has been blamed on a number of factors, including the prevalence of poor drains that serve as breeding grounds for mosquitoes in the area. This also demonstrates the Assembly's concentration on curative health at the expense of preventive health. A more concerted effort is thus needed to improve health delivery in the municipality beyond what currently exists.

Another social sector receiving attention from the Berekum Municipal Assembly and central government is the education sector. Education is often seen as the best social intervention capable of moving people out of ignorance and poverty. Over the years, the Berekum Municipal Assembly together with central government, religious organisations and private individuals have invested in setting up a number of educational institutions. These educational institutions range from nurseries/kindergarten to tertiary institutions. Table 3.6 presents an impressive picture of educational institutions in the Berekum Municipal. With 176 public schools, the Berekum Municipal Assembly, central government, private individuals and religious organisations have really invested a great deal in education in the district. The Municipality can even boast of two tertiary institutions for the training of professional teachers, and professional nurses. Another interesting picture presented in Table 3.6 is the high number of private schools in the Berekum Municipal. As shown in Table 3.6, there are 101 private schools in the Berekum Municipal, comprising of kindergarten, primary and secondary/technical/vocational schools.

Table 3.6: Categories of Educational Institutions in Berekum Municipal

Level	Number of Schools		Total
	Public	Private	
Nursery/Kindergarten	59	36	95
Primary	59	39	98
Junior High School	52	22	74
Senior High/Technical/Vocational	4	4	8
College of Education	1	-	1
Nursing/Midwifery Training College	1	-	1
<b>Total</b>	<b>176</b>	<b>101</b>	<b>277</b>

Source: Berekum Municipal Assembly, 2010

Private schools here are mostly set up by individuals. They are run on commercial lines. They usually promise the public better or quality education than what is offered in the public schools. In addition to the impressive number of schools in the Municipality, the teacher-pupil ratio at the basic level is also encouraging.

Table 3.7: Teacher-Pupil Ratio in Berekum Municipal

Level	Public	Private	Average
Kindergarten/Nursery	1:21	1:16	1:25
Primary	1:33	1:29	1:35
Junior High School	1:16	1:17	1:25

Source: Berekum Municipal Assembly, 2010

Clearly, the teacher-pupil ratio for the Berekum Municipal as shown in Table 3.7 is impressive and rare to find in many parts of the country. A number of factors could account for this impressive teacher-pupil ratio in the Municipality. First, as earlier shown in Table 3.6, there is active private sector participation in education in the Municipality. With the high number of public and private school, pupils are fairly distributed in schools. Second, the existence of a College of Education for the training of professional teachers could contribute in this direction. Given that the teacher trainees do about one year teaching practice in the Municipality, this could increase the number of teachers in the class room at any point in time.

### 3.9 The Local Economy

Agriculture is the dominant sub-sector in the local economy. Agricultural production is the main source of food and income to most households in the Berekum Municipal. It employs about 57% of the working population in the Berekum Municipal (see Berekum Municipal Assembly,

2010). However, despite its dominance, agricultural production in Berekum is carried out on subsistence basis. The average farm size in the Berekum Municipal is 1.8 acres, which is close to the national average farm size of 2 acres. Much of the staple food crops produced here are consumed locally. The hoe and the cutlass remain the main farm tools for majority of the farmers in the Berekum Municipal. Some of the major food crops grown in the area include cassava, maize, yam, cocoyam and plantain. The industrial or cash crops include cocoa, coffee and oil palm. Cocoa is the highest income earning cash crop in the Berekum Municipal, and Ghana as a whole. Cashew production is said to be picking up in the Berekum Municipal with potentials for agro-processing as well.

The agricultural land in Berekum is quite fertile and output is encouraging, though output is said to be below the national average. Storage of agricultural produce in the Berekum Municipal is a problem to the farmers. The Municipal agricultural agency estimates that only 12% of the farm produce is stored in improved cribs or silos. About 62% of agricultural land in the Berekum Municipal is classified as family landholding (see Berekum Municipal Assembly, 2010). Unlike other parts of the country, family labour is in short supply in the Berekum Municipal. It is estimated that about 80% of the farm labour in Berekum is hired. Much of the hired labour in the Berekum Municipal is deployed in the production of cash crops. The large deployment of hired labour increases the cost of production in the area, and could limit the amount or size of land cultivated by each farmer, as well as the profit margin of the farmers.

In addition to crop production, livestock rearing is also an important agricultural activity in the Berekum Municipal. Animals being reared in the Berekum Municipal on commercial basis include cattle, goat, sheep and pigs. The Berekum Municipal is also a leading centre in poultry rearing in the Brong Ahafo Region. It is estimated that only 25% of funds for agricultural activities in the Berekum Municipal come from formal financial institutions, with about 60% of funds derived from farmers' own savings. Agricultural extension services are also low in the Berekum Municipal. The extension officer-farmer ratio in the Berekum Municipal as of 2004 was estimated to be 1:2800 (see Berekum Municipal Assembly, 2010).

The commerce sub-sector in the Berekum Municipal is said to be booming, contributing about 41% of household income in the area. Berekum is ranked as the third commercial town in the Brong Ahafo Region, after Sunyani and Techiman. It is estimated that about 37.6% of the people in the Berekum Municipal trade in both agricultural and non-agricultural goods, making commerce the second most important economic activity after agriculture (see Berekum Municipal Assembly, 2010). The natural resources and agricultural goods traded in the Berekum Municipal include lumber, plantain, cocoyam, rice, maize and cassava among others. These are mainly exported to big cities in the country like Kumasi, Sunyani, Techiman, Takoradi and Accra. The non-agricultural goods that are usually brought from the big cities include textiles, building

materials, stationery, foot wear, chemicals, and electrical appliances among other things. Locally, trading is carried out in eleven organised markets in the Berekum Municipal located mainly in Berekum Township, Jinijini, Koraso, Senase and Kato. Trading is carried out in both daily markets and the periodic market that takes place only on Thursdays in the Berekum Newtown Market. As commerce boom in the area, daily tolls and fees from market stores, stalls, and goods sold in both the daily markets and periodic market also constitute an important source of revenue to the Berekum Municipal Assembly.

Another important sub-sector of the local economy in the Berekum Municipal in terms of income is industry. In terms of income, the contribution of the industrial sub-sector is estimated to be 32.2%. There are various kinds of industrial activities in the Berekum Municipal.

Table 3.8: Industrial Activities in the Berekum Municipal

<b>Type of Industry</b>	<b>Main Production Locations</b>
<b>Gari Processing</b>	Kutre No. 1, Nsapor and Domfete
<b>Akpeteshie Distillery</b>	Berekum, Biadan, Botokrom, Jinijini, Koraso, and Kyernkyeman
<b>Oil Palm Processing</b>	Kato, Jinijini, and Namasua
<b>Burnt Brick Production</b>	Namasua, Adom, and Amomaso
<b>Textiles (Tie and Dye Production)</b>	Berekum
<b>Aluminum Pots and Metal Door Gates Manufacturing</b>	Berekum
<b>Meat Pie, Bread and Doughnut Processing</b>	Berekum
<b>Furniture Making/Carpentry</b>	District-Wide
<b>Lumbering/Wood Processing</b>	District-Wide
<b>Commercial Wood Processing</b>	Berekum
<b>Auto-Works/Engineering</b>	Berekum

Source: Berekum Municipal Assembly, 2010

As shown in Table 3.8, a wide range of industrial activities, both agro- and non-agro-processing are found in the Berekum Municipal. These industrial activities constitute livelihood schemes to a good number of residents in the Berekum Municipal. Most of these industrial activities are organised as micro and small enterprises. The only large scale industrial establishments in the Berekum Municipal are ADA Anthony and ABTS. Both are commercial wood processing industries. They are engaged in commercial wood processing for both the domestic market and for exports. Their activities in recent times have however been threatened by dwindling timber species in the Berekum Municipal.

### **3.10 Political and Administrative Set Up of Berekum Municipal Assembly**

The Legislative Instrument (LI 1478) of 1988 that set up the Berekum Municipal Assembly provided for a local government structure consisting of the Assembly, Area/Zonal Councils and Unit Committees. The Berekum Municipal Assembly, which has a Municipal Chief Executive as the political head is made up of 54 Assembly members. The Assembly currently has six sub-committees that perform various functions. They are the Finance and Administration sub-committee, the Development Planning sub-committee, the Justice and Security sub-committee, the Works and Technical sub-committee, the Social Services sub-committee, and the Sanitation and Environment sub-committee. The Berekum Municipal is also sub-divided into eight (8) area/zonal councils. These are the Berekum Urban Council, the Jinijini Town Council, Nsapor Area Council, the Senase Area Council, the Fetentaa Area Council, the Koraso Area Council, the Mpatasie Area Council, and the Kuntre No. 1 Area Council. In addition to the core Municipal Assembly, there are also decentralised departments and agencies that take care of the various sectors like health, education, security, agriculture, community development, and social welfare among other things.

#### **Conclusion**

The physical, social, political and economic characteristics presented in this chapter show what the study districts are made of. The profile of each study district shows their natural endowments, environmental threats and development efforts. From the information presented above, it can be said that each district has potentials that can be tap to promote socio-economic development. It also presents a picture of districts with a myriad of developmental challenges. Although each district has recorded some level of 'development' their developmental challenges can easily be noticed. A close examination of the profile of each district reveals a picture of areas or people in need of more health and educational facilities/services, potable water, economic opportunities and better environmental management among other things. This requires targeted interventions, but the design and implementation of targeted interventions to spark socio-economic development requires resources, particularly financial resources which have always been inadequate. It is an important resource that the districts urgently need, but which they are lacking or not endowed with. However, within the Medium-Term Development Planning framework, the Districts continue to plan for and execute a number of projects to advance socio-economic development from time to time.

## **Chapter Four**

### **4.0 Organising Local Economic Development**

This chapter examines how the concept of local economic development (LED) is evolving as a development strategy in Ghana. It highlights the role of actors, particularly, international development agencies in shaping the LED institutional environment, practice, and outcome in Ghana. In this chapter, I set out to critically explore the different worldviews and positioned strategies of the key actors, particularly the ‘intervening’ actors. In this regard, the chapter examines the roles/strategies and relationships between and amongst the key actors involved in the organisation of local economic development. The chapter starts with a brief account of the emergence of contemporary local economic development practice in Ghana. This is followed by a brief overview of the conceptual foundations that underpin the ‘intervening’ actors’ local economic development initiatives. The characteristics and functions of the key actors are then discussed. Finally, the main local economic development strategies or initiatives of the ‘intervening’ actors are examined.

#### **4.1 Triggering Contemporary Local Economic Development in Ghana**

Contemporary local economic development strategies are increasingly being designed and implemented in various parts of Ghana through the instrumentality of international development agencies. The aim of these international development agencies as demonstrated in this chapter is to help the District Assemblies in Ghana to revitalise their local economies through the local economic development approach. This ‘helping mission’ of international development/donor agencies is well known in development discourse and practice:

“... it is no longer true that help is the unpredictable, anomalous instance. Instead it has become institutionalised and professionalised. It is neither an event nor an act; it a strategy. Help should no longer be left to chance. The idea of help, now, is charged with the aura of justification. A universal claim to help is derived from the right to equality, as is an all-encompassing obligation to help. Nowadays, the idea and practice of help have become boundless in their expansionist drive” (Gronemeyer, 2010: 56-57).

The promotion of the contemporary local economic development approach by the international development agencies in Ghana is predicated on this ‘good will’ and ‘obligation’ to help. The contemporary local economic development approach was first introduced in Ghana in 2003 by the International Labour Organisation (ILO) in selected districts in the Central Region. The International Labour Organisation’s local economic development initiatives which are elaborated in this chapter took the form of the formation of Local Economic Development

Agencies (LEDAs) to promote public-private dialogue in the promotion of micro-small-and medium-scale enterprises at the district level. The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) followed shortly with the introduction of its Local and Regional Economic Development (LRED) which resulted in the implementation of LED initiatives such as the setting up of light industrial zones in the districts, starting from the Brong Ahafo and Ashanti Regions. The historical account of GIZ's LRED interventions and its focus in Ghana is clearly captured in one of its Technical Proposals for Local and Regional Economic Development formulated in 2007:

“GTZ in Ghana follows the principles of sustainable development, which includes an economic, ecologic and social dimension and seeks to provide systemic assistance tailor-made for the Ghanaian context. The new LRED component builds on the experiences of RUTIPP [...] Based on the recommendations of the evaluation of RUTIPP, the project was integrated into the newly designed Programme for Sustainable Economic Development (PSED). In October 2006, the LRED component was launched as part of PSED with the aim to improve the local and regional business investment climate as well as the economic competitiveness of selected regions, to reduce the cost of doing business for micro-small- and medium-scale enterprises, to strengthen the public-private dialogue and to finally contribute to an enabling business environment” (GTZ, 2007: 1).

This expresses the desire of the German development agency to ‘help’. Based on its long partnership or relationship with Ghana, the GIZ/GTZ has identified an area of need. The German Development organisation like other donor agencies has always been desirous of promoting ‘development’ in developing countries like Ghana. This desire to ‘help’ others is commendable, but as the following excerpt explains:

“Modern help has transgressed all the components of this traditional conception of help. Far from being unconditional, modern assistance is frankly calculating. It is much more likely to be guided by a careful calculation of one’s own advantage than by a concerned consideration for the other’s need” (Gronemeyer, 2010: 56).

This observation succinctly captures the reality of development interventions promoted by international development agencies. In line with their mandate or ideology, the contemporary local economic development strategies of the various international development organisations have different conceptual or theoretical foundations. GIZ for instance, views contemporary local economic development promotion or practice as a business-oriented exercise, where all obstacles, including market failure and bureaucratic practices are to be eliminated through the joint effort of public and private sector actors to enhance the growth and competitiveness of local enterprises (Rücker and Trah, 2007: 15). GIZ’s concept of local economic development derives its theoretical basis from Michael Porter’s notion of competitive advantage, as well as



the concept of systemic competitiveness developed by staff of the German Development Institute (GDI) and Mesopartner in Germany, (Hindson, 2007: 15). This explains why the Participatory Appraisal for Competitive Advantage (PACA) exercise forms an integral part of GIZ's local economic development promotion tools. The overriding objective of GIZ's local economic development intervention is the promotion or creation of competitiveness in micro, small and medium enterprises. GIZ has been working with District Assemblies, Regional Coordinating Councils (RCC) and the local private sector to implement its LED initiatives in the districts. The GIZ has so far implemented more local economic development initiatives in Districts and Regions in Ghana than the other external agencies involved in the promotion of local economic development in the country.

The International Labour Organisation's (ILO) local economic development initiatives are designed based on its understanding or estimation of the impact of globalisation on local economies, (Hindson, 2007: 14). The ILO has mainly been concerned with the creation of job opportunities and general improvement in the wellbeing of workers. The organisation has pursued this task for a long period of time. In recent times however, the organisation had to modify, if not change the strategy in view of the challenges posed by the forces of globalisation. For instance, Rodriguez-Pose (2002: 1) notes that "although the fundamental aims of promoting employment, social justice and equality remain at the core of its mandate, changes in the global context mean that the ILO has to rethink the manner in which it attempts to achieve its goals." The new set of challenges and opportunities presented by the forces of globalisation requires actors to reposition themselves and refashion their strategies in order to execute their development agenda. Agencies like the ILO have to rethink new and innovative ways of creating more job opportunities in the world, particularly in disadvantaged areas. "Aware of the challenges that globalisation is posing to many territories, the ILO has launched a series of programmes aimed at generating employment and employment of a "decent" quality, with a special emphasis on the developing world" (Rodriguez-Pose, 2002: 1). The craze of competition generated by the forces of globalisation has resulted in the collapse of small business units, which in turns has implications for jobs creation. This phenomenon has prompted the ILO to focus on promoting the growth and competitiveness of small and medium scale enterprises as part of its global drive to create 'decent work'.

Thus, the ILO recognises that the importance of local economic development interventions are not only limited in the economic realm, they also offer social benefits, (Rodriguez-Pose and Tijmstra, 2007: 4). The ILO's LED initiatives in Ghana are thus focused on enhancing the capacity of micro, small and medium size enterprises to create 'decent jobs' for the labour market. This led to the launching of the 'Decent Work' Programme in Ghana, which is discussed in the latter part of this chapter. This programme intervention was intended to strengthen micro and small enterprises at the district level to be competitive and capable of creating 'decent jobs' for the

citizenry. This practice of promoting competitive advantage together with social inclusion is the most outstanding feature that distinguishes ILO's local economic development interventions from that of the other agencies, (Hindson, 2007: 14). The ILO also recognises that it is now the private sector and not the public sector that is the main employer in today's global economy. Consequently, ILO's LED initiatives are built on the notion of private sector development and/or public-private partnerships. In Ghana, the ILO's local economic development initiatives were first implemented at the district level in the in the Central Region.

The United Nations Development Programme (UNDP) which is currently supporting national efforts aimed at up-scaling contemporary LED initiatives/practices in Ghana also conceptualises local economic development as an alternative development strategy. It is the view of the UNDP that the implementation of this alternative development strategy has to be guided by a policy framework. In line with this thinking, the UNDP is spending considerable time and resources to get key national actors adopt local economic development as a development strategy; beginning with the formulation of a national LED policy. In addition to the policy construction, the UNDP is supporting the piloting of the local economic development approach in selected districts in Ghana. The UNDP'S local economic development initiatives or strategies are based on its conviction to promote best practices and local ownership of development interventions. In fact, the focus of the UNDP is not on the implementation of a specific LED initiative, but on the institutionalisation of the local economic development approach as a development strategy in the country. The UNDP's mission as far as the promotion of local economic development in Ghana is concern has been explained in the following terms:

“The UNDP is not going to re-invent the wheel. The LED concept has already being implemented in Ghana by other agencies. We are going to build on the best practices. We will use the tools and approaches that have worked. Our particular interest is to support the design of a national LED policy framework that will clarify how we could move on as a nation or district in our development agenda” (Interview with an official of UNDP in Accra, Ghana, October, 2011).

The UNDP thus appears not to be interested in being identified with the implementation of a specific LED initiative, like the establishment of industrial zones and so on. The UN agency is rather interested in getting the central government and District Assemblies to adopt the LED approach as a development strategy. As captured in the interview excerpt above, the UNDP wants to build on the successful cases or tools already used by other agencies that have implemented LED initiatives in the country.

Clearly, the local economic development strategies/initiatives of the international development agencies have a clear context. For instance, whilst the GIZ's LED strategies are informed by the need to create competitiveness, the ILO's LED strategies are driven by the desire to create

'decent jobs'. On its part, the UNDP's LED efforts are geared towards making the local actors embraced the local economic development approach as a development strategy. In other words, the UNDP is interested in promoting local ownership of development. The decision to promote the local economic development approach and the choice of LED initiatives is thus informed by the motives of each organisation.

## **4.2 Actors of Local Economic Development**

The organisation of local economic development in contemporary times requires synergy from multiple actors who hitherto pursue separate paths in the promotion of local development (see Blakely, 1989; Helmsing, 2003). In this section, I explore the characteristics, and functions of the local and external actors involved in the organisation of local economic development in Ghana in contemporary times. The local actors here include the central government agencies, District Assemblies and the local private sector operators; while international development agencies such as ILO, GIZ and UNDP constitute the external actors. It has to be pointed out that, the classification of the actors and/or the delineation of their functions here is not mechanical, but for analytical purposes. As Mongbo (1995: 94) clearly points out "in their daily production of the discourse and practice of rural development, the actors do not lend themselves to any pre-packaged linear model whereby the state elaborates the policy, and the staff of the intervention agencies implement it among rural producers, with the financial and technical assistance of funding agencies." By acknowledging that functions can get fused, a strict delineation of actors' roles can be problematic and misleading.

### **4.2.1 External Local Economic Development Actors**

Development interventions in Africa have largely been initiated and/or driven by 'external actors', particularly international development organisations (see Conyers and Mellors, 2005). Experts have often drawn a distinction between (international) institutions and organisations. According to Young (1986: 108) "institutions are practices composed of recognised roles coupled with sets of rules or conventions governing relations among the occupants of these roles." Conversely, Young (1986: 108) defines organisations as "physical entities possessing offices, personnel, equipment, budgets and so forth." In this thesis, I do not seek to draw a line of distinction between institutions and organisations. Rather, I seek to focus the analysis on the actions or activities of the actors as well as the institutional arrangements in which such activities are conducted. As such, the definition of international institutions by Duffield (2007: 2) as "relatively stable sets of related constitutive, regulative, and procedural norms and rules that pertain to the international system, the actors in the system, including state and non-state entities, and their activities" fits in the scheme of my analysis. In terms of external agencies, the focus is on three international development organisations that have been playing various key

roles towards the implementation of contemporary local economic development initiatives in Ghana. They are the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the International Labour Organisation (ILO), and the United Nations Development Programme (UNDP). These agencies are actively engaged in the promotion of local economic development in Ghana.

The International Labour Organisation became the first organisation to officially introduce the contemporary local economic development approach in Ghana. It sought to promote employment creation and poverty reduction through the development of micro and small scale enterprises by using the LED approach. The ILO, as an agency of the United Nations has a mandate of promoting 'decent work' and international labour standards. The activities of the ILO are thus tailored towards employment creation, promotion of fair labour standards and poverty reduction. The ILO works with three set of actors across the world: governments, employers and workers. The UNDP is another United Nations agency that has been supporting the promotion of local economic development in Ghana at the moment. In Ghana, the UNDP is currently supporting the formulation of a national local economic development policy as part of efforts to up-scale LED initiatives and promote local ownership of development in the country. This is in line with its mandate of helping to build nations that can demonstrate resilience in times of crisis, and capable of promoting and sustaining growth that improves the quality of lives of its citizens.

The UNDP has over the years been providing policy advice and developing policy guidance for countries all over the world. As Chibba (2009: 94) notes "the UNDP is engaged in areas that are decidedly comprehensive and include economic, social, environmental and political aspects." In recent times, the UNDP has been more focused on working towards the attainment of the Millennium Development Goals. The UNDP has been working with central government, District Assemblies and local communities in Ghana to promote livelihood schemes. The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on the other hand is an international agency that promotes bilateral relations between Germany and its partner countries. GIZ is one of the key agencies used in the promotion of international cooperation between Germany and its partner countries. The GIZ focuses on the promotion of sustainable development initiatives in partner countries. The GIZ adopts a business approach in its operations. Its services are said to be demand-driven, and tailor-made with the view of promoting participation and sustainable development.

In Ghana, and other parts of Africa such as South Africa, Uganda and Zambia, International Development Agencies have become lead actors in the promotion of local economic development (see Rücker and Trah, 2007; Hindson, 2007; Rogerson and Rogerson, 2010). The introduction of the local economic development approach is seen as an attempt by the

International Development Agencies to present the District Assemblies with an alternative development strategy to help build the capacities of their economies and increase productive activities in the localities. As Clark, et al, (2010: 18) note, the International Development Agencies are becoming instrumental in “creating a business-like, and business-facing, operational environment in which local government-led economic development and regeneration can be effectively delivered.” As such, they have occupied the driving seat in the journey towards making local economic development presentable as an alternative development strategy to both national and sub-national governments. Although, the introduction of development policies, strategies and programmes into the developing world is not new, local actors continue to read meaning into the introduction of new strategies like the local economic development approach. For instance, an official of the Ministry of Local Government and Rural Development in Ghana reflected on the introduction of contemporary LED approaches in the country in the following terms:

“Asking about my view on the introduction of the local economic development concept ..., you know these people (International Development Agencies), how they test new models. With this thing, they again have a model that they want to test or try on us [...] All the same I think the LED concept is a good thing.... If we are able to promote it well, it will help us” (Interview with an official of the Ministry of Local Government and Rural Development, Accra, October, 2011).

Similarly, an official of the Brong Ahafo Regional Economic Development Planning Office also believes that there are motives behind the introduction of the local economic development approach by the international development agencies. During an interview with him in an attempt to understand why the local economic development concept is being given attention by the international development agencies, the Regional Economic Development Planning Official posits:

“The thing is that a lot of money and resources have been pumped by the donor agencies to support various developmental activities over the years. But where are the results? [...] This led to a reflection by the donor agencies on the kind of strategies used [...] The local economic development approach is an emerging strategy. It is an attempt to correct past failed development strategies” (Interview with a senior officer of the Brong Ahafo Regional Economic Planning Office, Sunyani, November, 2011).

The two interview excerpts above points to a growing awareness of the activities of international development agencies in Ghana. The interview excerpts show how local actors perceive the development interventions of international development agencies over the years. But as the following quote succinctly describes the situation, development assistance has become pervasive in development discourse and practice:

“In the area of development aid, the perversion of the idea of help has gone to particular extremes. Even the highly expensive installation of what amounts to the machinery for genocide on foreign terrain – which is ruinous economically, politically and morally for the recipient countries – is now called aid: military aid. And recently it has even been possible to subsume the convenient dumping of contaminated, highly poisonous industrial waste under the general rubric of economic help. The ‘good’ garbage remains at home in local authority dumps and recycling centres; the ‘bad’ garbage, on the other hand, is shipped to the Third World to be incinerated or stored there” (Gronemeyer, 2010: 57).

Gronemeyer’s observation clearly depicts the character and intent of most development interventions in developing countries. However, an interesting observation is that although some of the key local actors seemed to be aware of the motives behind the introduction of the LED approach, they are nonetheless hopeful of positive results when LED initiatives are successfully implemented. But this is also a reflection of the dilemma that recipients often face. Although recipients are often aware of the intentions and motives of donors, they still embrace external assistance, which might in the long-run not yield any meaningful results to the recipient country.

#### **4.2.2 Local LED Actors in Ghana**

A number of local actors (organisations) in Ghana, including central government agencies, District Assemblies and the local private sector operators are involved in the organisation of local economic development in the country. These actors play different roles in the organisation or promotion of local economic development in the country. The government of Ghana for instance, has always been seen as the main promoter of socio-economic development. Following the implementation of neoliberal economic policies in Ghana, the state is expected to play a facilitating role in the promotion of economic activities in the country. As such, the responsibility of ensuring macro-economic stability, the formulation of trade and industrial policies, and the provision of technical infrastructure among other things rest on the shoulders of the central government. With the introduction of the LED approach into the country, the facilitative role of the state is still expected by the international development agencies and the other local actors like the District Assemblies and the local private sector operators. Central government is still expected to create the infrastructural, regulatory, and policy framework, as well as an enabling business and investment climate for the successful implementation of LED initiatives, and the growth and development of the targeted local enterprises. In Ghana, the facilitative role of the state in the promotion of local economic development is being performed by central government agencies such as the Ministry of Local Government and Rural Development (MLG&RD), the National Development Planning

Commission (NDPC), the Institute of Local Government Studies (ILGS), and the National Board for Small Scale Industries (NBSSI) among others.

The Ministry of Local Government and Rural Development is one of the central government agencies playing a lead role in the organisation of local economic development in the country. This ministry is responsible for the formulation, implementation and coordination of government decentralisation policies and programmes. The ministry also exists to promote balanced rural development and participatory local governance. The Ministry of Local Government and Rural Development has an oversight or a supervisory role over the District Assemblies in the country, who are the implementing agencies of local economic development initiatives. With regards to LED promotion in the country, the Ministry of Local Government and Rural Development has created a desk with an officer in-charge of local economic development promotion. This desk is to be transformed into a Local Economic Development Secretariat. When it becomes fully functional, the Secretariat will on behalf of the Ministry of Local Government and Rural Development coordinate and monitor the implementation of the local economic development initiatives in all districts across the country. The secretariat will also encourage and facilitate resource mobilisation and identify appropriate structures and processes to promote local economic development practices in the country.

In a related development, the Institute of Local Government Studies (ILGS), a semi-autonomous organ of the Ministry of Local Government and Rural Development is also at the forefront in the promotion of local economic development in the country. The Institute of Local Government Studies (ILGS) was established by an act of parliament (Act 647 of 2003) tasked with the responsibility of building the capacity of District Assemblies to effectively carry out their mandate (for more information, see <http://www.ilgs.edu.org>). Over the years, the ILGS has organised seminars and workshops to build the capacity of District Assemblies' staff to enable them effectively carry out their core mandate. The ILGS currently has two centres/campuses, located in Accra and Tamale. In the case of local economic development organisation/promotion in Ghana, the Institute of Local Government Studies is not only playing the role of a capacity builder, but a policy consultant as well. The ILGS is one of the agencies with a representation in the National LED Technical Committee. During the course of the committee's deliberations, it was decided that the task of formulating a national LED policy should be assigned to one of the member agencies. In view of the activities of the ILGS as outlined above, the committee decided to cede the task of formulating a national LED policy to the local government capacity building agency.

By virtue of its strategic position, the Institute of Local Government Studies got the mandate of drafting a national local economic development policy on behalf of the National LED Technical Committee. But aside a capacity challenge as far as policy formulation is concern; the central

concern now is how the LED policy drafted by the ILGS could be mainstreamed into the National Development (Planning) framework formulated by the National Development Planning Commission. Nonetheless, the ILGS appears to be positioning itself as a key player in the organisation/promotion of local economic development in Ghana. In intervention cases like the promotion of LED in Ghana, certain actors may position themselves strategically and take advantage of their networks to benefit from the process (see Kingdon, 2003; Sardan, 2005; Evers and Gerke, 2009). In pursuance of its strategic aim, the ILGS has established a Local Economic Development Centre of Excellence. The ILGS has also become the first institution in Ghana to run a master's degree programme in Local Economic Development. Through these actions, the ILGS is positioning itself as an indispensable actor in the organisation/promotion of local economic development in Ghana.

The National Development Planning Commission (NDPC) is another central government agency playing a key role in the organisation/promotion of local economic development in Ghana. The Commission was established by an act of parliament, (Act 479 of 1994) as a constitutional body charged with the responsibility of advising the president of the Republic Ghana on national development planning and strategy. The Commission is also responsible for coordinating and regulating the Decentralised National Development Planning System in Ghana as prescribed by the National Development Planning System Act, (Act 480 of 1994). Some of the specific functions of the Commission include: formulating comprehensive national development planning strategies; making proposals for ensuring the equitable development of all districts in Ghana; and making proposals for the formulation of multi-year rolling plans for all the districts in the country, among other functions (for more information, see <http://www.ndpc.gov.gh>). The NDPC is popular in the country through its role in issuing planning guidelines for the formulation of District Medium-Term Development Plans by all District Assemblies in Ghana. This is usually done within the national development policy framework which is also formulated by the National Development Planning Commission.

The Commission has over the years supervised the formulation of district development plans in line with its planning guidelines; and is currently doing same for the piloting of the local economic development approach in the country as elaborated in chapter five. The chairman of the National Development Planning Commission also currently chairs the National Local Economic Development Advisory Council. In addition, the Commission has a representation on the National Local Economic Development Technical Committee. More importantly, the Commission made provision for local economic development planning in the guidelines for the preparation of District Medium-Term Development Plans, covering the period 2010-2013 as elaborated in chapter five. These national agencies thus mediate between foreign and local knowledge systems (see Sardan, 2005). They mediate between the international development



agencies and the District Assemblies in promoting the local economic development agenda in the country.

### **4.2.3 District Assemblies**

District Assemblies or local government authorities are key players in local economic development organisation/promotion. In reference to the United States of America for instance, Wood (1996: 1286) notes “two of the major themes in the US literature on local economic development are the mobilisation of the powers of local government by urban growth coalitions in order to attract new investment into a locality, and the subsequent competition between local governments that arises through the bidding of various incentive packages in the attempt to further that goal.” Following the implementation of decentralisation reforms in Ghana in the late 1980s, local government authorities, popularly known as District Assemblies in the country became central organising units in the promotion of local development. According to Diaw (1997: 6) “the overall processes of decentralisation were aimed at restructuring the political and administrative machinery of government for development decision-making at both the national and local levels.” In Ghana, District Assemblies are the highest political authorities at the district level. The Local Government Act, (Act 462 of 1993) confers a wide range of functions on the District Assemblies. District Assemblies in Ghana are conferred with executive, legislative and deliberative powers (Diaw, 1997; Ahwoi, 2010). By their mandate, District Assemblies in Ghana shall:

- be responsible for the overall political, social and economic development of the districts;
- formulate and execute plans, programmes and strategies for the effective mobilisation and utilisation of human, physical and financial resources of the district;
- promote and support productive activity and social development in the district;
- initiate programmes for the development of basic infrastructure;
- be responsible for the development, improvement and management of human settlements and the environment;
- in co-operation with the appropriate national and local security agencies be responsible for the maintenance of security and public safety in the district;
- ensure ready access to courts in the district for the promotion of justice (see Diaw, 1997; Kokor, 2001; Ahwoi, 2010; the 1992 Constitution of the Republic of Ghana).

Unarguably, the developmental role of the District Assemblies makes local economic development one of their basic functions. The promoters of the contemporary local economic development approach acknowledge the pivotal role of District Assemblies in its success. For instance, the first set of contemporary LED initiatives was implemented by the International

Labour Organisation (ILO) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in partnership with selected District Assemblies in the country. This is being consolidated with the piloting of the local economic development approach in seven District Assemblies across the country as a national exercise supported by the United Nations Development Programme (UNDP). These are Amansie West District Assembly, Central Gonja District Assembly, Tamale Metropolitan Assembly, Kassena Nankana East District Assembly, Bongo District Assembly, Wa Municipal Assembly, and Sissala West District Assembly. The Districts have thus become centres of local economic development promotion in Ghana.

#### **4.2.4 Private Sector Operators**

Private sector operators are also key actors of local economic development. According to Stevenson (2010: 3) “the private sector is comprised of people organising themselves into enterprises to carry out production of goods and services to meet market demands, and the institutions, organisations and agents that provide support to enable them to perform these functions.” The principal interest of the private sector operators is to have an enabling environment that will enhance their business activities. Conversely, in the organisation of local economic development, the private sector is expected to perform production functions, help in mobilising funds, seek tax rebate from government or influence fee-fixing resolutions of local government authorities, as well as participate in the LED or district development planning process. In Ghana, private business units have been the main target of the District Assemblies in their internal revenue mobilisation drive.

Although the vital role played by the private sector in creating area prosperity is now being recognised by local government authorities, (Helmsing, 2001: 63); there is no evidence that private sector actors, particularly at the district level have been able to influence the policy direction of the District Assemblies. Wood (1996: 1286) notes that private sector actors in local economic development “may intervene in the negotiation of tax abatements, permitting requirements, re-zoning petitions, financing packages, requests for infrastructural improvements and the like.” But this is not the case regarding the capacity of private sectors operators to influence policy direction at the district level in Ghana, at least for now. The capacity of private sector actors to influence the policy direction of District Assemblies/local authorities is limited. As Meyer-Stamer, (2003: 13) points out, the different backgrounds and orientation that characterised both public actors and private sector actors, particularly micro, small and medium scale enterprise operators present communication challenges between these sets of actors. Aside the national level where one can find well organised private sector associations, the district level presents a picture of relatively weak business associations incapable of actively engaging with public sector actors in the organisation of local economic development. In recent times however, there has been growing desire on the part of private

sector operators to get themselves organised to enhance their power and influence, at least over the setting of district development agenda.

Results of the survey I conducted on micro and small scale enterprise operators in the Berekum Municipal and Bongo District in Ghana give an indication that these private sector actors are getting themselves organised. With a simple question that sought to identify respondents who belong to business associations and those who do not, the survey results, as shown in Table 4.1 reveal that as high as 93.67% of the micro and small enterprises operators in the two districts belong to business associations.

Table 4.1: Do you belong to any Business Association?

	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
Yes	148	98.67	133	88.67	281	93.67
No	2	1.33	17	11.33	19	6.33
Total	150	100.00	150	100.00	300	100.00

Source: Field Research, 2011

This is an indication that enterprise operators really understand and appreciate the relevance of business associations. Literature on the Africa’s informal sector reveals the emergence and growth of organised workers in the sector (see Lindell, 2010; Brown and Lyons, 2010; Meagher, 2010). Meagher (2010: 46) particularly notes “in African societies, dramatic expansion of informal economies combined with rapid political liberalisation has produced a flowering of popular associations among informal actors, opening new possibilities for political expression.” This growing interest in business associations could lead to the formation of more formidable business groups, capable of advancing the interests of private sectors operators, at least at the district level than what exist now.

In both Berekum and Bongo, I observed that much interest is shown in the formation of activity-based business associations. This is partly intended to make each business group visible. As Lindell (2010: 25) notes “contemporary processes at work in informal economies, including changes in social composition and economic differentiation, appear to be changing the patterns and dynamics of collective organising.” In fact studies have shown that activity-based business associations are widespread in Africa (see Brown and Lyons, 2010; Meagher, 2010; Prag, 2010; Andrae and Beckman, 2010). In Berekum Municipal, the noticeable activity-based business associations include the Ghana National Association of Garages, Tailors and Dressmakers Association, Soap Makers Association, Hair Dressers Association, Bee Keepers Association, Wood Workers Association, Barkers Association and Poultry Farmers Association. Similarly, the noticeable small business associations in the Bongo Township are Dressmakers

Association, Hairdressers Association and Smock Weavers Association; whilst others like Basket Weavers Association, Shea Butter Processors Association, and Rope Makers Association are more visible in the rural communities.

In an attempt to seek the views of the enterprise operators regarding the (potential) contribution of business associations to the growth of their businesses, an overwhelming majority of the respondents were convinced that business associations are tools that could be used to enhance self-mobilisation and the growth of their enterprises. The survey results as shown in Table 4.2 indicate that more than 90% of the respondents in both Bongo District and Berekum Municipal hold the view that business associations are relevant and could contribute to the development of their businesses. This thinking or faith in business associations could lead to the formation of more business associations or the strengthening of existing ones in the districts.

Table 4.2: In your opinion can Business Associations contribute to the development of your business?

	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
Yes	149	99.33	122	81.33	271	90.33
No	1	0.67	28	18.67	29	9.67
<b>Total</b>	<b>150</b>	<b>100.00</b>	<b>150</b>	<b>100.00</b>	<b>300</b>	<b>100.00</b>

Source: Field Research, 2011

Although these business associations are supposed to engage governments, local authorities, and other key actors with the view of seeking better policies and conditions for their members (Helmsing, 2001: 74); they are hardly able to undertake this mandate. As Meagher (2010: 47) points out, “despite their growing numerical dominance in urban Africa, informal economic actors continues to suffer from problems of institutional exclusion, internal divisions and the precarious legal status of their enterprises.” The reality is that these small business associations are weak and face capacity constraints. The inability of the associations to offer a range of desirable services to their members has often “undermined their ability to maintain the loyalty of members” (Meagher, 2010: 55). Nonetheless, the various business associations have however become the focal groups of many agencies in the districts, as far as the organisation of programmes is concern. As part of efforts to enhance their capacity, the National Board for Small Scale Industries for instance, has successfully linked some of these groups to financial institutions to enable them access loans for their businesses.

Clearly, a range of actors, particularly organisational actors are involved in the promotion of local economic development in Ghana. At least three international development agencies, ILO,

GIZ and UNDP have been actively involved in the promotion of contemporary local economic development approaches in the country. It is also encouraging to see a number of national agencies actively involved in the organisation of LED in the country. Similarly, the District Assemblies are gradually being encouraged to play a lead role in the organisation of local economic development at the sub-national level. The existence of diverse actors thus presents prospects for the promotion of the local economic development approach, which thrives on the synergy of multiple actors. It is the interactions between the 'intervening' parties and 'local' actors that shape the outcome of particular intervention policies or practices, (Long, 2004: 28). The challenge however, is how to bring these different actors with diverse interests together for collective action. As Long (2004: 28) points out, when different 'life-worlds' meet in a given arena, there is the tendency for one to dominate the others; and this could either result in confrontation or co-operation between the actors involved. This tendency of 'enrolling' others into one's project and the corresponding responses of the local actors are further explored in this thesis.

#### **4.3 Actors' Local Economic Development Strategies/Initiatives**

Contemporary local economic development practices in Ghana are largely shaped by international development agencies, namely ILO, GIZ and UNDP. These international development agencies tend to shape local economic development practice in Ghana through three main ways: direct involvement in the design and implementation of local economic development initiatives in the districts; supporting the formulation of a national local economic development policy and the setting up of other institutional arrangements for LED promotion; and the mobilisation of local actors, at the national and local levels to support local economic development promotion. The ILO and GIZ have over the years directly worked with, and influenced the design and implementation of local economic development initiatives at the district level in Ghana. The UNDP on the other hand has been the main pillar behind the formulation of a national LED policy and other national LED institutional arrangements for LED promotion.

The success or progress made so far regarding local economic development promotion in Ghana has thus been attributed to the actions of these external agencies. As such, a better understanding of the organisation/promotion of local economic development and its practice in Ghana requires an understanding of the personal strategies of these agencies. As Martens (2008: 286) points out "at a more functional level, the role of aid agencies can be described in terms of the contents of their activities." According to Lewis et al (2003: 553), "it is only through a study of practice that it becomes possible to understand how and why organisations are given the meanings that they are given by people beyond the organisation." Similarly, as Leftwich (2010: 99) argues, "if we are to understand the processes of development, we need to

understand the inner dynamics and political stories of the successful cases, not simply diagnose the causes or failure of the many unsuccessful or less successful cases, attributing those to structural factors. We have to return to the question of agency to ask what it is that enables some agents – and leaders, elites and coalitions in particular – to achieve developmental outcomes in the context of the structural constraints and opportunities which they face.” In line with this recommendation, the following sections explore the strategies used by the international development agencies to promote local economic development in Ghana.

#### **4.3.1 GIZ’s Local and Regional Economic Development Strategies**

The Deutsche Gesellschaft für Internationale Zusammenarbeit’s (GIZ) started the implementation of its local and regional economic development (LRED) initiatives in selected Districts in the Brong Ahafo Region and Ashanti Region. The GIZ’s LRED initiatives were intended to promote the growth and competitiveness of local enterprises. As indicated in the early part of this chapter, the introduction of the local and regional economic development approach came after the successful implementation of the GIZ’s Rural Trade and Industry Promotion Project (RUTIPP), which was part of the Programme for Sustainable Economic Development (PSED). The successful use of contemporary local economic development tools in the Rural Trade and Industry Promotion Project implementation phase provided useful lessons for the introduction of the local and regional economic development approach by GIZ in Ghana. “The LRED component reflects the conceptual approach of the Programme for Sustainable Economic Development to support private sector development at the local and regional level by strengthening the public-private dialogue, and by improving the local business and investment climate” (GTZ, 2008: 3). The actual local economic development efforts of GIZ in Ghana started in 2004 when the agency started introducing LED tools to some District Assemblies and local business operators in the Brong Ahafo Region, Northern Region and Ashanti Region (see GTZ, 2008). The GIZ at this time was interested in designing and implementing a promotion concept and strategy to help small and medium scale enterprise operators expand their business activities, improve business output and income.

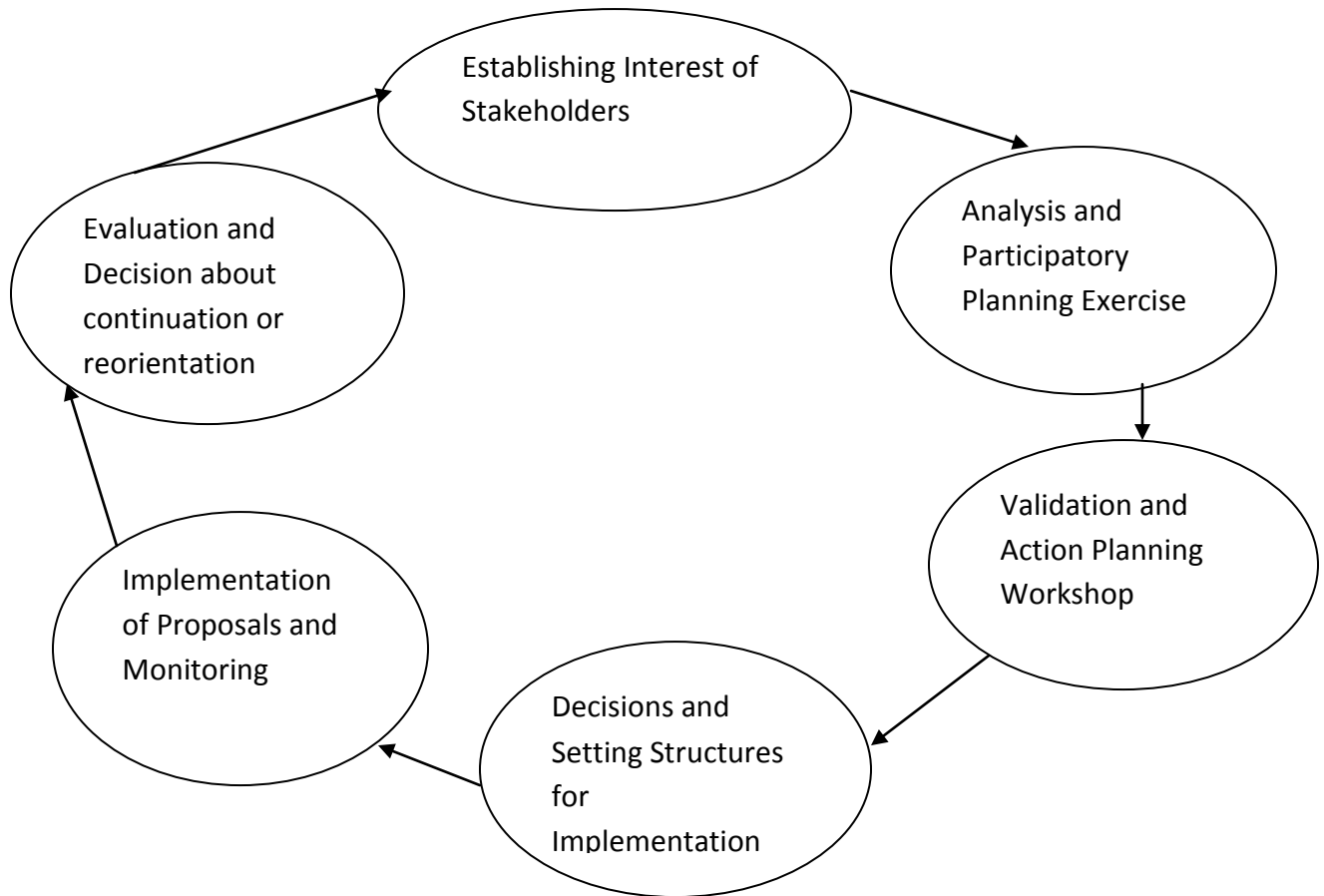
Conceptually, the GIZ’s local economic development approach is business and market oriented, (Hindson, 2007: 8). The GIZ thus made use of a wide range of business and market oriented tools, such as the Participatory Appraisal for Competitive Advantage (PACA), Participatory Planning for Local and Regional Economic Development (Rapid Economic Appraisal), Local Business Climate Survey, and Business Information Seminars in organising its local and regional economic development initiatives. The GIZ extensively used PACA in its LRED process (see Hindson, 2007). The PACA tool is used largely on local economic development initiatives targeting business and locality development. It is used to promote competitiveness in businesses as well as localities. PACA exercises have proven effective in promoting participation

when it is well facilitated, (Hindson, 2007: 10). Locality development, which is one of the target areas of LED initiatives, refers to the physical development of an area, including improvements in infrastructure and services, that makes it attractive to businesses and people, (Helmsing, 2003; Hindson, 2007). PACA also focuses on enhancing public service delivery. It has also been used to promote dialogue between public and private sector actors on best ways of improving service delivery.

The GIZ employs a facilitative approach to its LRED interventions. In one of its technical proposals formulated for Ghana in 2007, the GIZ reiterated its facilitative developmental role in the country in the following words: “GTZ’s work is process-oriented, holistic and guided, above all, by the principles of good governance. GTZ understands its role as facilitator with the aim to empower partners and help them to raise their capability and provide them with the tools and strategies to help themselves” (GTZ, 2007: 1). The GIZ’s LED intervention process as narrated by an official in its Sunyani office and also elaborated in one of its 2008 publications (Local and Regional Economic Development in Ghana: Working towards a business-friendly environment in districts and regions) begins with what it terms the build up phase. The build up phase is the first platform that brings the experts and local actors together to deliberate on the way forward regarding the choice of an intervention area, sharing of roles and preparation for the PACA exercise, (Hindson, 2007: 9). The build up phase, as shown in Figure 4.1 is a complete cyclical planning process. It is a stage used to “launch low-cost initiatives that can be rapidly implemented with local resources – quick-wins” (GTZ, 2008: 8).

The build up phase is the actual planning phase within the GIZ’s LRED process. The build up phase is used by GIZ to promote participation and dialogue among the key actors involved in the organisation of local economic development. It starts with what GIZ terms establishing interest of stakeholders. This first stage is started by GIZ, an external actor. It is a stage where GIZ whips up the interest of relevant local actors in the development of the local economy and the private sector in particular. This stage also solicits the commitment of the relevant local actors in the intervention process. The second stage in the build up phase can be described as a diagnosis stage. It is a stage where the local economy is diagnosed to identify its potentials, and constraints that affect specific economic activities. This stage is usually facilitated by an external ‘expert’ like Mesopartner in the case of GIZ’s PACA exercises; with a set of relevant local actors as participants.

Figure 4.1: The Build up Phase in GIZ's LRED Process



Source: GTZ, 2008

I noticed that areas where the intended beneficiaries show more interest in the intervention and willingness to actively participate in the process were often favoured in the selection process. In Berekum for instance, it was the well organised and active nature of the artisans that made their economic activity a potential area of GIZ's LED intervention; and which also contributed to the successful implementation of that intervention. The diagnosis stage ends with the identification of an economic area for LED intervention.

The findings or conclusions drawn from the diagnosis stage are validated in the third stage of the cycle. This usually takes the form of a workshop. The validation workshop is aimed at reaching consensus by all relevant stakeholders on the selected area of intervention and the way forward. The validation workshop is followed by action planning where the actors outline the activities, sequence of actions, and assignment of responsibility among other things. This is followed by the fourth stage where implementation decisions are made. It is a stage where the structures are mapped out and put in place to ensure smooth implementation. It includes the formation of relevant committees. Decisions regarding funding arrangements are also made at



this stage. This leads to the fifth stage where actual implementation takes place. It is a stage where the proposal and the actions of the individual actors are executed. It is the stage where resources are deployed to obtain results. This has been the stage where the presence of donor agencies are needed most. I noticed that the provision of financial resources by GIZ to support some LED initiatives has been the driving force behind the successful implementation of such initiatives in the districts.

The implementation stage leads to the final stage in the cycle – the evaluation and re-planning stage. It also marks the final stage of monitoring, which is an integral part of all the stages in the planning cycle. This last stage reviews the actions taken at all the stages and takes stock of successes and weaknesses. It assesses resources deployed against results. In other words, it assesses how far set objectives have been achieved. The object of this stage is to derive lessons that would inform future planning (re-planning). The evaluation is an important stage for the external actors in particular. It is a stage where they generate the “success stories” regarding their interventions. It is the stage where they obtain results for their funders. The evaluation phase is also a stage where ‘landmarks’ are identified and used as reference points or success stories of external actors’ interventions in local communities in developing countries.

The launching of GIZ’s LRED process is often influenced by certain principles or considerations:

- Interventions should be implementable within six months.
- Interventions should be implementable with local resources.
- Interventions should win trust among key actors in the process.
- Catalytic interventions must go with quick-win interventions to sustain the interest of the intended beneficiaries.
- Focusing on sectors that key local actors (especially the decision makers) are interested.
- The existence or the need for a Business Development Desk in the District of intervention (interview with an official of GIZ, Sunyani, May, 2011).

These considerations are important in guiding the choice, design and implementation of local economic development interventions, at least by GIZ. GIZ views local economic development as a developmental process that results in job and wealth creation. In terms of direct local economic development interventions, the GIZ leads in the number of initiatives. The GIZ is particularly famous in the area of supporting the setting up of light industrial zones in the districts. The GIZ has no competitor in Ghana when it comes to the establishment of light industrial zones at the district level in Ghana. The GIZ has supported the establishment of light industrial zones in a number of districts in the Brong Ahafo and Ashanti Regions since 2004. These initiatives are also now being replicated in other Regions, particularly in the Central and Western Regions through the instrumentality of GIZ.

One main characteristic of the GIZ's LRED approach is the formation of Regional and District Local Economic Development Platforms. These are public-private partnership arrangements including community representatives that are constituted to organise and implement LED initiatives at the district level. The GIZ's Regional Economic Round Tables and the District Local and Regional Economic Development Platforms are its local economic development agencies (LEDAs) that seek to bring the key actors at the regional and district level together to deliberate and take actions regarding the economic development of their regions and districts. These platforms are also meant to promote dialogue between public and private sector actors involved in the organisation of local economic development. They deliberate, identify, diagnose, design and implement LED initiatives in the districts. One of the GIZ's successfully implemented and functioning contemporary LED initiatives in Ghana is the Berekum light industrial zone/cluster in the Brong Ahafo Region.

#### **4.3.2 Context for the Berekum Light Industrial Zone**

The Berekum light industrial zone is one of the first main LRED initiatives of GIZ in Ghana. The successful setting up of the Berekum light industrial zone has since made the light industrial zone concept an important tool in the promotion of the contemporary local economic development approach, particularly in the Brong Ahafo Region of Ghana. Currently, most of the districts in the Brong Ahafo Region are setting up light industrial zones. The use of the light industrial zone concept in Berekum was prompted by a number of factors. It became widely evident that physical planning in the Districts hardly makes provision for industrial areas or zones. This has often resulted in the springing up of micro and small business shops/workshops in unauthorised areas in the cities. This littering of industrial activities around the cities has been a nuisance to urban residents and source of environmental problems in many urban centres in Ghana. As such, in city re-development exercises, these micro and small business units become victims of demolition undertaken by city authorities. This was the situation in the Berekum Township. Thus, there was a compelling need to deal with the haphazard springing up of unauthorised buildings including micro and small enterprise workshop as well as the poor waste management associated with the activities of these artisans. The setting up of the Berekum light industrial zone was thus a response by the Berekum Municipal Assembly and its development partners, particularly GIZ to the environmental problems caused by the activities of these enterprises in the Berekum Central Business District (CBD) in particular. The setting up of the light industrial zone was thus part of efforts to decongest the central business district.

Essentially, the establishment of light industrial zones in the districts was intended to provide a convenient working environment for micro and small scale enterprises to operate effectively. As such, the main target group was those micro and small enterprises that needed a convenient space or environment, including reliable energy such as welders and fabricators, car repairers,

wood processors and so on. The idea of setting up a light industrial zone in Berekum as explained by officials of the GIZ was to design a place with common services for a set of enterprises with complementary activities or services to operate. This idea of creating a convenient place with common services for a set of enterprises with complementary activities also falls in line with Michael Porter's notion of clusters. This concept of light industrial zones or clustering is not new in Ghana, though it is hardly promoted on a national scale. The idea of employing the light industrial zone concept as an LED initiative was also partly based on the success stories of earlier local industrial zones in Ghana, particularly the Suame Magazine in Kumasi, which remains the largest informal industrial area in Ghana.

The Suame Magazine is well known as a place where a group of local Ghanaian artisans – educated and non-educated alike display high level of creativity. Mytelka (2007: 52) notes “the Suame Magazine cluster in Kumasi, Ghana consists of nearly 5,000 trades’ people in small garages and workshops making spare automobile parts and offering repair services.” As noted by Dawson (1993: 73), small firms here are playing an important import-substitution role by manufacturing and maintaining most of the tools and equipment used by other firms. In the field of transport, for example, Dawson (1993: 79) notes “the increase in repair and renovation work occasioned by the sharp increase in the national vehicle fleet was, in the case of Kumasi, accounted for almost exclusively by small enterprises.” The Suame Magazine has been a living success story of the industrial zone/cluster concept in Ghana and beyond. The artisans in the Suame Magazine in Kumasi are well noted for their creativity:

“Imported goods which have been displaced in Ghana by small-firm products include numerous machine and tool parts, various specialised nuts and bolts, and bulky food-processing equipment. One small firm in Kumasi was commissioned to make gears and sprockets for a local Yugoslav motorcycle assembly plant prior to the adoption of the structural adjustment programme in 1983 due to the scarcity of foreign exchange with which to import the pieces from Europe. Even after foreign exchange became more freely available, however, the plant continued to purchase from the local producer, finding his pieces to be of a similar quality and significantly cheaper than the imports would have been” (Dawson 1993: 76-77).

This extract demonstrates the industrial dynamism that is being generated by the Suame Magazine. During my field research, I also noticed that the Sunyani Magazine in the Brong Ahafo Region is closely drawing from the experience of the Suame Magazine, and is fast taking shape. My interviews with the leadership of the Sunyani magazine revealed that plans are far advance to relocate to a more spacious location to accommodate the growing number of artisans in the existing magazine. It is largely based on the experiences of the Suame Magazine in Kumasi and the Sunyani Magazine that the artisans in Berekum also initiated the process of

setting up a magazine or light industrial zone in Berekum; which later received the support of GIZ. It is expected that, the Berekum light industrial zone which is the first organised LED initiative in that direction will catch up with these old industrial zones in Ghana popularly called magazines.

#### **4.3.3 Setting up the Berekum Light Industrial Zone**

The setting up of the Berekum light industrial zone was in line with contemporary local economic development practice. The process was not intended to produce a plan document before implementation. Nonetheless, the planning logic was embedded in it. Not only did the process follow the conventional cyclical planning process, the industrial zone planning process was later incorporated into the Berekum Medium-Term Development Plan. The integration of the industrial zone initiative into the District Medium-Term Development was however seen an attempt to document it as a district initiative than to provide guidance or resources to the process. The actual setting up of the light industrial zone followed a separate process from that of the District Medium-Term Development Planning process. It started with a series of stakeholder discussions/workshops to identify the comparative and competitive advantages of the Berekum Municipal. The stakeholders involved included officials of GIZ and their consultant(s), officials of the Berekum Municipal Assembly, representatives of the artisans, and representatives of other identifiable economic groups in the Municipality. In the economic analysis, the stakeholders identified maize and cashew production as the main dominant comparative advantages of the Berekum Municipal. Further analysis by the stakeholders revealed that the Berekum Municipal Assembly has a competitive advantage in light industrial activities such as welding, wood processing, car repairs, auto spraying, metal fabrication and related trades. Not only were the artisans well organised than the other economic groups or business associations in the Berekum Municipal, they had started the process of getting a convenient place outside the central business district for their activities on their own. However, after years of collaboration with the Municipal Assembly, this idea of an industrial zone did not come to fruition. Nonetheless, the efforts of the artisans endeared them to GIZ who became the dominant actor in the local economic development process in the Municipality. As a result, the artisans or the light industrial zone initiative became the main consideration or first target for the GIZ's LRED intervention in the Berekum Municipal. This signifies the "demand-driven approach" that the GIZ employs in its service delivery (See Hindson, 2007; GTZ, 2008).

The identification of an economic area for intervention paved the way for a more targeted planning by the stakeholders. The planning took the form of workshops where stakeholders basically deliberated and agreed on a roadmap for the setting up of the light industrial zone. The specific things identified in the workshops include, the issue of land and its development as a light industrial zone, provision of reliable energy to the industrial zone, the need for

entrepreneurial and industrial waste management training for the artisans as well as plans for the relocation of the artisans from the central business district to the industrial zone when completed. In what officials of the GIZ and the Berekum Municipal Assembly described as participatory planning workshops, tasks were identified and shared among the key stakeholders. The artisans with the support of the Berekum Municipal Assembly had earlier negotiated for a land to be used as the industrial zone from the traditional rulers in Berekum. GIZ agreed to buy a transformer and electrical poles. The Berekum Municipal Assembly took the responsibility of constructing access roads to, and within the industrial zone. The Assembly together with the Northern Electricity Department connected the industrial zone to the national electricity grid using the transformer and low tension poles provided by GIZ. At the planning phase, the artisans pledged to move to the industrial zone when it is finally established. The artisan also took responsibility for establishing their own workshops. This was regulated or supervised by the Town and Country Planning Department of the Berekum Municipal Assembly to ensure orderliness in the erection of structures in the industrial zone. This arrangement or sharing of responsibilities resulted in the smooth implementation of the LED initiative – the setting up of the Berekum light industrial zone. The planning and implementation processes were well organised and coordinated; thanks to the active role played by the GIZ in this endeavour.

The establishment of the Berekum light industrial zone is by far one of the few successful economic interventions in Ghana resulting from the application of the contemporary local economic development approach, which taps the synergy of multiple actors. It demonstrates the power of international development agencies to get things done even at the sub-national level. Unfortunately, the application of the contemporary local economic development approach in the Berekum Municipal has not gone beyond the establishment of the Berekum light industrial zone. Following the withdrawal of the lead actor, GIZ, which spearheaded the establishment of the light industrial zone, the Berekum Municipal Assembly has since not been able to engage relevant actors with the view of designing and implementing another local economic development initiative in the area. This phenomenon is part of a wider problem of development intervention, particularly those promoted by donor agencies.

“It is far from impossible that certain types of aid could undermine long-term institutional development, despite donors’ sincere intentions. Such a paradox is, of course, not new to the development literature. The so-called resource curse has long posited that unearned income undermines incentives to build local institutions and perhaps a social contract with the population” (Moss, et al, 2008: 258).

It is evident that officials of District Assemblies in Ghana appear to be so much interested in implementing donor or central government ‘projects’ than taking steps to design and

implement their own 'projects'. This raises the question of the role or relevance of donor agencies in the promotion of local development in developing countries.

Whilst the contributions of international development agencies or donor agencies have in some cases led to the successful implementation of local development initiatives, the sustenance of such interventions and/or the replication of such interventions by local actors have been disappointing. This is largely because of the 'supply-driven' approaches adopted by most donor agencies. For instance, the choice of the artisanal activities over cashew production and/or processing in Berekum shows that it is not just about 'demand-driven', but about promising qualities. As indicated earlier, it was the 'high' resource outlay by the GIZ, including its efforts in bringing the relevant actors together that resulted in the successful setting up of the Berekum light industrial zone. "Because LED is mainly based on donor-driven and government-driven approaches, the overall approach to LED funding is supply-driven, with the result that it prioritises inputs – infrastructure, donor finance systems and technical expertise ...." (Marais, 2010: 517). The dominant role played by the external actor, GIZ, in the planning and implementation of the LED initiative in Berekum (the light industrial zone) defeats the concept or philosophy behind LED as an alternative bottom-up development strategy driven by local actors. These kinds of interventions often fail to promote local ownership of development interventions.

#### **4.3.4 ILO's Decent Work Programme**

The International Labour Organisation and the United Nations Development Programme are the two UN Agencies actively supporting the adoption of the contemporary local economic development approach in Ghana. The ILO, like the GIZ has been at the forefront of implementing local economic development strategies at the district level in Ghana. The International Labour Organisation first introduced contemporary local economic development practice in Ghana in 2003. This was done through two project initiatives: 'the Ghana Decent Work Pilot Programme' (2002-2005), and 'the Ghana Working out of Poverty Project' (2004-2006). The ILO's LED initiatives in Ghana were first piloted in two districts; the Awutu-Efutu-Senya District, and the Ajumako-Enyan-Essiam District in the Central Region (see ILO, 2009). These programmes sought to promote 'decent work' as a vehicle for realising the socio-economic advancement of people. "Decent work basically implies the generation of employment opportunities, but not just any type of employment. The jobs created must be of a 'decent' or 'adequate' quality, meaning that employment should be subject to certain standards and regulations, which in turn will prevent the exploitation and/or mistreatment of workers" (Rodriguez-Pose, 2002: 1). The ILO's decent work programmes which are targeted at the promotion/development of micro, small and medium enterprises are seen as a means of

getting people out of poverty and strengthening the capacity of individuals and communities to live decent lives.

The International Labour Organisation applied the local economic development approach through these two project initiatives to strengthen the capacity of the micro and small scale enterprises as a means of expanding jobs opportunities in the informal economy. Aside enhancing the capacity of micro and small scale enterprises to create jobs, it also sought to build their capacity to dialogue with local government authorities and influence policy at the district level. Thus, the distinctive feature of ILO's LED initiatives has been the establishment of local economic development agencies (LEDAs) to champion the promotion of LED initiatives in the districts. As such, the setting up of local economic development agencies became central in the two ILO's programmes. The International Labour Organisation thus prides itself of a number of modest gains in the setting up of LEDAs in its LED pilot Districts in Ghana:

- The formation of Sub-committees on productive and gainful employment in the districts.
- The formation of approximately 100 Small Business Associations, with about 4,500 members.
- Training 200 leaders of the Small Business Associations in leadership and management skills.
- Training 200 micro, small and medium scale enterprises in each pilot District in management and productivity enhancing skills.
- Creation of Business Information Centres in each pilot District.
- Organising training in modern procurement practices for local companies (see ILO, 2009; ILO, 2012).

In Ghana, the International Labour Organisation's main local economic development agencies at the district level are known as District Assembly Sub-Committee on Productive and Gainful Employment (SPGE).

“The resulting Sub-Committees on Productive and Gainful Employment (SPGE) consist of six representatives from the private sector alongside four Assembly members and five District Assembly technical staff [...] Representatives in the Sub-Committees on Productive and Gainful Employment (SPGEs) are mainly drawn from small business associations that represent the informal economy [...] Furthermore, the participation of all actors were accompanied by institutional capacity building. All SPGE members received extensive training in the ILO approach to LED in general and decent work issues as they relate to the informal economy in particular” (ILO, 2012: 7).

The Sub-Committees on Productive and Gainful Employment (SPGE) became ILO's public-private arrangement for the promotion of LED at the district level. These local economic development agencies served as platforms for public and private sector actors to meet and discuss, diagnose, design and implement local economic development initiatives to promote the growth of micro and small scale enterprises in the districts. The ILO worked directly with the District Assemblies to get the LEDAs formed and integrated into the District Assembly system. The capacity of the LEDAs was enhanced through training workshops organised by the ILO. The SPGEs in particular are said to be recording modest gains:

“...SPGEs are also starting to report notable successes in mobilising funds in other ways. By serving as a visible access point for local SMEs, some SPGEs have been able to capture resources linked to national development programmes or projects initiated by other development partners. ... the existence of a stable multi-stakeholder LED forum facilitated the mobilisation of external resources from NGOs and international organisations. Finally, some SPGEs have been able to address shortfalls in local government funding by offering local businessmen and other relatively affluent individuals the opportunity to buy shares in the business activities initiated by the SPGE” (ILO, 2012: 11).

Comparatively, the International Labour Organisation's District Assembly Sub-Committee on Productive and Gainful Employment (SPGEs) has some institutional semblance and firm grounding than the GIZ's District Local Economic Development Platforms. This could be attributed to two main factors. First, the use of the term 'sub-committee' instead of 'platform' gave the LEDAs some level of grounding or acceptance. Sub-committees are part of the District Assemblies' internal structure, and are known structures within the District Assembly system in Ghana. Currently, all District Assemblies in the country have the following sub-committees under the executive committee: Development Planning Sub-Committee, Social Services Sub-Committee, Works Sub-Committee, Finance and Administration Sub-Committee, as well as Justice and Security Sub-Committee, (Ahwoi, 2010: 70). Aside these statutory sub-committees, District Assemblies can also form additional sub-committees, usually as standing committees or ad hoc sub-committees to cater for a specific issue in a given district, (Ahwoi, 2010: 72). Once the concept of sub-committee is well known, the formation of an additional sub-committee like the SPGE easily gains acceptance. Second, the sub-committee was formed on one of the thematic areas of the District Assembly's Medium-Term Development Plan at the time, known as Production and Gainful Employment. This thematic area of the District Development Plan mainly focused on initiatives aimed at supporting productive activities and expanding employment opportunities in the Districts. This made the Sub-Committees on Productive and Gainful Employment (SPGE) to quickly gain grounds since it was set up on something that was in practice within the District Assemblies at the time.



The ILO's LED interventions can be seen largely in the area of the formation of local economic development agencies (LEDAs). This form of intervention highlights the process-oriented nature of local economic development as a development strategy. These LEDAs become the organising units of local economic development initiatives in the districts. Well organised LEDAs are able to exploit economic opportunities within their localities and promote the competitiveness of local enterprises and localities as a whole. The formation of LEDAs can thus be viewed within the context of attempts to ensure sustainable promotion of local economic development practices and development ownership in the districts. This is so because, the LEDAs, when well formed or organised will automatically take responsibility for the organisation of local economic development initiatives in the districts. In other words, they assume ownership of the local economic development process which hitherto was the role of the intervening international development agencies. In this context, the success or future of LED in the districts does not lie on the number of LED initiatives implemented by international development agencies in a given district, but on the ability of the LEDAs to design, implement as well as manage their own LED initiatives. The ILO thus adopted a sustainable approach to the promotion of local economic development initiatives at the district level in Ghana.

#### **4.3.5 UNDP's Local Economic Development Efforts**

Since the declaration by world leaders in the year 2000 to work in a new global partnership to reduce extreme poverty in the world by 2015, the UNDP has been playing a key role towards the realisation of this goal. The UNDP has been supporting income generation activities, and promoting sustainable livelihood schemes in local communities across the globe. In Ghana, the UNDP has for instance, been working with the central government, District Assemblies and local communities to promote livelihood activities under its micro, small and medium enterprise project; which seeks to enhance peoples' livelihood and community development as a whole. This has often taken the form of capacity building training, and financial support to start or expand businesses, or given assets in the form of animals to people for rearing. However, in recent times, the UNDP appears to be minimising its direct community interventions in favour of the LED approach. This is partly intended to ensure that communities take ownership of their interventions and ensure their sustainability. The LED approach is seen as a strategy that will encourage the mobilisation of local resources to spark development at the district and community level. An interview with an official of the UNDP reveals that the interest of the UN agency on local economic development is based on the organisation's conviction about the efficacy of the LED approach:

“We believe the local economic development approach will promote an inclusive growth in Ghana [...] It will promote equitable development across the country [...] The LED approach facilitates the building of resilient local economies, and pulling people out

of poverty [...] It synchronises development in the districts [...] More importantly also, the LED approach will make local communities own and build on the support given them to grow their enterprises and the local economy” (Interview with an official of UNDP, Accra, October, 2011).

The UNDP sees the local economic development approach as a tool for promoting inclusive growth in Ghana. Based on this conviction, the UNDP has since 2009 been working with central government agencies in Ghana to create the necessary institutional framework, including the formulation of a national LED policy framework to facilitate the scaling up of LED initiatives across the country. In its country programme document for Ghana (2012-2016), the UNDP reiterated its resolve to support local economic development promotion as part of efforts to advance inclusive growth in the country:

“UNDP will address public policies, programmes and institutions to promote inclusive growth and address critical development disparities [...] UNDP will work with national partners and other UN Agencies to strengthen the economic viability of districts by supporting the development and implementation of a National Framework for Local Economic Development (LED). This will be complemented by District LED Strategies to stimulate and transform economies of districts and create new jobs and income generation opportunities. Using the value chain approach, UNDP will facilitate access to requisite financial, business development, partnerships and other support services to enhance productivity of enterprises at the district level” (UNDP, 2011: 3).

The ‘successful’ implementation of LED strategies in selected districts in Ghana by the ILO and the GIZ has given impetus for the up-scaling of the LED approach/initiatives in all districts in the country. It has generated discussions in the country and whipped-up some level of interest in LED initiatives resulting in the initiation of efforts towards the institutionalisation of the LED approach (see the New Decentralisation Policy of Ghana – MLG&RD 2010). However, though the ILO and the GIZ have been implementing LED strategies in Ghana since 2003, their LED actions were not guided by a national or district LED policy framework. The design and implementation of LED strategies in Ghana over the years have rather relied on different national development frameworks such as the Private Sector Development Strategies, and the GPRS I and GPRS II. But the institutionalisation or scaling up effort requires a policy framework to provide guidelines and define institutional mechanisms to support local economic development practices in the districts. This is the focus of the UNDP as far as the promotion of LED in Ghana is concern, at least for now. In line with this, the UNDP is supporting the setting up of institutional mechanisms to facilitate the process. By this, the UNDP is making the concept increasingly known and encouraging the acceptance and application of the local economic development approach in the districts.

Clearly, all the actors, particularly the international development agencies have personal strategies to execute their agenda. As Martens (2008: 306) points out “different types of aid agencies serve different purposes, depending on their institutional architecture.” As illustrated above, all the ‘intervening’ actors have specific strategies for promoting LED in Ghana. But “to the extent that donors’ preferences would fully converge, there would be no need to maintain a multitude of donor agencies; all donors could delegate aid delivery to a single agency. Fortunately, this is not a realistic policy because there is a healthy divergence of views among donors; nobody holds a monopoly on solutions to development problems” (Martens, 2008: 307). Given their mandate and different ideological background or orientation, the various international development agencies may continue to pursue separate paths. The important thing worthy of note here is that all the intervening parties’ LED interventions are executed in the ‘development projects’ fashion. For instance, as explained above, the ILO’s LED interventions in Ghana were implemented within two project initiatives: the Ghana Decent Work Pilot Programme (2002-2005), and the Ghana Working out of Poverty Project (2004-2006).

Development projects according to Ziai (2009: 184) refer to “spatiotemporally limited formal measures in so-called developing or less developed or under developed countries aiming officially at improving the standard of living of the resident population.” These are time-bound interventions that are to be implemented and evaluated within a given time-frame; and the results communicated to the appropriate authority or funding agency. As Ziai (2011: 7) notes “these interventions are more often than not designed or evaluated for funding by experts who are not locals nor speak the local languages, but who possess universally applicable knowledge on the process of development.” In view of this, the focus of intervening parties is on using results-based approaches which seek to demonstrate “outputs using activity-oriented indicators” (Trowell, 1997: 792). This has often been accompanied by the use of technical tools such as the logical framework to “help identify project and programme components for the planning, monitoring and evaluation of the project or programme” (Cummings, 1997: 588). In the quest for results, there is the “tendency to interpret or define the project’s purpose through the myopia of an individual’s technical role rather than through a sustainable impact on the target group, which can only be achieved through collective efforts” of all actors (Trowell, 1997: 791). But the effectiveness, success and sustainability of external interventions do not merely depend on the implementation of numerous development projects, but largely on:

- the extent of ownership of, and commitment to the intervention in the recipient country;
- the appropriateness of the intervention to the environment of the recipient country;

- the organisational structures and procedures through which interventions are implemented and monitored;
- the degree of flexibility in programme design and implementation; and
- the quality of technical expertise within the donor agency (Conyers and Mellors, 2005: 83).

The contemporary LED approach, which is conceptualised as an alternative development strategy requires a long-term intervention, where local actors are made to understand and appreciate the value of the strategy, as well as building their capacity to be able to design, implement and manage their own LED initiatives. Without local ownership, local economic development initiatives or practices would not be sustained in the districts where they are currently being promoted.

### **Conclusion**

From the discussion above, it is clear that the international development agencies are setting the agenda for the pursuit of local economic development in Ghana. From direct implementation of LED initiatives in the districts, to support for the formulation of a national LED policy framework, and the formation of LEDAs, international development agencies can be seen playing the lead role in these processes taking place at the national and local levels. Although the international development agencies claim to be strengthening the capacities of public and private stakeholders at the national, regional and local levels to apply and replicate local economic development initiatives, the evidence does not suggest effort to do so. The evidence rather show that the external agencies influence the choice of LED initiatives or areas of intervention, facilitate the design and implementation of these initiatives, provide funding where and when necessary, and assess the results after implementation. As such, local actors are seeing these interventions as external projects. The external agencies on their part have never hesitated to project successful cases like the setting up of light industrial zones as their 'success stories'. But the implementation of single projects by international development agencies in the districts does not constitute local economic development, at least in its contemporary sense. The sustenance of contemporary local economic development practice largely depends on the extent to which the process is owned by local actors, particularly the District Assemblies and not the implementation of single LED initiatives in the districts by international development agencies. Yet, these international development agencies usually consider their job done when they succeed in implementing such discrete projects in the districts.

## Chapter Five

### 5.0 Institutionalising the Local Economic Development Approach in Ghana

Contemporary local economic development initiatives have been implemented in Ghana, mainly by international development agencies. In recent times, starting from 2009, efforts have been made to institutionalise and up-scale contemporary local economic development approaches in Ghana. This chapter explores the processes taking place in Ghana aimed at institutionalising and up-scaling the local economic development approach or practice in the country. The chapter first explores efforts made to mainstream the local economic development approach into the country's decentralisation and development planning system. The chapter then examines the institutional structures put in place to facilitate local economic development promotion in the country. Finally, the chapter examines the policy that has just been formulated to guide or facilitate local economic development promotion in Ghana.

#### 5.1 Mainstreaming the LED Approach into the Decentralisation Framework

Decentralisation has become the main channel for delivering local development. Following the introduction of the local economic development approach in Ghana by international development agencies, decentralised units, particularly the District Assemblies (DAs) are becoming the main pivot for its promotion. This trend has been observed in other parts of the world:

“The current wave of decentralisation is closely linked to the emergence of a new paradigm of local economic development. This new paradigm calls upon the different actors in a given territory to join forces in order to promote sustainable local development processes, with a strong focus on re(activating) the local economy. In these processes, a special role is reserved for local governments as ‘catalysts’ in fuelling collaboration between local actors and defending local interests at higher levels of governance” (European Commission, 2007: 7).

District Assemblies (DAs) in Ghana have been assigned a responsibility to promote socio-economic development within their jurisdiction. However, over the years, institutional and legal issues regarding the assignment of responsibilities among various levels of government, as well as limited financial and low human resource capacity have impeded the District Assemblies from effectively discharging their developmental role. Importantly, efforts are underway to make LED an integral part of Ghana's decentralisation and local government system. As part of this, the Government of Ghana through the Ministry of Local Government and Rural Development has formulated a new decentralisation policy with the aim of clarifying roles, and

repositioning the District Assemblies to effectively carry out their mandate. The new decentralisation policy also seeks to mainstream the contemporary local economic development approach into Ghana's decentralisation system. In addition, the new decentralisation policy reiterates the key role of District Assemblies in the promotion of local economic development in the country. The explicit nature of the new decentralisation policy on the role of District Assemblies in the promotion of local economic development is indicated in the following terms:

“It is an important component of the decentralisation policy that District Assemblies (DAs) provide the facilitating environment for local economic development (LED). Policies to promote job creation, the establishment of local industries and the facilitation of intra- and inter-district trade are all part of the mandate of DAs in the area of LED. In this connection, the classical definition of LED as “the process by which local governments, local businesses and other actors join forces and resources to enter into new partnership arrangements with each other or other stakeholders to create new jobs and stimulate economic activity in municipalities, towns and villages” is endorsed by this policy” (Ministry of Local Government and Rural Development, 2010: 30).

The above quote clearly shows that the discourse on contemporary local economic development, structured mainly by western scholars and donor agencies will not forever remain in the domain of these external actors alone. In fact, as can be seen, the external actors are beginning to influence local development policy agenda in Ghana and elsewhere in the developing world. In his study of rural development projects in Benin, Mongbo (1995: 118) notes, “in the field of rural development, financial assistance is usually associated with development intervention to which the staff must adjust and whose language and practices have to be incorporated to some extent into the rituals of the organisation involved.” This largely explains the adoption of the definition of contemporary local economic development advanced by western scholars and organisations by the Government of Ghana, as contained in the country's new decentralisation policy document. Although the new decentralisation policy document is not explicit on whose definition of LED it was adopting, the ‘adopted’ definition is closely tied to the ones provided by the American Scholar, Edward Blakely (1989) and the World Bank (see Swinburn et al, 2006). The adoption of the ‘classical’ definition of LED provided by western scholars and agencies in the national decentralisation policy framework shows the extent to which western dominated discourses shape the development agenda of developing countries. As Long (2001: 25) posits, external interventions can enter into the “life-world” of local actors, which could either form part of their resource base or constitute a constraint to them.

The Government of Ghana has acknowledged the importance of the local economic development approach in achieving the objectives of Ghana's decentralisation programme. This 'belief' is well captured in the new decentralisation policy: "effective local economic development is critical in achieving the envisioned results of decentralisation, including appreciable levels of internally generated revenues, options in service delivery, employment opportunities, reduced poverty levels and rapid infrastructural development", (Ministry of Local Government and Rural Development, 2010: 40). In furtherance to the adoption of the 'classical definition' of LED, the Government of Ghana through the Ministry of Local Government and Rural Development has outlined specific policy measures in the new decentralisation policy to promote local economic development in the country. These policy measures seek to:

- facilitate the formulation of a national local economic development framework to guide Metropolitan, Municipal, and District Assemblies (MMDAs);
- promote the development and implementation of local strategies for local level economic development;
- encourage Assemblies to deepen consultations and publicise fee-fixing resolutions on a timely basis including revising provisions within the Ministry's performance measures;
- develop guidelines for conducting consultations based on the experiences of successful Assemblies and to encourage Assemblies to budget or make appropriate provision for consultations;
- facilitate the development of guidelines for public-private partnerships at the local level;
- encourage Assemblies to pro-actively collaborate with key local level agencies including identifying and providing visible support to relevant decentralised agencies such as the Department of Community Development and Cooperatives and the Business Advisory Centres of the National Board of Small Scale Industries;
- promote inter-district trade and harmonise/resolve multiple taxes on goods/services;
- provide platforms for sharing information among Assemblies on good practices and lessons learned in local economic development, and small and medium enterprise support, (Ministry of Local Government and Rural Development, 2010: 41).

In addition to these policy measures, the President of the Republic of Ghana has given the strongest indication yet regarding government commitment towards mainstreaming the local economic development approach into Ghana's decentralisation framework. In his State of the Nations address to Parliament, the President points out: "We will mainstream the concept of Local Economic Development (LED) to facilitate, develop and implement employment creation programmes based on the natural resource endowments and the comparative advantages of every district" (Mahama, 2013: 19). Aside government commitment to strengthen the decentralisation process, this statement can also be seen as an attempt by the president to re-affirm government commitment to the Ghana Shared Growth and Development Agenda

(GSGDA), which is currently the Medium-Term National Development Policy Framework for the country. The Ghana Shared Growth and Development Agenda in part seek to promote “effective decentralisation for enhanced local economic development”, (NDPC, 2010: 5). Not only has provision being made for LED in the Ghana Shared Growth and Development Agenda; the GSGDA is currently used as the policy framework for LED planning and promotion in Ghana, pending the adoption of the national LED policy formulated in 2012. One of the Ghana Shared Growth and Development Agenda’s policy objectives is to “mainstream the concept of local economic development into planning at the district level” (NDPC, 2010: 195). The GSGDA thus provides the framework for the formulation of LED plans within the Medium-Term Development Planning framework of the District Assemblies currently piloting the local economic development approach in the country.

## **5.2 Mainstreaming Local Economic Development into the Development Planning System**

One other way of institutionalising the contemporary local economic development practice in Ghana is through planning. In many parts of the world, the promotion of local economic development has been linked to planning (see Maharaj and Ramballi, 1998; Rogerson, 1999; Cunningham and Meyer-Stamer, 2005; Meyer-Stamer, 2006; Nel, et al, 2009; Rogerson and Rogerson, 2010; Blakely and Leigh, 2010; Rogerson, 2010). Planning has been a tool of development promotion in Ghana, and many parts of the world. Many people and countries have a historical belief in the efficacy of planning to deliver ‘development’.

“Planning techniques and practices have been central to development since its inception. As the application of scientific and technical knowledge to the public domain, planning lent legitimacy to, and fuelled hopes about the development enterprise. Generally speaking, the concept of planning embodies the belief that social change can be engineered and directed, and produced at will [...] In the face of the imperatives of ‘modern society’, planning involved the overcoming or eradication of ‘traditions’, ‘obstacles’ and ‘irrationalities’; that is, the wholesale modification of existing human and social structures and their replacement with rational new ones [...] The history of development in the post-World War II period is, in many ways the history of the institutionalisation and ever more pervasive deployment of planning” (Escobar, 2010: 145-151).

The belief in the efficacy of planning as a tool of development is also prevalent in Ghana. Ghana has long experience in the field of development planning. Conventional development planning in Ghana can be traced to the works of the British colonial administration in the country. As early as 1919, Ghana, formerly called the Gold Coast was among the first few countries in the world to formulate a national development plan. Under the stewardship of Sir Gordon



Guggisberg, the British colonial Governor of the then Gold Coast at the time, a seven year national development plan (1919-1926) was launched for the country (see Vordzorgbe and Caiquo, 2001: 5). This first national development plan of the then Gold Coast was basically intended to guide the provision of the infrastructure needed to facilitate the exploitation and export of the country's mineral resources to Britain, as well as the provision of specific social infrastructure and services, particularly for the expatriates.

From this noble beginning, the culture of national development planning has been vigorously promoted in Ghana over the years. This culture of national development planning was particularly more pronounced in the pre-independence and the immediate post-independence era in Ghana. From the early 1950s to the late 1960s, the country had formulated a couple of successive national development plans. These include the Ten Year Development Plan, which was later re-designed as a five year development plan (1951-1956); the Consolidation Development Plan (1957-1959); the Five Year Development Plan (1959-1964); as well as the Seven Year Development Plan (1963/64-1969/70) among others, (see Vordzorgbe and Caiquo, 2001: 5).

After several years of national planning, Ghana embraced decentralised development planning in the mid-1990s, following the implementation of comprehensive decentralisation reforms in 1988. Development planning has since become an integral component of Ghana's decentralisation programme. Diaw (1997: 6) notes that one key feature of Ghana's local government reform is "decentralisation by devolution of administration, development planning, implementation and budgeting decision-making in which local level authorities will be actively involved." District development planning in Ghana is carried out within the framework of the new decentralised planning system; that came into being as a new national development planning system through Act 480 of 1994. This new national development planning system created "a four primary planning authorities, namely, (1) District Planning Authorities, (2) Regional Coordinating Councils (RCCs), (3) Ministries, Departments and Agencies (MDAs) at the national sectoral level, and (4) a National Development Planning Commission (NDPC), the apex authority at the national level" (Kokor, 2001: 32). Under the new national development planning system, District Assemblies have also been constituted as planning authorities at the sub-national level (Kokor, 2001: 32). They are responsible for the overall development planning exercise at the district level. The specific functions of District Assemblies regarding development and economic planning at the district level as outlined in the new national development planning system, Act 480 of 1994 include:

- To initiate and prepare district development plans as well as settlement structure plans.
- To undertake studies on development planning issues such as economic, social, environmental and spatial issues.

- To initiate and coordinate the processes of planning, programming, budgeting, and implementation of district development plans, programmes and projects.
- To integrate and ensure that sector and spatial policies, plans, programmes and projects of the district are compatible with national development objectives.
- To synthesise policy proposals on development planning in the district into a comprehensive framework for the economic, social, and spatial development of the district; and ensure that it conforms to the principles of sound environmental management.
- To monitor and evaluate development policies, programmes and projects in the districts; and,
- To provide the National Development Planning Commission with such data and information as it may require, (see Ahwoi 2010: 160-162).

Since 1997, the preparation of District medium-term development plans has continuously been carried out despite the various changes in political administration. All District Assemblies are required to organise their developmental aspirations, and the strategies to achieve them into a medium-term development plan, which are usually implemented within a time span of four years. It is within this decentralised planning platform that LED initiatives are to be organised and implemented in Ghana. The District Medium-Term Development Planning System runs a four-year cycle. However, as pointed out in chapter six, the conventional planning currently practised in Ghana lacks the strategic focus or direction to drive local economic development which seeks to create competitiveness in enterprises and localities.

A critical assessment of the National Medium-Term Development Policy frameworks under which the guidelines for the formulation of District Medium-Term Development Plans have been derived over the years reveals that they lack local economic development orientation. For instance, the first District Medium-Term Development Plans (1997-2000) were formulated under the Vision 2020 Development Policy Framework, which sought to transform Ghana into a Middle Income Country by the year 2020. The priority areas under this development policy framework that informed the formulation of the District Medium-Term Development Plans (1997-2000) include human development, economic growth, rural development, urban development, infrastructure development, and an enabling environment (see NDPC, 2010). As can be seen from the thematic areas, the Vision 2020 Development Policy Framework did not make provision for LED promotion in the country in its thematic areas.

The Vision 2020 Development Policy Framework was replaced by the Ghana Poverty Reduction Strategy (GPRS I). The GPRS I was the development policy framework used to formulate the District Medium-Term Development Plans, (2003–2005). The adoption of Ghana Poverty Reduction Strategy as a development policy framework was a condition set by the International

Monetary Fund (IMF) and the World Bank for the country when it applied for development assistance under the Heavily Indebted Poor Countries (HIPC) initiative in 2002 (see Woll, 2008; NDPC, 2010). The main aim of GPRS I was to reduce the incidence of poverty in Ghana through macro-economic stability. The GPRS I was thus aligned to the Millennium Development Goals (MDGs). The main themes of GPRS 1 were, human resources and basic services, production and gainful employment, special programmes for the poor and vulnerable, and governance (see NDPC, 2010: 2). The Ghana Poverty Reduction Strategy (GPRS I: 2003-2005) was followed by the Growth and Poverty Reduction Strategy (GPRS II: 2006-2009). As an extension of GPRS I, it sought to reduce the incidence of poverty through economic growth. As the NDPC (2010: 2) points out, “the GPRS II placed emphasis on growth as the basis for sustained poverty reduction so that Ghana can achieve middle-income status within a measurable planning period.” Under this development policy framework, the District Medium-Term Development Plans were formulated under five broad themes: continued macro-economic stability, private sector competitiveness, human resource development, and good governance and civic responsibility (see NDPC, 2010: 2). The success of both GPRS I and GPRS II were thus measured in terms of their contribution to macro-economic stability and poverty reduction, and not on the basis on local economic development promotion.

As planning remains the tool for development promotion in Ghana, the local economic development approach is being mainstreamed into Ghana’s development planning framework as part of measures aimed at institutionalising the practice in the country. Similarly, like other forms of donor interventions, local economic development promotion is subjected to conventional planning procedures. “The desire of the international aid community to estimate ‘aid needs’ itself reflects how planning has taken over foreign aid. The terminology of ‘planning’, along with its synonyms of ‘framework’ and ‘strategy’ increasingly dominates aid discourse” (Easterly, 2006: 5). Local economic development is gradually becoming an integral part of district development planning in Ghana. As the European Commission (2007: 7) notes “the new decentralisation model reintroduces the notion of territorial (regional) planning, which should help to place local development planning in a broader spatial perspective.” As indicated above, LED has been mainstreamed into the current national development policy framework, known as the Ghana Shared Growth and Development Agenda (GSGDA).

According to the NDPC (2010: 4), this medium-term development strategy (the Ghana Shared Growth and Development Agenda) is “anchored on the continued pursuit of macro-economic stability and the sustainable exploitation of Ghana’s natural resource endowments in agriculture, minerals, and oil and gas supported by strategic investments in human capital, infrastructure, human settlements, science, technology and innovation to drive industrialisation, particularly manufacturing.” The current medium-term development policy framework – the Ghana Shared Growth and Development Agenda (GSGDA) is anchored on

seven development themes: ensuring and sustaining macro-economic stability; enhanced competitiveness of Ghana's private sector; accelerated agricultural modernisation and natural resource management; oil and gas development; infrastructure and human settlements development; human development, productivity and employment; and transparent and accountable governance (see NDPC, 2010: 5). Within the current medium-term development planning period (2010 – 2013), local economic development initiatives or action plans for the districts are designed under the thematic area, 'enhanced competitiveness of Ghana's private sector'. This means that the local economic development focus of the District Assemblies is on the promotion of competitiveness of the private sector, which is characterised by micro and small scale enterprises at the district level.

Clearly, all these medium-term development policy frameworks follow the same pattern and basically have similar themes. Largely, the different policy frameworks are only being slightly differentiated by the reframing of some themes like 'ensuring and sustaining' macro-economic development stability; or by the addition of few themes like 'oil and gas development' in the case of the current national development policy framework (GSGDA). Similarly, aside the provision for private sector development/competitiveness, there is no explicit provision or arrangement for the adoption and/or promotion of LED as an alternative bottom-up development strategy. Nonetheless, development planning remains the main means through which the development intentions of the districts are captured and implemented. This means that the degree to which LED is accepted as a development strategy will also partly depend on its integration into the national development policy/planning framework, as well as the district development plans.

### **5.3 Decentralised Development Planning**

The discourse on decentralised district development planning is premised on the notion of a bottom-up participatory process and responsiveness to local community needs and aspirations. This has been expressed variously by Kwamena Ahwoi (2010), Ghana's former Minister of Local Government and Rural who spearheaded the implementation of the country's decentralisation programme in the late 1980s. According to Ahwoi (2010: 156), the traditional planning system in Ghana failed to give due consideration to community aspirations and also did not create room for "local level development initiatives." The decentralised planning system "is therefore participatory and integrative, and is designed to ensure the active involvement of the community and service providers in the provision of services, and the planning and implementation of development programmes" (Ahwoi, 2010: 156). Ahwoi's views have been corroborated by the views of Kofi Diaw (1994; 1997) and Jonas Yaw Kokor (2001), who were development planning lecturers at the Kwame Nkrumah University of Science and Technology and also served in the National Development Planning Commission. In the view of these

experts, the decentralised planning system was to correct the weaknesses of the traditional planning system, which has been described variously as being centralised, and non-participatory (Diaw, 1997; Kokor, 2001; Ahwoi, 2010). The new planning system is not only being presented as a bottom-up process, it is being described as multi-sectoral, multi-dimensional, participatory and problem solving (Kokor, 2001; Ahwoi, 2010). This decentralised planning system in the view of Ahwoi (2010: 154) is “multi-sectoral, emphasises participation and self-determination and involves local institutions in income-generating projects.” On his part Kokor (2001: 32) notes that the promotion of a bottom-up participatory planning process by the new national development planning system is “based on the notion of empowering the people, not as consumers or customers, but as citizens who must act directly in the process of governing their locality.” The decentralised planning system in Ghana has been given the best description by the experts as a bottom-up participatory exercise owned by local communities.

The ‘experts’ present an image of the existence of well empowered local actors in the communities or districts who are capable and ready to take charge of local/district development decision-making, project design and implementation. But this ‘world-view’ of the ‘experts’ on the decentralised planning system does not conform to social reality. Structured as a process, my observation is that the decentralised planning system actually starts and ends at the national level and not at the local or district level. In reality, district development planning in Ghana starts with the issuance of guidelines by the National Development Planning Commission to the District Assemblies. It is these guidelines that set the tone and demarcates the boundaries for the preparation of the district medium-term development plans. In other words, the formulation of district development plans must conform to the guidelines issued by the National Development Planning Commission.

This top-down approach to local level development planning, though not acknowledged by the experts has a number of weaknesses. First, I noticed that all the District Assemblies in the country produce nearly the same medium-term development plans. This is so because all the District Assemblies use the same guidelines issued by the National Development Planning Commission which outline the themes for the design of the District Development Plans. Because of the strict adherence to the guidelines issued by the NDPC, the District Development Plans are structured in a way that one could easily substitute one District Assembly’s medium-term development plan with another by simply changing the name of the Assembly and local communities in them.

Second, the guidelines issued from the national level appear to be discouraging or killing innovation or initiative at the district level. The District Assemblies appear to be content following the guidelines and producing identical development plans over and over. I noticed that there are really no differences between succeeding development plans of the District

Assemblies, except few changes like the thematic areas provided by the guidelines and adjustments to statistical data, like population figures. Third, the subtle top-down approach to local level development planning does not make district development plans more responsive to specific local developmental challenges of each district. The guidelines issued by the National Development Planning Commission often assume that all the District Assemblies in Ghana face the same developmental challenges or have the same developmental aspirations. For instance, although some of the Districts in the country are conflict ridden, the planning guidelines have over the years failed to make provision for conflict prevention and management. As such, these areas of intervention are not captured in the district development plans, despite the fact that some District Assemblies spend a substantial amount of their revenue on peacekeeping or conflict management. During my field research for instance, one of my study districts, the Berekum Municipal Assembly was busily engaged in settling refugees fleeing the political crisis in neighbouring Cote d'ivoire. The Berekum Municipal Assembly had to perform this conflict-related task though provision has not been made for conflict management or related issues in the planning guidelines.

The issuing of guidelines for the formulation of district development plans clearly demonstrates how the development agenda and planning of District Assemblies are being shaped and directed from the centre. As Kunbuor (2009: 236) notes "at every turn in the planning process the state is directing, defining and manipulating the authorship of the District Development Plan." Similarly as Evers and Gerke (1992: 149) point out "integrated regional development planning in particular and development planning in general is the outcome of bureaucratic procedures and an expression of bureaucratic thinking." In the view of Kunbour (2009: 257) "the need to have a bottom-up approach to planning, therefore, is to co-opt local communities onto the project of the state development agenda." Not only are district development plans formulated along national development themes and guidelines, they are also expected to conform to national 'standards', as well as create some level of harmony at the regional level.

This subtle top-down approach to district development planning is certainly not consistent with the contemporary local economic development approach, which has a clear and strong local anchorage. The structuring or ordering of district development planning from the centre makes this kind of decentralised planning more of an obstruction than a facilitating tool for local economic development promotion at the district level in Ghana. By insisting on conformity to national planning guidelines or harmony in terms of plan content, district medium-term development planning in Ghana has also become more of a routine exercise/ritual to be performed than an innovative exercise designed to respond to existing and emerging developmental challenges of local communities, and sectors. Yet, this 'decentralised' district development planning is the main tool for local economic development promotion at the district level in Ghana, at least for now.

#### **5.4 Private Sector Operators Participation in District Development/LED Planning**

Aside the inherent limitations associated with the use of planning guidelines issued by the National Development Planning Commission, there are also doubts about the ability of the decentralised district development planning system to promote authentic community participation and ownership of local development planning. In view of the fact that the promotion of local economic development in the districts is being routed through planning, I sought the opinion of the micro and small enterprise operators in the two study districts regarding their worldview on the district development/local economic development planning process. Given that the development of micro and small scale enterprises has featured in successive medium-term development plans of the District Assemblies even before the adoption of the contemporary local economic development approach, it is expected that the local business people as well as the wider community would constitute a key stakeholder group in district development plan formulation and implementation. Similarly, LED planning or promotion has begun in the two study districts, where local participation is essential. The survey thus sought to capture the opinion of the local enterprise operators regarding efforts made by the District Assemblies to involve them and the wider local community in the various stages of the district development/LED planning process.

One observable thing is the difference in opinion between the micro and small enterprise (MSE) operators in the Berekum Municipal and the Bongo District regarding efforts by their respective Assemblies to involve them in the district development planning process. While the MSE operators in the Bongo District rate the performance of their District Assembly in getting them involved in most of the stages of the planning process as good, their counterparts in Berekum rate their Assembly's performance as poor. This partly reflects differences in the organisational capability of the two District Assemblies and institutional performance as a whole. My investigation revealed that the tendency of rating the performance of the Berekum Municipal Assembly as 'poor' by the artisans has to do with the perceived lukewarm attitude shown by the Assembly towards the establishment of the Berekum light industrial zone. It will be recalled that efforts to establish the Berekum light industrial zone started way back in 2002, but the artisans are of the conviction that until the intervention by GIZ in 2007, the idea would not have materialised. The artisans see the Assembly to be interested in revenue mobilisation than service provision. As such, they appear not to hold any good impression regarding the Assembly's engagement or attempted engagement with local interest groups, including the MSE operators in the district.

Table 5.1: Involvement or Participation of MSE Operators in Community Diagnosis

	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
Poor	29	19.33	79	52.67	108	36.00
Fair	77	51.33	27	18.00	104	34.67
Good	42	28.00	44	29.33	86	28.67
Excellent	2	1.34	0	0.00	2	0.67
Total	150	100.00	150	100.00	300	100.00

Source: Field Survey, 2011

The survey results presented in Table 5.1 show that at the early stage of the planning process, there was little involvement of micro and small enterprise operators in the planning process. As shown in Table 5.1, a greater number of the respondents in Berekum (52.67%) rated efforts by their Assembly to involve them in the diagnosis of community problems, analysis and priorities setting as poor. A greater number of their counterparts in Bongo (51.33%) however rated the performance of their Assembly in this direction as fair. Fair here lies between poor and good. This means that the MSEs Operators in Bongo view the performance of their District Assembly as a bit satisfactory compared to their counterparts in Berekum. If this holds true, particularly with the situation in Berekum, it means that the possibility of the district development plans capturing the felt needs of local interest groups like that of the local enterprise operators is low. This often results in the design and implementation of plans and programmes that do not impact positively on the lives of these interest groups or local communities.

Table 5.2: Participation in the Preparation of Community Action Plans

	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
Poor	9	6.00	94	62.67	103	34.33
Fair	36	24.00	53	35.33	89	29.67
Good	98	65.33	3	2.00	101	33.67
Excellent	7	4.67	0	0.00	7	2.33
Total	150	100.00	150	100.00	300	100.00

Source: Field Research, 2011

The response of the local enterprise operators on attempts by the Assemblies to involve them in the preparation of community action plans is not different from that of the community diagnosis. In this stage, a large percentage of the respondents in Berekum (62.67%) as shown in Table 5.2 rated the performance of the Berekum Municipal Assembly as poor. As shown in Table 5.2, as high as 65.33% of the respondents in Bongo however think that effort by the



Bongo District Assembly aimed at involving them and other local residents in the preparation of community action plans has been good. In the Bongo District, representatives of the targeted MSEs were involved at this stage, of which I also participated. This is reflected in their response as shown in Table 5.2; where a high percentage (65.33%) of the respondents in that district rated the effort of the Assembly in this direction as good.

However, I noticed that areas where the Bongo District Assembly's efforts in promoting the participation of local enterprises had good ratings were areas that the District Planning Officer or the District Manager of the National Board for Small Scale Industries played lead roles in organising. For instance, the rating of the Bongo District Assembly on areas such community involvement in action planning sessions or in public hearings where the Planning Officer played lead roles in organising is not the same as areas such as fee-fixing resolutions where the planning officer does not play a lead organising role. The District Planning Officer and the District NBSSI Manager were seen as the key actors within the Assembly set-up who were interested in public engagements, particularly involving traditional authorities and economic groups like the micro and small scale enterprise operators in the planning process. This means that the attitude of officials of the Assemblies could be a determining factor regarding the kind of participatory decision-making processes that can promoted at the district level.

Table 5.3: Organisation of Public Hearing on Draft District Development Plan

	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
Poor	17	11.33	117	78.00	134	44.67
Fair	36	24.00	30	20.00	66	22.00
Good	85	56.67	3	2.00	88	29.33
Excellent	12	8.00	0	0.00	12	4.00
Total	150	100.00	150	100.00	300	100.00

Source: Field Research, 2011

Although what has been termed “public hearing” on the draft district development plan is one of the main stages in the planning process used to promote community participation, its organisation has been problematic. The survey results presented in Table 5.3 show that as high as 44.67% of the respondents in the two study districts rated the organisation of the public hearings or effort by the Assemblies to involve the MSE operators in the public hearings as poor. In fact, only 4.01% of the respondents as shown in Table 5.3 rated the performance of the Assemblies as excellent. This is even more revealing when one looks at the specific case of the Berekum Municipal Assembly where the Assembly scored 0.00% in the excellent column. Given that Berekum has a more active and well organised local enterprise operators, their apparent low or non-participation in such fora contradicts the widely held view that decentralised

development planning promotes community participation and ownership of the planning process. According to Kunbuor (2009: 256) “community participation in the planning process is also interpreted to mean the holding of public fora at the formulation stage and a public hearing when the plan is finalised.” But this idea of using ‘public hearing’ to connote community participation and ownership of district development planning is misleading. As Kunbuor (2009: 256) points out, not only are the community fora organised in few locations in the districts, the main public hearings, usually held at the final stage of plan preparations are organised at the district capitals. My observations concerning public hearing in the Bongo District confirms this practice. During my field research in Bongo, I noticed that participants at public hearings are often the Assembly Members and invited representatives from decentralised departments in the district, traditional rulers selected business or economic groups, and other identifiable interest groups. Public hearings in the Bongo District, like the 2012 Budget hearing, and even the LED action planning sessions were all held in the District Assembly Hall, the official meeting place of the Assembly.

Deliberations were held in a formal setting, and also conducted in English, and not in the local language, ‘Grune’, which the local populace is more comfortable with. I also observed that the public hearings were characterised by questions and answers session. The local residents were presented with highlights of the medium-term development plan of the district or the budget as the case may be, and the participants in turn only have the opportunity to ask questions and receive answers from officials of the Assembly. Precisely, the officials often outline the key activities or projects in the medium-term development plan and communities or sectors where such interventions are targeted. I also noticed that although the participants have the right to comment on the proposed sites of certain projects or lament on the absence of certain interventions in their communities or interest areas, they do not have the capacity to influence or effect changes in the plan. Yet, the conclusion drawn after such community fora or public hearings is that the plan has been endorsed by the local residents. Since the phrase, “... has been endorsed by the local residents” is a requirement for the acceptance of the district development plan at the regional and national level, it has to be captured, even if the local residents did not take part in the planning process and endorse the said plan.

Another issue that was of interest to the local business people is the subject of fee-fixing resolution. Fee-fixing resolution here refers to the agreement reached by the Assembly Members regarding the amount of fees, taxes, fines, rates and so on to be paid by business people and the local residents as it may apply within a given period of time. Fee-fixing resolution has been a contentious issue between District Assemblies and business people in particular over the years. Although some District Assemblies in the country have made efforts to involve the MSE operators in their fee-fixing resolution deliberations, others have not yet made any attempt in that direction. Even in districts where the private sector actors have been

involved in the deliberations, they have often not expressed satisfaction on the level of levies fixed by the Assemblies. But since they do not have the right to vote in the Assemblies' meetings, they are often compelled to accept the amount that the Assembly members settle on.

Table 5.4: Involvement of MSE Operators in Fee-Fixing Resolutions

	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
Poor	51	34.00	98	65.33	149	49.67
Fair	65	43.33	3	2.00	68	22.67
Good	33	22.00	49	32.67	82	27.33
Excellent	1	0.67	0	0.00	1	0.33
Total	150	100.00	150	100.00	300	100.00

Source: Field Research, 2011

In both Berekum and Bongo, there were contrary views regarding the involvement of private sector operators in the Assemblies' fee-fixing resolution deliberations. Whilst officials of both Assemblies told me during interview sessions that they have been involving private sector operators in their fee-fixing resolution deliberations, the latter hold a contrary view. When the MSE operators were asked in the questionnaire to rate the performance of their respective Assemblies in involving them in fee-fixing resolution deliberations, an interesting result emerged. Nearly half of the respondents (49.67%) in the two districts as shown in Table 5.4 rated effort of the Assemblies to involve them in these deliberations as poor. Interestingly, less than one percent (0.33%) rated the performance of the Assemblies in this direction as excellent. As usual, a greater number of the respondents in Berekum (65.33%) as compared to 34.00% in Bongo rated the performance of their respective Assemblies in involving them in fee-fixing resolution deliberations as poor. The survey results demonstrate dissatisfaction on the part of the private sector operators on the fee-fixing resolutions of the Assemblies. This was confirmed during my follow up interviews. For instance, during my interviews with artisans at the Berekum light industrial zone, they complained that they pay a lot of taxes to the Municipal Assembly and the Internal Revenue Service, but were not provided with the basic services they needed to effectively run their businesses. The following remark by one of the mechanics in the Berekum light industrial zone sums it all:

“We have been paying all these taxes but they (Central Government and Berekum Municipal Assembly) have refused to tar our roads. We are inhaling dust all the time when we are at work [...] Look, all of us here in this Magazine compete to use just one toilet facility, yet they take our money all the time” (A remark by an artisan in the Berekum light industrial zone during a group discussion, June, 2011).

An interesting revelation also emerged from the results concerning the involvement of the micro and small scale enterprise operators in LED action planning. Although it was confirmed that these MSE operators, particularly the artisans in the Berekum light industrial zone were involved in processes leading up to the establishment of the light industrial zone, their views as shown in Table 5.5 point to the contrary. For instance, as high 86.66% of the respondents in Berekum as shown in Table 5.5 rated efforts of the Assembly to involve them in LED action planning sessions as poor.

Table 5.5: Participation in Local Economic Development Action Planning Sessions

	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
Poor	16	10.67	130	86.66	146	84.67
Fair	76	50.67	18	12.00	94	31.33
Good	55	36.66	2	1.34	57	19.00
Excellent	3	2.00	0	0.00	3	1.00
Total	150	100.00	150	100.00	300	100.00

Source: Field Survey, 2011

This certainly contradicts the widely held view that the LED process was participatory and embraced a broad spectrum of actors. In a follow up interview with the artisans in the Berekum light industrial zone to clarify these seemingly contradictory positions, I realised that the artisans do not have a good impression about the Berekum Municipal Assembly as far as the promotion of LED is concern. Although the artisans confirmed that they were involved in processes leading up to the establishment of the light industrial zone, they attributed such efforts to the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), and not the Berekum Municipal Assembly. The artisans indicated that they attended the workshops and participated in discussions leading up to the establishment of the industrial zone on the invitation of GIZ and not the Berekum Municipal Assembly. In the view of the artisans, the compliment should be given to GIZ and not the Berekum Municipal Assembly. As such, they rated the performance of the Assembly in this area as poor.

This revelation does not only confirm the dominance of GIZ in LED promotion in Berekum, it also reveals how interventions by international actors could create disaffection between local actors. The artisans in Berekum do not appear to have any element of trust and confidence on the willingness and capacity of the Berekum Municipal Assembly to design and implement an LED initiative like the light industrial zone. This apparent lack of confidence on the Assembly has to some extent gain credence in view of the inability of the Berekum Municipal Assembly to replicate LED initiatives in the area, like the light industrial zone which was supported by the GIZ. In the absence of an organised effort by the Berekum Municipal Assembly to mobilise

relevant actors to jointly design and implement its own LED initiatives, the claims by the artisans about the Assembly's failure to involve them in LED action planning sessions or the inability of the Assembly to promote LED cannot be contested. This also demonstrates that the Berekum Municipal Assembly has not done much to involve the artisans in its normal Medium-Term Development Planning exercise over the years.

In Bongo where there is no such active intervention by an international development agency in their LED process so far, the results are quite different. The survey results presented in Table 5.5 show that 50.67% of the respondents rated efforts by the Bongo District Assembly to involve them in LED action planning as fair. Similarly, as shown in Table 5.5, only 10.67% of the respondents in Bongo as compared to 86.66% of the respondents in Berekum rated the efforts of their respective Assemblies to involve them in LED action planning as poor. In addition, a reasonable proportion of the respondents in Bongo (36.66%) as against 1.34% of their counterparts in Berekum rated the efforts of their respective Assemblies in this direction as good. This reflects the situation on the ground. During group discussions with some of the organised groups in the Bongo District, particularly with the Basket Weavers Association in Awaah, the Guinea Farmers Association in Namoo, and the Shea Butter Processors in Soe, the participants confirmed to me that they have been invited a couple of times to LED planning sessions in Bongo by officials of the Bongo District Assembly. I particularly noticed the representation of these business groups in some of the LED action planning sessions that I participated in Bongo during my field research. This sense of involvement promotes shared-ownership of the process by all relevant stakeholders, and also gives real meaning to the local economic development approach as a bottom-up development strategy.

Table 5.6: Involvement in the Implementation of Local Economic Development Action Plans

	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
Poor	34	22.67	112	74.67	146	48.67
Fair	65	43.33	32	21.33	97	32.33
Good	50	33.33	6	4.00	56	18.67
Excellent	1	0.67	0	0.00	1	0.33
Total	150	100.00	150	100.00	300	100.00

Source: Field Survey, 2011

On the specific subject of efforts by the District Assemblies to involve MSE operators in the implementation of LED action plans in the districts, the views of the private sector operators, particularly the artisans in Berekum have not changed. Unlike the private sector operators in Bongo (43.33% of the respondents) who have rated the efforts of their Assembly to involve them in the implementation of some LED actions as fair, as high as 74.67% of their counterparts

in Berekum as shown in Table 5.6 rated the efforts of the Berekum Municipal Assembly to involve them at the level of implementation as poor. Clearly, as far this survey results is concern, the economic development role of the Berekum Municipal Assembly has been questioned. The Berekum Municipal Assembly has to take steps to address this poor image in order to be able to get the support of all local actors to carry out its developmental mission. This is particularly important if the Assembly wants to get the MSE operators to regularly pay taxes or levies. Although the Bongo District Assembly has not yet been able to implement its LED initiatives, its engagement with the local enterprise operators in the organisation of previous economic interventions, particularly supports for the MSEs, as well as their involvement in contemporary LED planning sessions so far has been appreciated by the MSE operators as consistently demonstrated in the survey results.

The views of the MSE operators as captured by the survey results do not present a good image of the decentralised planning system as far as the promotion of broad-based participation in development decision making is concern. In part, it suggests that local MSE operators are not seen by officials of the District Assemblies as key stakeholders in development decision-making at the district level. It also suggests that planning is still viewed as the work of 'technocrats'. This phenomenon does not only present a poor image of the decentralised planning system, it also has implications for local economic development promotion in the districts. Given that LED is a bottom-up development strategy, the seemingly low participation of MSE operators and local residents in local level planning processes does not suggest the existence of an appropriate platform in the districts for its promotion, at least for now.

### **5.5 Institutional Arrangements for LED Promotion**

Attempts to institutionalise contemporary local economic development practices in Ghana have also taken the form of setting up institutional structures to facilitate its promotion. Local economic development is best promoted under well established institutional arrangements. This notion is upheld by all the International Development Agencies promoting the local economic development approach in Ghana. To this end, these agencies are supporting national effort geared towards the setting up of institutional structures to facilitate the LED process in the country. As indicated in chapter four, the ILO and the GIZ have set up some institutional structures in the form of local economic development agencies to promote LED at the district level. In a similar vein, the United Nations Development Programme is also supporting the setting up of institutional structures, mainly at the national level in its quest to promote a nation-wide adoption of the LED approach. At the national level, there is a Local Economic Development Advisory Council, which comprises of the Head of Policy Coordinating Unit at the Office of the President, the Chairman of the National Development Planning Commission, Ministers of the Ministry of Local Government and Rural Development, Ministry of Trade and

Industry, Ministry of Food and Agriculture, Ministry of Environment, Science and Technology, and Ministry of Tourism, Head of the Local Government Service, a representative of UNDP/UNCDF, and a representative from the Association of Ghana Industries. The advisory council is to exercise an oversight responsibility over the National Local Economic Development Technical Committee and also to advise the president on issues concerning local economic development promotion in the country. Essentially, the LED Advisory Council is to ensure that the subject of LED promotion receives 'blessing' from the high office of the president. In effect, the council is expected to convince the president on the importance of adopting the LED approach as a development strategy and the need to up-scale LED initiatives or practices in the country.

There is also a National Local Economic Development Technical Committee operating at the national level. The National Local Economic Development Technical Committee is the working group that is driving the LED institutionalisation process in the country. The membership of the National Technical Committee is drawn from a wide range of agencies, including but not limited to the Ministry of Local Government and Rural Development, Ministry of Trade and Industry, National Board for Small Scale Industries, National Development Planning Commission, Local Government Service, the Institute of Local Government Studies, and the United Nations Development Programme. The main activities of the National LED Technical Committee as outlined in the Committee's Action Plan include:

- Identifying the LED efforts and new initiatives, and sharing experiences.
- Mobilising resources and building the capacity of District Assemblies to mainstream LED into their medium-term development plans.
- Facilitating the implementation of local economic development strategies in the seven pilot districts.
- Identifying fifty (50) additional districts aside the seven pilot districts for scaling up local economic development activities.
- Training the fifty (50) additional districts on how to organise local economic development.
- Facilitating the implementation of local economic development plans and monitoring for effectiveness.
- Organising a national conference on local economic development and collating inputs from the conference.
- Formulating a national local economic development policy (See MLG&RD: Action Plan for National LED Technical Committee, undated).

Another institutional structure at the national level is the LED Secretariat to be set up at the Ministry of Local Government and Rural Development. As indicated in chapter four, the

proposed LED Secretariat which currently exists as a desk at in the Ministry of Local Government and Rural Development shall be responsible for the co-ordination of all LED actions in the country, when it is eventually formed. When instituted, the LED Secretariat will in the long-run perform the functions currently undertaken by the National LED Technical Committee among other tasks. These units currently constitute the main structures for the organisation of local economic development efforts at the national level, aside the ministries and agencies directly involved in the organisation of LED efforts in the country, such as the Ministry of Local Government and Rural Development, the National Development Planning Commission, and the Institute of Local Government Studies. Similarly, aside the District Assemblies, the District LED Platforms are the main institutional arrangements put in place to facilitate the promotion of LED at the district level. The performance of the District LED Platforms in Berekum and Bongo Districts are further explored here.

### **5.5.1 District Local Economic Development Platforms**

The District LED Platform is a multi-stakeholder forum constituted to promote dialogue and the participation of relevant stakeholders in the planning and implementation of LED initiatives at the district level. The Berekum Municipal Assembly has a District LED platform comprising of the Municipal Co-ordinating Director, the Presiding Member of the Assembly, the Municipal Planning Officer, the Municipal Manager of the Business Advisory Centre/National Board for Small Scale Industries, the Municipal Co-operative Officer and two representatives from the private sector. The Bongo District Assembly even has a more expanded membership than the Berekum LED platform. The Bongo District LED platform comprises of the District Planning Officer, District Co-ordinating Director, and representatives from the Department of Community Development, Department of Co-operative, the Civic Union, the National Board for Small Scale Industries, Market Women, the Bongo Rural Bank, traditional authorities and representatives of the three priority economic areas. These platforms are recommended as effective institutional arrangements that could draw key actors together for the organisation of local economic development (Meyer-Stamer, 2004: 10). As Rodriguez-Pose and Tijmstra (2009: 43) point out, the success of local economic development is “based on the formation of broad coalitions of actors, including local stakeholders, international organisations and NGOs, but with local stakeholders owning and taking the lead role in the process.” The platforms are thus intended to bring all relevant actors from diverse backgrounds together to work collectively and make local economic development promotion a shared agenda.

The existence of a multi-stakeholder partnerships, like the District LED Platform or LEDA is indispensable in the successful design and implementation of local economic development initiatives, (Helmsing, 2003; OECD, 2010; ILO, 2012). The convergence of actors does not only facilitate information and knowledge sharing, it also allows for joint action in the formulation of



local economic development strategies/initiatives, (Helmsing, 2001: 72). Aside the identification of district comparative and competitive advantage(s) and planning for their promotion, the District LED platforms are also expected to develop proposals and solicit financial support to implement their LED initiatives. The District LED platforms are also expected to intensify revenue mobilisation efforts to support the implementation of local economic development initiatives in the districts.

The idea of District LED platforms as mooted by the international development agencies in Ghana was to provide an institutional arrangement on which LED activities in the districts could revolve. As Meyer-Stamer (2003: 12) notes, the literature often depicts “a romantic view which cycles around concepts such as dialogue, consensus and roundtables.” But the formation and sustenance of such institutional arrangements at the district level in Ghana remains a big challenge to the District Assemblies. In addition, the District LED platforms have not been effective or responsive to their mandate. From the South African experience, where LED platforms have been instituted in almost every municipality, research has shown that these local economic development agencies are bedevilled with a lot of challenges. It has been observed that:

- The status of LED fora and their responsibilities were not clearly specified.
- Many actors in the fora did not have a fair idea of the LED concept, and the functions of the fora.
- The fora in most cases entail a large number of actors who often engaged in “unstructured brainstorming processes”.
- The effectiveness of the fora activities “suffered from time constraints, particularly on the part of the private sector representatives in the fora” (Meyer-Stamer, 2004: 10).

The picture of District LED Platforms in South Africa is not different from that of Berekum and Bongo Districts in Ghana. In both districts, it is difficult to distinguish between District LED platforms and the District Planning and Coordinating Unit, which is an organ of the District Assemblies. The only distinguishing feature I found was the inclusion of some representatives of the private sector and traditional rulers in the District LED platforms. In both districts, I observed that the District Planning and Coordinating Units (DPCU) of the Assemblies virtually perform the function of the District LED Platforms. From my participation in the Bongo LED action planning session, I noticed that the few additional participants added to the District Planning and Coordinating Unit to form the District LED platforms were more or less observers than active participants as planning activities were basically undertaken by the DPCU. Nonetheless, key decisions like the selection of priority areas for LED interventions were taken by the District LED platform. In addition, members of the platform actively participated in the LED action planning sessions in Bongo.

The survey results depict mixed feelings among the micro and small scale enterprise operators in both Berekum and Bongo Districts about efforts by their District Assemblies to promote District LED platforms. As shown in Table 5.7, while a good number of the respondents in Bongo (45.34%) rated the effort of the Assembly in promoting LED platforms as good, an overwhelming majority of their counterparts in Berekum (90.67%) rated the effort of their Assembly as poor.

Table 5.7: Promotion of Local Economic Development Platforms

	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
Poor	15	10.00	136	90.67	151	50.33
Fair	65	43.33	12	8.00	77	25.67
Good	68	45.34	2	1.33	70	23.33
Excellent	2	1.33	0	0.00	2	0.67
Total	150	100.00	150	100.00	299	100.00

Source: Field Survey, 2011

Yet, during my interviews with officials of the Berekum Municipal Assembly, they blamed the artisans for contributing to the collapse of the LED platform. Although the officials admit that the Assembly's inability to pay 'per diem' de-motivated members of the LED platform, they accused the artisans for always complaining of time when LED fora were organised. In the view of officials of the Berekum Municipal Assembly, the artisans have to show more interest in the activities of the LED platform since it exists to promote the development of their economic activities. This state of affairs does not provide common grounds for a multi-stakeholder partnership involving local government authorities and private sector actors to function effectively. I noticed that whereas the 'activeness' of the Bongo District LED platform slowed down after the formulation of the District Medium-Term Development Plan, the Berekum District LED platform has virtually become non-functional. In both districts, it was revealed through my interviews that members of the district LED platforms were disappointed that they were not given 'per diem' or sitting allowance when they participate in the LED platform deliberations. As Moss et al (2008: 263) note "the common practice of paying cash 'sitting fees' for civil servants attending donor-funded workshops, where the daily rates can exceed regular monthly salaries, turn even training into a rent to be distributed." In both districts, people saw their membership in the District LED Platform as an office that should attract financial remuneration in the form of sitting allowance. In Berekum for instance, the members of the platform openly demanded the payment of their 'per diem' or sitting allowance. When they were told that it was a voluntary exercise, many of them also started withdrawing 'voluntarily'.

By the time my research ended in Berekum, the institution of District LED platform was virtually non-existent. The inability of the District Assemblies to sustain these institutional arrangements is a clear indication of a big problem in the organisation or promotion of the contemporary local economic development approach at the district level, which hinges on multi-stakeholder partnerships. As Meyer-Stamer (2003: 13) notes, public-private partnership functions effectively where the public sector actors show interest and commitment in economic development, particularly in facilitating private enterprise development. But the relationship between the private sector operators and the District Assemblies, particularly the Berekum Municipal Assembly is characterised by mistrust. It appears that the District Assemblies are yet to be convinced about the need to prioritise private sector development in the district development agenda.

Clearly, some form of institutional arrangements has been put in place to promote LED in the country. But as discussed in this chapter, these institutional arrangements especially those at the district level are not only becoming ineffective, they appear to be dying out. Similarly, as discussed, it is extremely difficult to have a concrete partnership arrangement at the district level to promote local economic development. As it stands now there is no network of actors in the districts working towards the formulation of a joint vision and strategy for the promotion of local economic development strategies/initiatives.

### **5.5.2 Policy for Local Economic Development Promotion**

The formation of institutional structures like the National LED Advisory Council and the National LED Technical Committee paved the way for the formulation of a national policy to facilitate and/or guide local economic development promotion in the country. Like LED promotion itself, policy making is also a process characterised by a series of activities that stakeholders have to go through or undertake in order to get it formulated, accepted or endorsed and implemented. Kingdon (2003: 2) sees policy making to be consisting of a set of processes including at least, “(1) the setting of the agenda, (2) the specification of alternatives from which a choice is to be made, (3) an authoritative choice among those specified alternatives, and (4) the implementation of the decision.” This is the classical linear model, which depicts policy making as a set of activities structured to “flow in a logical sequence: from identification to formulation, to implementation, to evaluation” (Brock, et al, 2001: 2). Although the linear model of policy making has widely been employed, its relevance has been discarded (see Sutton, 1999; Cornwall and Gaventa, 2000). The linear model of policy making has been criticised for its failure to capture complex social processes such as contestations or negotiations among the range of actors involved that ultimately shape the outcome of the policy (see Sutton, 1999; Cornwall and Gaventa, 2000). The linear model of policy making is not only too simplistic (see Grindle and Thomas, 1991; Brock, et al 2001), its stages are not

iterative, and thus lacking the flexibility to cater for emerging issues that might arise at a later stage of policy process. It also closes the door to broad-based stakeholder participation after minimal consultations, usually at the very early stages of the policy construction stage. However, despite these criticisms, the linear policy-making model still remains the preferred choice of many policy makers.

The process of formulating a national LED policy in Ghana is a national initiative, with support from the United Nations Development Programme. As indicated earlier in chapter four, the UNDP has since 2009, supported national efforts aimed at mobilising actors at the national level to start the process of institutionalising and up-scaling the local economic development approach or initiatives in the country. The formulation of a national LED policy is one key step taken in the LED institutionalisation process that got the support of the United Nations Development Programme. To kick start the policy process, the National LED Technical Committee, was among other things, constituted as a policy community – a group of “specialists in a given policy area” (Kingdon, 2003: 117). As indicated earlier, the task of formulating a National LED policy was one of the core functions of the National LED Technical Committee. It was expected that members of this policy community (National LED Technical Committee) with their diverse background and ideas would work collectively, float ideas, which in the words of Kingdon (2003:117) will “confront one another and combine with one another in various ways” to shape the policy agenda. However, this ended up being a task for only one of the member agencies that constituted the National LED Technical Committee – the Institute of Local Government Studies (ILGS).

The simple reason why ILGS was mandated to formulate the National LED Policy for or on behalf of the National LED Technical Committee was that the committee members are said to be very busy people at their respective organisations who could not spare some good time to participate in the ‘laborious’ policy making process. This created a vent for the emergence of the Institute of Local Government Studies (ILGS) as a policy consultant - assuming responsibility for formulating a national LED policy. Although not a national policy making institution, the ILGS as indicated in chapter four has been responsible for building the capacity of local government staff in the country. The ILGS has also hosted a series of LED workshops in the country over the years. In addition, as also indicated in chapter four, the ILGS has also become the premier institution of postgraduate studies in Local Economic Development in Ghana. Besides, the ILGS is a semi-autonomous institution of the Ministry of Local Government and Rural Development, the Ministry responsible for coordinating LED activities in the country. These attributes made the ILGS an ideal choice for the task of formulating a National LED policy.

One key feature of the LED policy process was the attempt made to promote a national dialogue in the LED process. This took the form of a national stakeholder conference. The first

and only known National Conference on Local Economic Development was held in Accra in December 2010 under the theme: “Policy Implications of Local Economic Development for Accelerated Decentralisation.” The conference was organised by the Ministry of Local Government and Rural Development in collaboration with the United Nations Development Programme and the International Labour Organisation; and supported by the Local Government Service Secretariat and the Institute of Local Government Studies. It was intended to mobilise actors on a national scale and to build consensus on the way forward in the promotion of local economic development in the country.

This conference was part of efforts to expand the LED “policy community” beyond the National LED Technical Committee and its ‘policy consultant’ – the ILGS. As Cornwall and Gaventa (2000: 55) point out, “attempts to broaden inclusion in policy-making have characteristically involved the use of consultative mechanisms to seek greater citizen involvement in generating information to feed into policy formulation.” The conference drew stakeholders from the Presidency, Ministries, Departments and Agencies, International Development Agencies, District Assemblies, and private sector representatives among others. The main objective of the conference, as captured in the conference report was to “establish a preliminary policy framework that highlights the institutional and policy imperatives of the ongoing decentralisation exercise for the promotion of local economic development as a viable strategy for national development” (see Draft Conference Report, 2010). The December 2010 conference sought to establish basis for a national policy and institutional context for the promotion of local economic development in the country through a broad-based stakeholder consultation.

The conference was at least successful in drawing stakeholders from various organisations, and places together to share experiences and to deliberate on the way forward for the promotion of local economic development in Ghana. But the use of such ‘participatory approaches’ does not usually prevent the imposition of policies or ideas on local groups by their promoters, (Long, 2001). Similarly, as Brock, et al (2001: 2) rightly point out “a significant feature of the linear model is a focus on agenda setting and on policies as statements that are based on determinate decisions taken by policy makers.” Characteristic of the linear model of policy making, the national LED conference was preceded by the presentation of a concept paper by the policy consultant, the Institute of Local Government Studies. The policy consultant in its concept paper for instance also proposed a seven-step linear process, as shown in Table 5.8 to formulate the national LED policy. This concept paper was also to form the frame of reference for the conference.

Table 5.8: Timelines for LED Policy Formulation

<b>Task</b>	<b>Time Frame</b>	<b>Output</b>
<b>Development of a working document/discussion paper</b>	10 days	Working document/discussion paper
<b>Organisation of scoping and ownership/consensus building workshop</b>	5 days	Workshop brief Invitation letters Workshop report Refined working document
<b>Drafting of policy components and development of framework</b>	20 days	Minutes of thematic group meetings Inputs/recommendations of working groups First draft of LED policy framework
<b>Circulation of draft LED policy document for inputs</b>	10 days	Inputs for final draft of LED policy framework
<b>Organisation of National Advisory Committee review/validation workshop</b>	5 days	Workshop report Participants lists Inputs for second draft of LED policy framework
<b>Finalisation of policy framework</b>	5 days	Final draft of LED policy framework
<b>Publication, launch and dissemination</b>	20 days	Final document Media report Electronic version of policy framework

Source: ILGS, (undated)

Similarly, prior to the conference, the policy consultant also drafted an outline for the proposed National LED policy. As shown in Table 5.9, the policy consultant identified the key elements that should constitute the National LED policy framework. It was expected that participants at the national LED conference will make input into the draft policy framework or outline presented by the policy consultant. In line with this, the conference participants were constituted into about five groups to discuss or determine what should go into each policy area. Per the conference report, the five themes that were worked on by the conference participants include, infrastructure, planning, capacity building, financing, and institutional arrangement for promoting local economic development (see Draft Conference Report, 2010). In essence, the presentation of the concept paper and a draft outline of what should constitute the LED policy can best be described as an attempt by the policy consultant to enrol the participants into their 'project'. As Long (2001: 19) notes "... knowledge processes are embedded in social processes that imply aspects of power, authority and legitimation; and they are just as likely to reflect and contribute to the conflict between social groups as they are to lead to the establishment of common perceptions and interests." But as Grindle and Thomas (1991) point out, "policy changes often impinge on the interests of important groups in society or the self-interests of

the public officials who must adopt them.” As such, broad-based stakeholder participation in the policy making process is important in promoting policy acceptance.

Table 5.9: Proposed LED Policy Outlook, drafted by ILGS

<b>Theme</b>	<b>Issues</b>
<b>Introduction</b>	<ul style="list-style-type: none"> <li>-Global trends affecting LED</li> <li>-National context for LED</li> <li>-Contextual definition of LED concepts</li> </ul>
<b>Guiding Principles</b>	<ul style="list-style-type: none"> <li>-National vision for LED</li> <li>-Development principles</li> <li>-Gender</li> <li>-Environment</li> <li>-Poverty reduction</li> <li>-Policy objectives</li> <li>-Expected outcome</li> </ul>
<b>National enabling context for LED</b>	<ul style="list-style-type: none"> <li>-Policy context for LED</li> <li>-Local government considerations</li> <li>-Macro-economic policies</li> <li>-Enabling laws and institutional coverage for LED</li> </ul>
<b>Vision for local economies</b>	<ul style="list-style-type: none"> <li>-Characteristics of local economies</li> <li>-Comparative advantages and competitiveness of localities</li> <li>-Unique challenges</li> </ul>
<b>Policy thrust</b>	<ul style="list-style-type: none"> <li>-Competitiveness</li> <li>-Leadership and governance</li> <li>-Investing in communities</li> <li>-Primary focus of District Assemblies</li> <li>-Sustainable development community investment</li> </ul>
<b>Role of District Assemblies and other stakeholders</b>	<ul style="list-style-type: none"> <li>-Specific roles of various actors</li> </ul>
<b>Government strategy</b>	<ul style="list-style-type: none"> <li>-Increased investment</li> <li>-Focus of the state</li> <li>-Good governance and service delivery</li> <li>-Spatial development</li> <li>-Business infrastructure development</li> </ul>
<b>Approaches to LED</b>	<ul style="list-style-type: none"> <li>-Partnership-building</li> <li>-Strategic planning</li> <li>-Knowledge management</li> </ul>
<b>Implementation approach</b>	<ul style="list-style-type: none"> <li>-Institutional arrangement</li> </ul>
<b>Funding</b>	<ul style="list-style-type: none"> <li>-Sources of funds for LED</li> </ul>

- Issues on funding
- Investing in LED
- Existing and potential schemes for LED
- Role of saving and sharing

Source: ILGS (undated)

Interestingly, the conference proceedings were dominated by a litany of speeches from key national actors such as the Policy Advisor of the President, Chairman of the National Development Planning Commission, the Country Representative of United Nations System in Ghana, and the Minister of Local Government and Rural Development. The speeches were complemented by what was termed as the presentation of “technical papers” by officials of the National Development Planning Commission and the Institute of Local Government Studies, the policy consultant (see Draft Conference Report, 2010). These speeches and the presentation of technical papers clearly demonstrate the dominance of the national level actors, particularly the policy consultant in the LED policy making process in Ghana. As Brock, et al (2001: 4) point out, when certain actors are given privileged roles, “they may use their leverage to open or constrict spaces for the engagement of others.” But as Cornwall and Gaventa (2000: 55) point out “the making and shaping of policy involves more than acting on information that is provided to policy makers.” Although the stakeholders at the national LED conference had an opportunity to work on the various components of the policy framework proposed by the policy consultant, the degree to which their inputs contributed to shape the LED policy agenda can hardly be determined.

Clearly, the initial policy outline provided by the policy consultant was more theoretical and lacking a clear focus. Although participants at the national LED conference were able to make an input to the outline, much is still desired in giving it a clear focus. The two-day national conference organised in Accra was also to be the first and last time that some of the actors like the District Assemblies were participating in discussions regarding the formulation of a national local economic development policy in the country. In other words, the single national LED conference served as the entry and exit point for some of the LED actors, particularly the District Assemblies who are the ultimate implementers of the LED policy. Although some of the District Assemblies participated in the December 2010 LED conference, the situation on the ground, particularly at the district level is a reflection of ignorance regarding what constitute LED and its policy. Many officials of the District Assemblies including the District Planning Officers still do not have a firm understanding of the LED concept, its process, and most importantly, the financing mechanisms for LED in the districts. In the LED pilot districts, they are currently looking up to the National Development Planning Commission for direction and guidance at every stage of their LED ‘experimentation’ process, particularly at the



implementation stage where the District Assemblies are expecting funds from Accra to implement their LED initiatives.

### **5.5.3 Ghana's Local Economic Development Policy: Scope and Issues**

During my short follow-up field visit to Ghana in February 2013, the good news presented to me by one of my key informants at the Ministry of Local Government and Rural Development was: "Ghana now has a National Local Economic Development Policy". All key stakeholders, including researchers like myself had waited for this 'national LED policy' for far too long. I heard of this policy when I started my field research in May, 2011, but as at the time I concluded my research in January, 2012, it was still under construction. After an initial proposal to finalise the policy within seventy-five (75) working days in 2010 as shown in Table 5.8, it was not until July, 2012 that the national LED policy was finalised. At last, the much awaited national local economic development policy for LED promotion in Ghana is out. Despite the delay, the finalisation of the National LED Policy marks a giant step in the journey towards institutionalising and up-scaling the LED approach and practices in the country.

However, after a careful study of the LED policy document, I came to the conclusion that the National LED policy presents challenges than solutions as far as the promotion of LED in Ghana is concern. First, there are concerns over the willingness of government to implement the LED policy. It is clear that there is a difference between producing a policy document on one hand, and implementing the policy on the other hand. For now, there is an LED policy document, but no policy implementation yet. Although the LED policy document has been with the Ministry of Local Government and Rural Development since July, 2012, no action has been taken on it yet; at least as at the time of my visit in February, 2013. I sought answers for the apparent inaction on the policy, as well as the slowdown of LED activities in the pilot districts from the Ministry of Local Government and Rural Development (MLG&RD) in Accra. The official contacted explained:

"You know because of the political activities (2012 election campaigns) last year, we did not get resources to visit the pilot districts to monitor their activities [...] The National LED Policy is ready and we have made copies for the new Minister (MLG&RD) [...] Fortunately for us, the new Minister of Local Government and Rural Development was a member of the National LED Advisory Council. I hope he will show interest and act on the policy" (Interview with an official of the MLG&RD, February, 2013).

This captures the political realities of policy implementation in Ghana. While it is easy to desire and design policies, the will to implement the policies has to be balanced with political and resource considerations as well as other forms of interests associated with the relevant actors. For instance, the policy contains a series of activities including capacity building exercises to be undertaken by a number of agencies, but this requires money that government through the

Ministry of Local Government and Rural Development must make available. But making these resources available also requires a balancing act on the part of the Minister, who is a politician. Until concrete steps are taken to implement the LED policy, it remains a reading material for students and researchers rather than a guide for the design and implementation of LED initiatives in the districts.

Second, the policy appears to have a very broad scope and lacking a clear focus. This can be seen from the framing of the policy objectives. “The broad policy objective of LED is to facilitate economic growth, employment and income generation in order to promote household livelihoods and alleviate poverty”, (MLG&RD, 2012: 12). Even the specific objectives, which also constitute the thematic areas of the policy, equally reflect this broad-scope policy orientation:

- To create harmonised, coordinated and integrated framework to address local economic gaps;
- To strengthen local economic competitiveness and participation;
- To create wealth and reduce poverty;
- To improve infrastructure and quality service delivery at the local level;
- To mobilise local resources for job creation and investments; and,
- To build capacity for sustainable economic growth, (MLG&RD, 2012: 12-13).

From the look of things, the LED policy is an all embracing document. But as Helmsing (2001: 64) points out, local economic development initiatives usually focus on one of these areas: “community based economic development, business or enterprise development, and locality development.” In Ghana’s LED policy, it is however difficult to identify the main target or focal area of the policy. While the pilot districts are targeting the development of micro and small enterprises, the national LED policy presents them with a wider scope or task than what they are currently struggling to do. A careful look at the specific objectives/thematic areas of the LED policy reveals that the LED policy bears great semblance with the Ghana Poverty Reduction Strategy (GPRS I) and the Growth and Poverty Reduction Strategy (GPRS II) which were Ghana’s national development strategies as explained earlier in this chapter. In other words, Ghana’s LED policy is more a poverty reduction strategy than an economic-oriented policy. As it stands now, the notion of enhancing the competitiveness of economic activities and localities which is the focus of ongoing LED interventions in the pilot districts is lost in Ghana’s LED policy. When a policy has a broad scope of this sort, or lacking a clear focus, it does not only present implementation challenges, it also becomes difficult to measure results. When an LED policy means everything, it also becomes anything and can be pursued anyhow.

Third, the emergence of the national LED policy presents yet another challenge in terms of national policy harmonisation. The rationale for the national LED policy states in part:

“There have been some national policies that in one way or another enhance LED [...] The absence of a national policy framework on local economic development has therefore contributed to weaknesses in standards, comprehensiveness, cohesion and effective management of LED interventions. The LED policy framework will therefore allow central government to develop policies and programmes that determine how the public sector will invest, how infrastructure and services will be developed, how different economic sectors will be promoted, and how government will regulate and support various aspects of economic activity. To be effective in achieving economic growth and human development objectives, these measures must be supported and reinforced by the actions of the MDAs and MMDAs, working in partnership with local communities and enterprises” (MLG&RD, 2012: 10; also see DEDEA, 2008: 8 for same argument made in South Africa).

Clearly, when you juxtapose the rationale for the LED policy with that of the National Medium-Term Development policy frameworks and the New Decentralisation Policy discussed in the early part of this chapter, one can conclude that there is no justification for a national LED policy. The issues identified here as giving rise to a national LED policy are issues that rather fall within the subject domain of the National Medium-Term Development Policy/Planning framework and the New Decentralisation Policy than in the LED policy. While issues such “how the public sector will invest, how infrastructure and services will be developed, how different economic sectors will be promoted” (see MLG&RD, 2012: 10; DEDEA, 2008: 8), and so on are catered for by the National Medium-Term Development Policy/Planning framework, the need to re-orient the actions of the MMDAs are also well captured in the New Decentralisation Policy, which also has an action plan to follow in addressing the relevant issues. The question that now arises is: how will these three different national development (policy) frameworks be harmonised? For now, inference can only be made from the adage that “time will tell what happens in the future”.

## **Conclusion**

Attempts to institutionalise the contemporary local economic development approach/practice as a development strategy in Ghana have been characterised by long processes and various actions. While there are clear efforts to institutionalise LED, there are equally mounting challenges that impede the process and could also pose threats to the effective implementation of LED strategies. As discussed above, there are challenges fitting the LED approach into the current decentralised development planning system which is largely depended on guidelines drawn by the National Development Planning Commission. Equally, the ongoing national efforts aimed at making the decentralisation system more accommodating to emerging development issues like the LED approach still remains a big challenge. As pointed out, there are also serious

content issues with the LED policy which has the potential of rendering it irrelevant. As it stands now, the acceptance and utilisation of the LED policy by the District Assemblies is in doubt in view of the challenges encountered at the pilot phase and the ambiguous nature of the policy itself. Similarly, the utilisation of the LED policy will largely depend on the willingness of the National Development Planning Commission to use it in formulating guidelines for the preparation of subsequent District Medium-Term Development Plans. All these challenges must be addressed if the contemporary local economic development approach is to be embraced and effectively practised in the country.

## **Chapter Six**

### **6.0 Local Responses to the Local Economic Development Approach**

The preceding chapters explored how the local economic development approach has been introduced and promoted in a number of districts in Ghana by international development agencies, as well as ongoing national efforts aimed at institutionalising and up-scaling the LED approach/practice in the country. This chapter examines the LED planning experiences of the District Assemblies in Ghana. This chapter focuses on the implementation of local economic development initiatives by District Assemblies. In this chapter, I aim to analyse the ‘response’ of the District Assemblies to calls on them to adopt the contemporary LED approach by designing and implementing LED initiatives in the districts. I first explore the notion of District Assemblies as agents of local economic development. I then proceed to examine the LED planning efforts of the District Assemblies and the implementation challenges that confront them.

#### **6.1 District Assemblies as Agents of Local Economic Development**

The role of District Assemblies as key actors of local economic development has been acknowledged by the international/donor and national agencies involved in its promotion in the country. As discussed in chapter five, local economic development has also been prioritised in Ghana’s new decentralisation policy. This action re-affirms the vital role of decentralisation and the local government system in the promotion of local economic development in Ghana. As a bottom-up development strategy, the role of local governments in the promotion of the contemporary local economic development approach cannot be overemphasised. Local governments are often encouraged to promote local economic development for one or more of the following reasons:

- Local decision makers try to promote economic development to raise their legitimacy with the local electorate, and possibly to improve the income stream for local government;
- National and provincial governments encourage local initiatives since they have neither the information nor the skills and funds to promote active economic development initiatives;
- In some countries, local economic development has become a mandatory task of local government as part of an extensive decentralisation effort;
- From the perspective of foreign donor organisations, local economic development is an established practice with a long tradition in their home countries and there is no doubt that local economic development is one of the important tasks of local government, (Cunningham and Meyer-Stamer, 2005: 4).

The organisation of local economic development is expected to revolve around local governments, especially in developing countries where the approach is currently being promoted by international development agencies. As Rodriguez-Pose and Tijmstra (2009: 44) point out, “local governments are essential in the formulation and implementation of the LED strategy.” Decentralisation thus provides impetus for the introduction and promotion of local economic development in developing countries (Meyer-Stamer, 2004: 16). According to Helmsing (2003: 69), “local government is to provide the right mix of local public goods, and to facilitate or enable other actors, communities, private firms, workers and NGOs, to make their most productive contribution.” However, as Crook and Manor (1998: 292) point out “the claim that decentralisation will lead to better governmental performance, particularly in the formulation and implementation of locally oriented development policies, has to be treated with some caution.” Although decentralisation has largely been embraced and promoted, the performance of local governments in the promotion of local development has been disappointing.

Local governments have particularly performed poorly in the design and implementation pro-poor economic policies and programmes (Chinsinga, 2008). “Although there are examples of decentralised governments in Africa enhancing participation, there is very little evidence that it has resulted in policies that are more responsive to the ‘poor’ – or indeed, to citizens generally [...] In spite of the positive effects on popular participation that Ghana’s District Assemblies have achieved over the past 12 years, their responsiveness to popular needs, particularly the most underprivileged in rural areas has not been good” (Crook, 2003: 79-80). This has been blamed on capacity constraints and the unwillingness of central governments to meaningfully transfer power and resources to the local governments (Steiner, 2008; Chinsinga, 2008). As such, the thinking that local authorities have the capacity and the political will to design, implement and manage local economic development initiatives does not conform to the realities on the ground.

Through my field research, I realised that in both Berekum Municipal and Bongo District, the proclamation of District Assemblies as agents of local (economic) development is largely based on reference to their legal mandate than on a realistic assessment of their capacity or activities. In line with this, the legal mandate of the District Assemblies is often invoked in the assignment of new or additional responsibilities to them without assessing their capacity to undertake those roles. Similarly, the District Assemblies’ seemingly acceptance of ‘responsibility’ as agents of the contemporary LED approach being promoted in Ghana is largely predicated on their respect for the legal mandate upon which they were created than a genuine willingness or appraisal of their own capacity or ability to be agents of local economic development. For instance, as pointed out in chapter four, no effort has been made by the Berekum Municipal Assembly to mobilise relevant stakeholders to jointly design and implement LED initiatives

beyond the establishment of the light industrial zone that was facilitated by GIZ. Similarly, the Bongo District Assembly has not been able to implement the LED action plans contained in its Medium-Term Development plan (2010-2013).

The reality is that all the District Assemblies in the country face various forms of structural constraints. As Wood (1996: 1283) notes, “there is too much weight given to the capacities of individuals to activate change and a neglect of the wider constraints that structure capacities and action.” The assignment of responsibilities like LED promotion to District Assemblies is usually done without recourse to the structural conditions that constrain their effort or performance. As Walle (2001: 239) points out “democratisation is always a complex process involving the interaction of agency and structural factors, domestic and international ones, and economic and noneconomic ones.” This explains why there is the need to give “proper weight to both human agency and emergent structures” (Long, 1992: 33). Structures are particularly seen to be affecting the actions of agents like the District Assemblies who are supposed to implement local economic development initiatives at the district level (see Giddens, 1979; Sewell, 1992; Long, 2001; Leftwich, 2010). The decentralisation process and its resultant local government system is characterised by a myriad of challenges that affect the effective functioning of the system.

Local economic development is a development strategy pursued by a political agency (local government authority) whose behaviour or actions on one hand, and structural factors on the other hand shape the direction of the strategy and the economic outcome resulting from such interventions. In other words, the important aspect of structures worthy of consideration in any analytical exercise is the fact that structures enable and also constrain agents or their actions (see Giddens, 1979; Sewell, 1992). There are numerous structural constraints that negatively affect the developmental role of the District Assemblies, including the design and implementation of local economic development initiatives. In some cases, even the legal instruments setting up the decentralised units are ambiguous in defining the roles or responsibilities of the local governments, (Olowu, 2003; Steiner, 2008; Chinsinga, 2008). As clearly articulated by Bardhan and Mookherjee (2000) “local governments’ capacity to decide and implement pro-poor policies largely depends on the design of the decentralisation process and it is related to factors as local governments’ human and fiscal resources, type of functions devolved and the extent of elite capture”, cited by Jutting et al (2005: 629). “The District Assemblies also suffer from a dearth of qualified personnel to man positions especially in the areas of finance, planning and budgeting due to comparatively uncompetitive incentives” (Appiah, 2000: 53). There is also the tendency of local elite capture (Smoke, 2003, Olowu, 2003; Hussein, 2004). While national actors are sometimes reluctant in transferring power, responsibilities and financial resources to local governments, elites at the sub-national level sometimes also use the power, knowledge and the resources at their disposal at the expense of

the ordinary local residents, (Olowu, 2003). Poor funding has also negatively affected the capacity of local governments to provide adequate services to meet local needs (Hussein, 2004; Muriisa, 2008; Steiner, 2008). Yet, the responsibilities assigned to local governments in most developing countries, including Ghana are enormous.

## **6.2 Planning LED Interventions in the Districts**

The up-scaling of local economic development initiatives in Ghana is preceded by a piloting exercise in seven districts in the country. As indicated earlier, the LED approach is currently being piloted in the Amansie West District Assembly, Central Gonja District Assembly, Tamale Metropolitan Assembly, Kassena-Nankana East District Assembly, Bongo District Assembly, Wa Municipal Assembly, and Sissala West District Assembly. My study focused on one of these seven pilot districts - the Bongo District Assembly in the Upper East Region where I examined the local economic development planning experiences of the district, as well as the implementation challenges that the District Assembly faced. Although my study focused on the Bongo District Assembly, I found time to learn from the experiences of the Kassena-Nankani East District Assembly and the Tamale Metropolitan Assembly. I noticed that in the pilot districts, local economic development planning has been made an integral part of the District Medium-Term Development Planning Process. The LED planning in the pilot districts thus followed the same planning logic and pattern used in evolving the District Medium-Term Development Plans. For instance, the National Development Planning Commission and the District Assemblies remain the main planning authorities as far as local economic development planning in the pilot districts is concern.

As pointed out, LED planning in the pilot districts was organised within the District Medium-Term Development Planning Framework. As such, all the seven districts officially piloting the LED approach designed their LED initiatives together with other developmental priorities within the current Medium-Term Development Planning Framework (2010 - 2013). The National Development Planning Commission performed its function of providing guidelines for the formulation of District Development Plans. With regards to LED planning, the NDPC also provided guidance to the pilot districts. In the national LED pilot districts, the LED planning process was largely characterised by an interaction between the District Assemblies and the National Development Planning Commission. In Bongo for instance, officials of the National Development Planning Commission (NDPC) reviewed the past Medium-Term Development Plans of the District to assess the economic potentials of the District and strategies for their promotion over time. From the review, officials of the National Development Planning Commission came to the conclusion that economic or small scale enterprise development was not prioritised in the development agenda of the Bongo District Assembly. In fact, this phenomenon is not limited to the Bongo Assembly alone since all the District Assemblies use



the same planning guidelines which spell out the areas of concentration or thematic areas for each District Medium-Term Development Plan. The review thus provided further justification for the adoption of the local economic development approach - which emphasises a concerted and collective approach to economic development at the local/district level. The review of the past Medium-Term Development Plans of the Assembly by the National Development Planning Commission set the stage for formal or organised LED planning in the Bongo District.

The Bongo District Assembly thus proceeded to set up the District Local Economic Development Platform to undertake the LED planning exercise. The platform reviewed the socio-economic profile of the district and identified three main economic activities for the district local economic development intervention. The three economic areas the Bongo District LED platform identified as their comparative and competitive advantages include, basket weaving, shea butter processing and guinea fowl rearing. The District LED platform then prepared a proposal on the three economic activities and submitted it together with the district profile to the National Development Planning Commission for consideration. After another review, the NDPC recommended the inclusion of fish farming in the district's priority areas for LED intervention. This recommendation was made in view of the presence of the Veia Dam in the Bongo District, which is one of the few large scale irrigation schemes in the country. Officials of the NDPC were of the view that the Veia Dam presents prospects for the development of fish farming as a viable economic activity in the Bongo District. However, the Bongo District LED Platform insisted on focusing on its initial three economic activities (basket weaving, shea butter processing and guinea fowl rearing), at least for a start.

The decision by the Bongo District LED platform to "reject" the recommendation of the National Development Planning Commission and sticking to their own three priority economic areas is by far the most impressive manifestation of the agency of lower level actors as far as district development agenda setting and planning in Ghana is concerned. Interestingly, I noticed that, this action by the Bongo District LED platform did not come at a cost to them, in terms of sanctions by the National Development Planning Commission. As Long (2001: 17) points out, "all actors exercise some kind of 'power', leverage or room for manoeuvre, even those in highly subordinate positions." It demonstrates that the District Assemblies could also make choices in this top-down planning system. Nonetheless, the LED platform and the District Planning and Coordinating Unit (DPCU) of the Bongo District Assembly had to follow the guidelines and the conventional pattern of preparing District Medium-Term Development Plans to design its LED action plans. This is to ensure that the District LED Plan or Medium-Term Development Plan as a whole conforms to the Regional Plan, and national standard, and finally find a resting place in the National Development Planning Commission in Accra. Surely, in this hierarchical top-down planning system, the choices of local actors like the District Assemblies could be limited.

From the choice of priority areas for intervention comes the actual planning process. My interview with the Bongo District Planning Officer reveals a seemingly straight-forward linear planning process that starts and ends at the national level. According to the District Planning Officer, the District Planning and Coordinating Unit of the Assembly started the plan preparation as soon as they got the planning guidelines from the National Development Planning Commission. The issuance of the guidelines, in the view of the Bongo District Planning Officer has the 'good' intention of ensuring that District Development Plans are aligned to national development goals and objectives. The first major planning task after receiving the guidelines was to organise community fora to identify community problems, needs/aspirations, and the setting of community goals. This was followed by the preparation of community action plans, under the guidance of the District Planning Officer. The community actions plans were later harmonised into seven (7) Area Councils Plans. The DPCU then organised four (4) separate stakeholder fora to identify/agree, and embark on district-wide development priority/goal setting. This also involved the review of sector plans from the various decentralised/line agencies, and mainstreaming them into the District Plan.

In addition, the LED action plans were also developed alongside and mainstreamed into the District Medium-Term Development Plan. The LED planning process also involved stakeholder consultations. The LED action planning was undertaken by the District LED platform, including representatives of the selected economic activities. The resultant comprehensive District Medium-Term Development Plan was then presented to the public through what has been termed 'public hearing'. According to the Bongo District Planning Officer, the holding of the public hearing was intended to create a platform for "a cross-section of the general public" to know what is contained in the District Plan and make final input to the draft plan. But this appears to be a mere formality that is being observed than a realistic exercise intended to solicit public input. As pointed out earlier, in real terms, the public input cannot radically change what has been planned and presented by the Assembly to them. When public fora are organised at the advance stage of the planning process, they are often meant to seek public endorsement rather than public input.

The organisation of the 'public hearing' logically led to the next stage – the preparation of the final plan by the District Planning and Coordinating Unit. The final District Medium-Term Development Plan (2010-2013) was then tabled before the General Assembly for discussion and approval. The approved Bongo District Medium-Term Development Plan (2010-2013) was then sent to the Upper East Regional Coordinating Council (RCC) to be harmonised with the other district plans in the Region to constitute a single Regional Development Plan. This Regional Development Plan is not to be implemented by the Regional Coordinating Council, but rather by the respective District Assemblies. It is however expected to be used by the RCC, particularly by the Regional Economic Planning Office and the Regional Budget Office to monitor or assess

the performance of the District Assemblies in plan implementation. The final stage was the submission of a copy of the approved District Medium-Term Development Plan to the National Development Planning Commission. This marks the final stage of technical planning and the beginning of implementation.

Clearly, local economic development planning in the Bongo District has witnessed a blend of top-down and bottom-up actions. At the early stage of the LED planning process, the dominance of the National Development Planning Commission was visible. Nonetheless, the piloting was intended to make the District Assemblies own their LED actions or initiatives despite the guidance given them by the National Development Planning Commission during the planning phase. As such, it is expected that the District Assemblies will play an active role in its success. The Bongo District Assembly has so far demonstrated its ability to formulate plans, including LED action plans. What is yet to be seen is the implementation of the District LED action plans that seek to promote shea butter processing, basket weaving, and guinea fowl rearing in the district.

### **6.3 Bongo District LED Action Plans**

The LED efforts of the Bongo District Assembly have so far resulted in the formulation of action plans for the promotion of the three selected economic activities in the district. The LED initiatives of the Bongo District Assembly are contained in the District Medium-Term Development Plan, (2010-2013). The main goal that the Bongo District Assembly set to achieve in this Medium-Term Development Plan is: “to create an enabling environment for sustainable development of all sectors of the economy leading to poverty reduction with the view to enhancing the standard of living of the people by harnessing all available human and material resources through collaborative efforts thereby achieving the Millennium Development Goals” (Bongo District Assembly, 2010). The District’s LED plans come under the thematic area: “Enhancing Competitiveness in Ghana’s Private Sector”. The District LED plans thus essentially seek to enhance the competitiveness of selected economic activities in the district, namely shea butter processing, basket weaving and guinea fowl rearing.

#### **6.3.1 Shea Butter Processing**

Shea butter processing is one of the targeted economic activities in the Bongo District. The shea butter industry constitutes an important source of income to women in the Bongo District. According to the Bongo District Assembly (2010), about 75% of women in the district are engaged in the shea butter industry, either as pickers and traders of shea nuts or processors. In almost every household in the district, there is someone who has the skill of processing shea butter. Similarly, shea butter is used in almost every household in the district either as cosmetic or for cooking. Aside the domestic demand, there is a growing demand for shea butter in

Europe and the United States of America. According to Holtzman (2004), shea butter is being used in Europe and the United States of America as an ingredient in food products such as biscuits, chocolate, pastries and margarine. Shea butter is also being used in making cosmetic products in Europe and the United States of America. I found out that the shea butter processors in Bongo-Soe are already exporting their shea butter to the United Kingdom. Through the instrumentality of the World Vision International, the shea butter processors in Bongo-Soe have been linked to a cosmetic company in the United Kingdom (LUSH UK). This company regularly places orders through its agent (Ojoba Collections) for the Bongo-Soe shea butter processors to produce a specified quantity of shea butter for them.

However, these exports remain insignificant in view of the potentials that exist for expansion in production and the high demand for the commodity in Europe and the United States of America. According to the Holtzman (2004), Ghana exports only 25% of its shea butter. Similarly, Holtzman (2004: 2) estimates that about 48% of shea harvest in West Africa is either not collected or is under-utilised. As pointed out by the Holtzman (2004: 2) “the value per ton of shea butter exceeds that for shea kernels, so that expanding shea butter exports can contribute proportionally more to export earnings than greater levels of shea kernel exports.” In view of the potentials of the shea butter industry, it was selected as one of the LED focal areas of the Bongo District Assembly. In the initial analysis, the Bongo District LED platform identified a number of challenges confronting the shea butter industry in the district. These challenges include:

- Seasonality of the raw material (shea nuts)
- Inadequate managerial skills among shea butter processors
- Inadequate credit facilities for shea butter processors
- Low quality of shea butter
- Lack of technology to facilitate the production process (see Bongo District Assembly, 2010).

My field research in the Bongo District confirms that the industry is confronted with a myriad of challenges. I found out that the problems that the shea butter processors faced start from the picking or collection of shea nuts from the bush. The shea butter processors in Bongo District, who are also largely shea nuts pickers or collectors, have to always deal the physical challenges associated with the picking or collection of shea nuts. These include the challenge of collecting shea nuts in the bush without protective clothes or gloves. Aside the limited number of shea trees in the district, the availability of shea nuts in the area is also affected by destructive bushfires. In Bongo-Soe for instance, the shea butter processors indicated that they have to rely on neighbouring markets in Burkina Faso for shea nuts to complement what they are able to pick from the bush. The issue of technology also remains a practical challenge to the shea

butter processors. I found out that with the exception of the Bongo-Soe shea butter processors who had the support of World Vision International; all other shea butter processors in the Bongo District still use traditional methods of shea butter processing. Whereas the Bongo-Soe shea butter processors use roasters and millers, the rest of shea butter processors in the Bongo District still process shea butter manually. I also found out that aside the Bongo-Soe group; all the others still produce shea butter that looks brownish or blackish in appearance, which is not attractive to potential buyers; and also partly because of its potential chemical implications. Conversely, the Bongo-Soe group which has been trained and also provided with equipment by the purchasing agent and World Vision International is able to produce a whitish-looking shea butter which looks more attractive than what is produced by the larger number of shea butter processors in the district. The Bongo-Soe shea butter processing group has also been supported with equipment to package their shea butter for export. In addition, it is only the Bongo-Soe shea butter group that currently has access to the international market.

### 6.3.2 The Shea Butter Action Plan

The Bongo District Assembly has designed an LED action plan for the promotion of the Shea Butter Industry. The plan as shown in Table 6.1 is an annual action plan that is to be implemented repeatedly for the Medium-Term Planning period, 2010-2013. The set objective for the District’s Shea Butter Industry is “to build the capacity of shea butter processors to promote local economic development by 2013” (Bongo District Assembly, 2010). The Shea Butter Action Plan as shown in Table 6.1 outlines the activities to be implemented, the geographical scope of each activity/project, indicators for measuring success, the implementation time schedule, the cost of each activity and agencies responsible for the implementation of each task.

Table 6.1: Bongo District Assembly Shea Butter Action Plan, 2010-2013

Activities	Location	Output	Time Schedule				Annual Budget		Implementing Agencies	
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	Local	External	Lead	Collaborating
Conduct Sensitisation seminar on shea butter extraction within	Production communities	Sensitisation seminar on shea butter extraction conducted	/	/	/	/		GH¢1,000.00	BAC	DA NGOs

production communities											
Formation of shea butter production groups in selected communities	Production communities	Shea butter production groups formed	/	/	/				GH¢500.00	BAC	DA NGOs
Conduct technical training on quality control for producers	Production communities	Technical training on quality control for producers conducted	/	/	/	/			GH¢2,500.00	BAC	DA NGOs
Conduct market research for shea butter	National and international	Market research for shea butter conducted	/	/	/	/			GH¢1,250.00	BAC	DA NGOs
Purchase shea butter equipment for 40 producer groups	Locally and international	Number of shea butter producer groups provided with equipment	/	/	/	/			GH¢25,000.00	BAC	Donor Agencies SADA
Build market linkages between producers and buyers	National and international	Market linkages between producers and buyers built	/	/	/	/			GH¢1,750.00	BAC	DA NGOs
Conduct management training on records	Production communities	Management training on records keeping,							GH¢2,500.00	BAC	DA BRB NGOs

keeping, marketing, costing and pricing, and credit management for shea butter production groups in the district		marketing, costing and pricing, and credit management for shea butter production groups conducted								
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Source: Bongo District Assembly, 2010

### 6.3.3 Basket Weaving

Basket weaving is one of the main off-farm economic activities in the Bongo District. Basket weaving is undertaken in almost every household in the Bongo District. It is a labour intensive work as weaving is done manually. In the Bongo District, basket weaving is undertaken by both men and women, but the latter is the dominant group when it comes to weaving. Conversely, men dominate the basket trade in the district and region as a whole. The Bongo District Assembly (2010) described basket weaving as the “heart beat” of the district as far as income generation or livelihood enhancement is concern. According to the Bongo District Assembly (2010), approximately 80% of the people in the district are involved in basket weaving as an off-farm economic activity. Since the late 1980s, baskets, emanating mainly from the Upper East Region have become one of the key non-traditional export commodities in Ghana. Although there are no up-to-date official statistics, the export of baskets has been rising. Baskets from this area, which are commonly called the ‘Bolga Baskets’, have become famous international commodities. Currently, it is estimated that basket weaving is unable to match international demand. The baskets produced here are being exported mainly to American and European markets. The basket industry in the Bongo District thus presents prospects for the diversification of the local economy and export earnings. When the industry is well organised, it could position Bongo not only as a production centre, but also as trading centre for baskets.

However, basket weaving in the Bongo District is currently undertaken on small scale basis. Apart from few organised groups that receive orders from some basket retailers based in the regional capital, Bolgatanga, majority of the people in the district undertake weaving on individual basis. With regards to the basket industry, the Bongo District LED platform identified a number of challenges confronting the industry in the district. These challenges include:

- Seasonality of the raw material (straw grass)
- Limited amount of straw grass in the district
- The destructive effect of bushfires on the limited straw grass in the district
- Inconsistency in quality of baskets
- Lack of creativity and innovation on the part of the basket weavers (see Bongo District Assembly, 2010).

My interviews with some of the basket weavers in the Bongo District confirmed that there are a number of challenges that affect their output and income levels. One of these challenges is the rising cost of raw materials. The weavers explained that they obtain much of the straw grass used to weave the baskets from Brong Ahafo and Ashanti Regions in the southern half of the country. In view of the long distance involved, the cost of buying and transporting the straw grass from the Brong Ahafo and Ashanti Regions to the Bongo District is quite high. In addition, the dyes used to decorate the baskets are imported, and quite costly. Yet, the weavers complained that they receive low prices for their baskets. I found out that the basket weavers virtually have little to do in determining the price level of their baskets. The baskets woven in Bongo are largely purchased by retailers from Bolgatanga. I found out that many of those involved in the basket trade at the regional level are now working with basket weaving groups in Bongo where they often place orders for a specified number of baskets from time to time.

Although these arrangements assure the basket weavers of market for their baskets, the weavers have very little influence on the pricing of the baskets. I also found out that low technical competence was a limiting factor that impedes the production of attractive and competitive baskets in the Bongo District. Basket weaving is an inbuilt skill in many people in the Bongo District. However, because these baskets were meant to store farm or household items other than for external markets, shapes and general designs have not been given consideration by most of the basket weavers in the area. Aside few groups that have been trained in some designs by the Bongo Trade Centre with support from some of the retailers/exporters from Bolgatanga, many of those who produce baskets on individual basis still have challenges in producing attractive and competitive baskets needed for the export market.

#### **6.3.4 Action Plan for the Basket Industry**

The Bongo District Assembly also designed an LED action plan for the promotion of the Basket Industry. The plan as shown in Table 6.2 is also an annual action plan that is to be implemented repeatedly for the Medium-Term Planning period, 2010-2013. The set objective for the District's Basket Industry is "to build the capacity of basket weavers to promote local economic development by 2013" (Bongo District Assembly, 2010). The action plan for the promotion of



the Basket Weaving Industry as shown Table 6.2 also outlines the activities to be implemented, the geographical scope of each activity/project, indicators for measuring success, the implementation time schedule, the cost of each activity and agencies responsible for the implementation of each task.

Table 6.2: Bongo District Assembly Basket Weaving Action Plan, 2010-2013

Activities	Location	Output	Time Schedule				Annual Budget		Implementing Agencies	
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	Local	External	Lead	Collaborating
Conduct entrepreneurship training for basket weavers in the district	Bongo	Entrepreneurship training for basket weavers conducted	/	/	/	/		GH¢1,250.00	BAC	DA NGOs
Conduct training on group dynamics for selected groups	Production communities	Training on group dynamics for selected groups conducted	/	/	/	/		GH¢1,250.00	BAC	DA NGOs
Conduct technical training on new product development for basket weaver groups in the district	Bongo	Technical training on new product development for basket weaver groups conducted	/	/	/	/		GH¢2,500.00	BAC	DA NGOs
Conduct market research for group executives	Production communities	Market research for group executives conducted	/	/	/	/		GH¢1,250.00	BAC	DA NGOs
Conduct technical training on natural dyes for	Bongo	Technical training on natural dyes for production	/	/	/	/		GH¢1,250.00	BAC	DA NGOs

production groups		groups conducted								
Conduct technical training on ICT for group executives	Bongo	Technical training on ICT for group executives organised	/	/	/	/		GH¢1,250.00	BAC	DA NGOs
Conduct management training on credit management , records keeping and marketing	Bongo	Management training on credit management , records keeping and marketing conducted	/	/	/	/		GH¢1,250.00	BAC	DA NGOs
Identify/provide improved tools/techniques for producing baskets	District-wide	Availability of tools/equipment for producers	/	/	/	/		GH¢7,500.00	BAC	Donors NGOs BRB
Organise training for groups on the use of tools/equipment	District-wide	Number of trainings organised on the use of tools/equipment	/	/	/	/		GH¢5,000.00	BAC	Donors DA NGOs

Source: Bongo District Assembly, 2010

### 6.3.5 Guinea Fowl Rearing

Guinea fowl rearing or production is the third economic activity selected for LED intervention in the Bongo District. Guinea fowl is a bird raised mostly in the savannah ecological zone of Africa. The Guinea fowl adapts well to the environmental realities of the savannah ecological zone, particularly the guinea savannah where it is believed to derive its name. The rearing of Guinea fowls is one of the widespread economic activities in the Bongo District. Guinea fowl rearing is undertaken in almost every household in the Bongo District, especially in the rural communities. The rearing of Guinea fowls is a time tested economic activity in the Bongo District, and the three Northern Regions of Ghana as a whole. Guinea fowl rearing serves economic and non- economic functions. At the rural level, the number of Guinea fowls one has demonstrates his wealth. The guinea fowl also has a flourishing market, and can easily be disposed off for income. Guinea fowls have a local or domestic demand. In many Ghanaian

households and restaurants, the Guinea fowl is preferred to other poultry birds. The Guinea fowl meat is said to possess low cholesterol compared to other poultry products. The dark, dry and pleasant flavoured meat is believed to be of good nutritional value, and its consumption is increasing. Guinea fowl processors in Ghana are beginning to exploit the international market where there is also a rising demand for Guinea fowl meat. Aside the direct consumption and income generation through sales, guinea fowls are also used for traditional sacrifices and other customary rites like marriage ceremonies in the local communities, in Ghana. Guinea fowls are also valuable gifts for friends and visitors in the rural communities. However, despite its importance and varied usage, production has not been able to match growing demand, even at the domestic market level. There is currently no commercial Guinea fowl production in the Bongo District. In view of the prospects, Guinea fowl rearing or production has been earmarked for LED intervention in the Bongo District. Like the other economic ventures, the Bongo District LED platform identified a number of challenges that affect Guinea fowl rearing in the district. These challenges include:

- The free range system of rearing Guinea fowls in the district
- High mortality rates of guinea Keets
- Lack of entrepreneurial attitude towards Guinea fowl rearing
- Inadequate managerial skills of Guinea fowl producers (see Bongo District Assembly, 2010).

My interviews with some of the Guinea fowl rearers in the Bongo District revealed similar challenges. The main challenge is how to induce commercial rearing/production among the local farmers. During a group discussion with the Namoo farmers, it was revealed that Guinea fowl rearing is a very risky enterprise. According to the farmers, there is a high risk of losing the Guinea Keets at the early stage of life through diseases or even through heavy rainfall since they are often raised in a free range system. In view of the high cost of medication and limited extension services, the farmers rely on some herbal plants and traditional knowledge systems to treat their Guinea Keets. Commercial production is also constrained by the inability of the farmers to afford incubators or hatcheries to boost their production levels. My discussion with the Namoo farmers revealed that although they are being considered as one of the leading Guinea fowl rearing groups/communities in the Bongo District, they do not have access to incubators or hatcheries. This limits their capacity to produce or raise Guinea fowls in commercial quantities to meet the growing demand.

#### **6.3.6 The Guinea Fowl Production Action Plan**

There is also an LED action plan for the promotion of the Guinea fowl industry in the Bongo District. The plan as shown in Table 6.3 is an annual action plan that is to be implemented

repeatedly for the Medium-Term Planning period, 2010-2013. The set objective for the District's Guinea fowl Industry is "to build the capacity of Guinea fowl farmers to promote local economic development by 2013" (Bongo District Assembly, 2010). The action plan for the promotion of the Guinea fowl industry as shown in Table 6.3 also outlines the activities to be implemented, the geographical scope of each activity/project, indicators for measuring success, the implementation time schedule, the cost of each activity and agencies responsible for the implementation of each task.

Table 6.3: Bongo District Assembly Guinea Fowl Production Action Plan, 2010-2013

Activities	Location	Output	Time Schedule				Annual Budget		Implementing Agencies	
			Indicator	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	Local	External	Lead
Organise seminars on guinea fowl rearing as alternative MSEs sector in the district	Production communities	Seminars on guinea fowl rearing as alternative MSEs sector organised	/	/	/	/		GH¢1,000.00	BAC	DA MoFA NGOs
Conduct training on group dynamics for selected guinea fowl executives	Bongo	Training on group dynamics for guinea fowl farmers conducted	/	/	/	/		GH¢1,250.00	BAC	DA MoFA NGOs
Conduct technical training on breed selection, incubation, feeding/watering and mortality control for selected farmer groups	Bongo	Technical training on breed selection, incubation, feeding/watering and mortality control for selected farmer groups conducted	/	/	/	/		GH¢2,500.00	BAC	DA MoFA NGOs
Conduct	National	Availability	/	/	/	/		GH¢1,75	BAC	DA

market research guinea fowl	and international	of data on guinea fowl market						0.00		NGOs MoFA
Conduct technical training on housing, records keeping and health management for guinea fowl farmers in the district	Bongo	Technical training on housing, records keeping and health management conducted	/	/	/	/		GH¢2,500.00	BAC	DA MoFA NGOs
Organise management training for selected guinea fowl farmer groups on credit management	Bongo	Management training for selected guinea fowl farmer groups on credit management organised	/	/	/	/		GH¢1,250.00	BAC	DA BRB NGOs
Link guinea fowl producers to financial institutions for credit facilities	Bongo	Existence of linkage between guinea fowl producers and financial institutions	/	/	/	/		GH¢750.00	DA BAC	BRB APED NGOs
Provide improved structures and hatcheries for raising keets	District-wide	Number of improved structures and hatcheries provided for raising keets	/	/	/	/		GH¢2,500.00		DA BRB APED NGOs

Source: Bongo District Assembly, 2010

As discussed, the Bongo Assembly has identified three economic activities (micro and small enterprises) that it wants to focus its LED interventions on. From the Assembly's perspective, these are key economic activities with growth potentials. Their development is considered very

essential in the overall scheme of district economic development. These three economic activities are not only widespread in the district; there is a growing market for their products in the global market. When effectively positioned, they could spark economic development in the district, expand job avenues for the people and improve their income levels as well. The Bongo District Assembly has thus designed a District LED Plan to enable it focus on the promotion or development of these three economic activities. However, as discussed below, the Assembly has not been able to implement its LED plan that seeks to promote the growth and competitiveness of the three targeted economic activities.

#### **6.4 Challenges of Implementation**

The local economic development role of the District Assemblies is not limited to planning alone, but implementation as well. An LED plan remains a document until it is implemented. It is only through implementation that tangible results can be realised. Although the piloting of LED was largely guided by national agencies, it was in part intended to transfer the responsibility of implementing LED initiatives at the district level to the District Assemblies. But the implementation or replication of local economic development initiatives by the District Assemblies hangs in a balance. This is accounted for by a number of factors. Essentially, the interventionist or top-down approach adopted for the promotion of local economic development has created some form of dependency by the District Assemblies on central government agencies and the intervening International Development Agencies. The involvement of international development organisations in the implementation of LED initiatives in some districts in Ghana like the setting up of the Berekum light industrial zone has created the impression that they are available to provide financial resources for the implementation of LED initiatives in all districts.

But this is not the case, as there is no funding coming from 'above'. This has created discontinuities in the local economic development planning and implementation process at the district level. As Meyer-Stamer (2004: 11) points out, "implementation crisis emerges" when external actors intervene in a manner that does not satisfy the interests of local people. I observed that the District Assemblies are reluctant in deploying their resources to promote what they see as projects of external actors. As Rossi (2006: 29) rightly notes "different groups in the development field are often well aware of the chances available to them within policy discourses and adjust strategically and instrumentally to their ascribed roles." According to Long (1992: 22) "... the notion of agency attributes to the individual actor the capacity to process social experience and to devise ways of coping with life, even under the most extreme forms of coercion." Similarly, the ongoing national piloting of LED has also failed to take into consideration the institutional or structural context within which District Assemblies operate in Ghana. I observed that, while the donor agencies and national level actors want to take

advantage of the mandate of the District Assemblies set out by legal framework that established them to impose certain responsibilities on the latter, they failed to take into account how those same legal regulations like the earmarking of revenue constrain the performance of the District Assemblies. Aside the inability of the Berekum Municipal Assembly to continue with the LED practice, my observation in Bongo reveals that the ongoing national LED pilot will only succeed in producing documentary evidence like District LED Action Plans rather than a practical demonstration of LED practices in the districts in terms of implementation. Clearly, there are concerns over the capacity and willingness of the District Assemblies to practice the local economic development approach. As Meyer-Stamer (2003: 5) points out, local economic development planning in the developing countries is entrusted to local authorities who are characterised by limited capacity. Aside, the capacity concern is the commitment of local actors to this 'new' development strategy. The set of complex contexts and multiple rationalities affecting the implementation of LED initiatives in the districts are further explored in this section.

#### **6.4.1 Inadequate Human Resource Capacity**

Local economic development promotion thrives very well in areas where there is available and capable human resource capacity to drive it. But this is not the case in most District Assemblies in Ghana, including Berekum Municipal and Bongo District. Currently, District Planning officers are the main technical personnel in the districts who facilitate the formulation of District Medium-Term Development Plans. With the introduction of the local economic development approach, they remain the main technical experts facilitating the LED planning process. Although the District Development Planning Officers have over the years spearheaded the formulation of district development plans, they are not sufficiently trained in local economic development planning. As Meyer-Stamer (2003: 7) points out, local governments in developing countries could have the necessary financial and human resources, but they may not have what it takes to "strategise and plan something which is hard to imagine." With reference to developing countries, Meyer-Stamer (2003: 7) argues that "it is unusual that a local government has personnel which is adequately skilled and available" to effectively analyse the local economy and formulate effective LED strategies. Similarly, as Rodriguez and Tijnstra (2009: 21) note "where sufficient powers and resources are available, capacity constraints at the local or regional level often form an obstacle to the successful formulation and implementation of policies." The difficulty is "how to ensure that all local governments in a country are able to recruit qualified officials and how to ensure that these officials are properly motivated" (Olowu, 2003: 45). In Ghana, District Planning Officers have been recruited from diverse backgrounds, many of whom have not even received training in development planning, business planning or strategic planning and management.

Aside their inadequate academic training, their orientation or experience in district development planning has largely focused social planning since the District Assemblies in Ghana have over the years focused largely on planning for the provision of social facilities than on economic development. The economic development component of district development planning did not go beyond issues of agricultural production and some sort of minimal support for small scale enterprise operators. But LED has a clear economic focus and is also driven by an economic-oriented strategy. Local economic development planning is largely embedded in the notion of strategic planning. This differs from the conventional development planning approach employed in the formulation of District Medium-Term Development Plans in the country. Local economic development planning is strategic in nature aimed at promoting the competitiveness of localities and economic ventures or enterprises, (Meyer-Stamer, 2003; Swinburn, et al, 2006; Blakely and Leigh, 2010). This strategic planning competence cannot readily be found in most existing planning officers of the District Assemblies. This is a constraint as far LED planning and promotion in the districts is concern.

A related human resource problem in the districts is the frequent transfer of technical staff like the District Planning Officers. District Development Planning Officers like other core staff of the District Assemblies are transferred at the discretion of the Ministry of Local Government and Rural Development. In the course of my research in Berekum, I realised that starting from 2007 when the main local economic development initiative was designed in the Municipality (the Berekum Light Industrial Zone) to 2011 when this research commenced in the area, the Assembly has had three different planning officers. These frequent transfers could have implications for LED promotion and district development planning as a whole as it affects continuity in planning among other things. For instance, in my attempt to get to the genesis of contemporary LED planning in Berekum, the Planning Officer at post indicated that he was not in the district at the time the process started, and could not provide information regarding the early stages. Being curious, I collected the phone number of his immediate predecessor who is currently the Planning Officer for Asunafo North Municipal (Goaso). When I contacted him on phone, the storyline was the same – “the exercise started before I assumed office as Planning Officer in Berekum.” My quest for a chronology of planning events as far as local economic development interventions in Berekum is concern was thus prematurely terminated. This clearly demonstrates how discontinuities can be created in the planning and knowledge flow cycle when technical personnel like District Planning Officers are frequently moved from one district to another.

The situation was not different in Bongo District. The planning officer at post in Bongo who participated in LED stakeholder workshops in Accra, and acquired some skills and exposure to start the first ever local economic development planning in the Bongo District was transferred to Tamale, the Northern Regional capital at the crucial period when the LED plan for the Bongo



District was being finalised. The poor timing of transfer of technical officers like District Planning Officers as happened in Bongo, could also impact negatively on the implementation of local economic development action plans in the pilot districts. The situation is compounded or worsened by the poor knowledge transfer from one planning officer to another as happened in the Berekum Municipal Assembly. Essentially, the absence of critical staff in the districts does not only affect the quality of LED plans produced, it also affects LED promotion as a whole. This is so because, there are actually no key technical personnel in the districts to champion LED promotion. The District Planning Officers have simply added LED to their normal district development planning exercise. This has the tendency of making LED a sub-set of the district development plan which has a more social than an economic orientation. Development issues get prominence when they have advocates and competent personnel to drive their promotion. Local economic development is an emerging development strategy in the districts, but has no advocates and the skilled personnel to drive its promotion.

#### **6.4.2 The Funding Question**

The availability of adequate financial resources is essential in the success of local economic development promotion in the districts. This is so because the design and implementation of LED initiatives by the District Assemblies at all times requires money. As Ahwoi (2010: 165) notes “unless local governments have adequate revenues to deal with their new tasks, they will not be able to deliver the quality of services expected.” But as Helmsing (2001: 61) notes “decentralisation has transferred considerable responsibilities to local governments, often without adequate revenue assignments.” This explains why some advocates of decentralisation wants fiscal decentralisation to be an integral component of the entire decentralisation process. My research reveals that the question of how local economic development initiatives in the districts are to be financed remains unresolved.

This has implications for its promotion at the district level in Ghana. On the one hand, officials of some agencies at the national level, such as the Ministry of Local Government and Rural Development, the National Development Planning Commission, as well as the United Nations Development Programme expect the District Assemblies to use their existing revenues to finance their LED initiatives. But not only was this idea not well communicated to the District Assemblies, there are also practical challenges regarding the ability of the Assemblies to raise sufficient revenue to embark on meaningful promotion of local economic development in the districts. As Canzanelli, (2001: 39) notes “local government authorities are encouraged to design and implement local economic development initiatives, but the initiation and sustenance of the local economic development process requires adequate financial resources that are often not readily available at the onset.” I found out that officials of the LED pilot districts were highly hopeful that there would be a special funding scheme from the national

level, specifically from the UNDP for them to finance their LED initiatives. I realised that it was actually based on this expectation of getting funding from the UNDP that officials of some of the District Assemblies willingly accepted to pilot the LED approach in their districts. However, my interaction with officials of some of the LED pilot districts reveals that this hope of financial support is fading away. The following remark by the Bongo District Planning Officer demonstrates their state of hopelessness and helplessness.

“I have just returned from a meeting in Accra last week. It went on well. But we thought that they (NDPC and UNDP) were going to give us some funds to enable us implement our local economic development action plans; but it is like they want us to use our existing financial resources [...] This would be a problem for us here in Bongo. You know in this district our internally generated fund is nothing to write home about. Financing these LED initiatives is really going to be a problem to us.” (Interview with Bongo District Planning Officer, September, 2011).

The lamentation of the Bongo District Planning Officer highlights a number of challenges that confront the Assembly as far as the financing of local economic development initiatives in the district is concern. First, it highlights the fact that the Assembly lacks the capacity to adequately raise resources internally/locally to finance local economic development initiatives in the district. Second, there is no ‘special fund’ set aside by the donor agencies or central government for the financing of local economic development initiatives in the districts. This ‘misunderstanding’ between the promoters of the local economic development approach at the national level and their counterparts at the district level has negatively affected the implementation of local economic development initiatives in the pilot districts. There is currently no plan on sight on how local economic development initiatives will be financed in the pilot districts. There seem to be no options on sight for the District Assemblies now – whether from ‘above’ or from their existing revenue streams.

This state of affairs also throws light into the line of thinking of the District Assemblies as far as the financing of local (economic) development is concern. I noticed that the District Assemblies are not preparing themselves to assume responsibility over their own development, particularly the promotion of local economic development. For instance, during the 2012 Public Budget Hearing held at the Bongo District Assembly Hall on 13. 10. 2011, the District Chief Executive concluded his presentation on the following words: “The Assembly hopes that its development partners would be forthcoming in the release of expected funds so as to help the Assembly meet its development targets for 2012.” This comment by the Bongo District Chief Executive clearly demonstrates how District Assemblies in Ghana tie the success of their development interventions to the benevolence of donor agencies and central government. This is part of a wider problem of donor intervention.

“More broadly, when donor projects are poorly integrated into national budgetary processes and not subject to much transparency or effective control, they help sustain anti-developmental practices within the state apparatus. Because local officials are not included in policy planning, they often come to view aid projects as little more than a set of scarce private goods to be allocated. Aid dependence thus leads to a situation in which bureaucrats are often not rewarded for focusing on their core developmental functions but rather on getting money from donors” (Moss, et al, 2008: 263).

This is the reality on the ground as far as external intervention is concern. If this mentality of relying on donor agencies for funding local development initiatives continues, local mobilisation of resources, which is an integral part of the contemporary local economic development approach suffers. When District Assemblies are sure that central government and donor agencies would give them money to execute their development agenda, the concept of local economic development as a bottom-up development strategy with reliance on local resources will not make sense to them. Literature shows that LED funding remains a challenge to local governments in many developing countries. This can be seen in the following observation:

“Local economic development is not yet embedded in Municipal practice, which is shown in many cases by limited funds allocated to LED by Municipalities, and the lack of impact interventions. Although financial support for LED can be derived from a wide range of sources, a key difficulty is that the Municipality or local development agency often lacks adequate, locally available funds and competencies to drive the LED process independently [...] LED has no secure funding sources and often relies on charitable donation and public grants where available” (Patterson, 2008: 10-11).

This is the reality as far as LED funding in developing countries is concern. Although there are a range of revenues available to local governments, there is currently no clear funding arrangement for local economic development promotion.

#### **6.4.3 Sources of Revenue to the District Assemblies**

District Assemblies in Ghana derive their revenue from internal and external sources. The internally generated fund (IGF) is the main internal source of revenue to the Assembly. The main external sources of revenue to the Bongo District Assembly, like the other District Assemblies in the country include, the District Assemblies Common Fund (DACF), the District Development Facility (DDF), other specific central government transfers, (such as grants for personnel emoluments), and donor funds for specific development projects or programmes in the district. Among these sources, it is the District Assemblies Common Fund that has been the most reliable and major source of funding to the Districts Assemblies, (Akudugu, 2012: 26).

Table 6.4: Revenue Inflows from External Sources for Bongo District Assembly (GH¢)

Source	2009 Actual (GH¢)	2010 Actual (GH¢)	2011 Actual (GH¢)	2012 Revenue Projections (GH¢)
GoG	66,712.64	73,089.32	40,569.73	845,000.00
DACF	959,181.18	894,725.00	973,134.48	1,642,779.87
DWAP	196,099.82	250,000.00	230,000.00	-
CBRDP	61,060.85	68,364.49	-	
STWSSP	71,343.94	64,816.08	30,000.00	164,816.08
School Feeding Programme	-	219,961.79	96,219.15	-
MSHAP	2,636.32	24,190.00	4,350.00	8,000.00
IBIS	34,152.32	4,500.00	12,880.00	16,500.00
EU	64,858.83	-	-	-
HIPC	37,430.95	25,000.02	-	-
DDF	446,496.54	1,306,398.16	560,000.00	1,306,395.00
GSOP	-	-	-	616,942.50
Total	2,899,154.57	2,931,044.86	974,018.88	4,763,543.45

Source: Bongo District Assembly, 2011

As shown in Table 6.4, the District Assemblies Common Fund has not only been consistent, its quantum has been increasing over the years. Although the donor funds have also been a good source of funding for the Bongo District Assembly, these funds are usually released for specific projects within a limited time span. As such, it has always been difficult to continuously plan district expenditure estimates based on donor funds. I also noticed that in recent times, the District Development Facility (DDF) has been contributing substantially to the Bongo District development budget. The District Development Facility is performance-based revenue where District Assemblies can only access money from it based on their ability to meet certain performance indicators within a specified period of time. This means that a particular District Assembly can only access the District Development Facility if it is able to meet the minimum performance benchmarks set out in the DDF regulations or guidelines. This includes the implementation of the annual action plans contained in the District Medium-Term Development Plan.

At a glance, one can conclude that there are many sources of revenue available to the Bongo District Assembly, and by extension a lot of revenue to the Assembly to carry out its developmental activities. But such a conclusion can only be valid when the numerous sources yield substantial amount of revenue to the Assembly; and also by extension when the Assembly has the free hand to expend such revenues. It is thus important to assess the sources of

revenue to the Bongo District Assembly and conditions for their utilisation in order to gain a better understanding of the financial condition of the district.

#### 6.4.4 Local Revenue Mobilisation

District Assemblies are encouraged to raise revenue locally to support the district budget. In line with this, District Assemblies have been legally empowered to generate their own revenue locally, (Diaw, 1994; Olowu, 2003; Ahwoi, 2010). In Ghana for instance, District Assemblies can mobilise revenue internally or locally from a number of sources such as market tolls, property rates, fines, license, fees and levies, and so on. However, most District Assemblies in Ghana are unable to raise a reasonable amount of revenue from these internal or own sources. My investigation revealed that the internally generated fund of the study District Assemblies has not been enough to cater for their developmental expenditure. My assessment revealed that the internally generated fund of the Bongo District Assembly in particular is really “nothing to write home about” as indicated by the District Planning Officer. For instance, as shown in Table 6.5, the Bongo District Assembly even recorded a shortfall of about 33% of its projected internally generated fund in 2009.

Table 6.5: Summary of Revenue Performance: Internally Generated Fund in Ghana cedi (GH¢)

Year	Estimated Revenue (GH¢)	Actual Revenue (GH¢)	Variance(GH¢)
2009	87,863.77	58,424.34	-29,439.43
2010	91,916.30	118,731.13	26,814.83
2011 (up to June)	200,138.09	2,798.38	Incomplete
2012	163,110.00	-	Incomplete

Source: Bongo District Assembly, 2011

In an interview with the Bongo District Budget Officer, he blamed the shortfall in the 2009 revenue estimates to changes in charges on Telecom Marts which has become one of its major internal sources of revenue. In the Bongo District, internal revenue mobilisation is constrained by the limited taxable economic activities, poor revenue mobilisation strategies and low commitment to the entire process. Currently, it is only tolls from the Namoo border post, and charges on private Telecom Marts that the Bongo District Assembly counts on to yield them some reasonable amount of revenue. The Bongo District Budget Officer also lamented on the limited taxable activities in the district:

“You were in our public budget hearing forum (13.10.2011) when the Regional Minister talked about property rates [...] But in this district we have thatch houses with just few block houses [...] When you are talking about property rates as a good source of revenue for District Assemblies, can we levy these thatch houses in Bongo?” (Interview with Bongo District Budget Officer, 14.10.2011).

This emphasises the point that the Bongo District Assembly has limited and low yielding local sources of revenue. As Ahwoi (2010: 167) points out “the taxpayers in the local government areas, being mainly the poor, are often too poor to be taxed.” But as Asibuo (2000: 32) points out “without the effective mobilisation of their financial resources, the extensive responsibilities of administration and development entrusted to the District Assemblies cannot be discharged to the satisfaction of their rate payers.” Certainly, a balance must be found between the quest to mobilise more revenue and the tendency to over burden people with taxes. During the 2012 Budget Hearing of the Bongo District Assembly held on 13<sup>th</sup> October, 2011 at the Assembly’s Conference Hall in Bongo, it was revealed through the question and answer session that the Assembly’s internally generated fund was not even enough to finance its recurrent expenditure. This was after a participant suggested that the authorities should always put the inscription “financed from the Assembly’s internally generated fund” on physical projects constructed using the Assembly’s internally generated fund. This according to the participant will motivate people to pay taxes to the Assembly, as they can see tangible results from payment of taxes. But the District Chief Executive was frank in pointing out that the internally generated fund of the Assembly is not adequate enough to finance physical projects like school blocks or clinics. It is thus clear that the Bongo District Assembly does not have the means and capacity to adequately raise resources internally/locally for development interventions. This means that the chances of the Bongo District Assembly relying on its internally generated funds to finance its local economic development initiatives are very low or impracticable, at least for now.

#### **6.4.5 District Assemblies Common Fund**

The Government of Ghana established the District Assemblies Common Fund (DACF) as provided for in article 252 of the 1992 Constitution of the Republic of Ghana, as a means of strengthening the decentralisation process in the country. In line with the provision of article 252 of the 1992 Constitution of the Republic of Ghana, a minimum of 5% of total national revenue is set aside annually as the District Assemblies Common Fund. The setting up of the fund was necessary in providing financial resources to the District Assemblies to function or perform their basic tasks. As shown in Table 6.4, the District Assemblies Common Fund (DACF) continues to serve as the main source of funding to the Bongo District Assembly.

However, the District Assemblies Common Fund is not a panacea to local development financing in Ghana, including the financing of district local economic development initiatives. In the first place, the District Assemblies Common Fund is considered inadequate for the Assemblies. Although the share of national revenue allocated to the District Assemblies Common Fund increased from 5% to 7.5% (see Ahwoi, 2010); and lately in 2013 to 10%, it is still not enough to adequately cater for district expenditure. As shown in Table 6.6, the entire Upper East Region in 2010 was allocated a total amount of GH¢7,414,273.00 (about \$3,769,963) as its share of the District Assemblies Common Fund (DACF). This amount was to be shared among nine (9) District Assemblies in the Upper Region to cater for a wide range of developmental needs or services, including economic ventures, social services, administration, environment, and the financing of Members of Parliament's development projects. This is a meagre amount of money to cater for such a wide range of functions. As Ahwoi (2010: 165) notes, District Assemblies are given more functions, which are not matched with an equal quantum of financial resources. Certainly, the amount of money allocated from the DACF to be expended on such wide range of activities is woefully inadequate. Yet, in relatively deprived areas of the country like the Upper East Region, expectations on the District Assemblies to deliver socio-economic development are very high.

The second challenge concerns restrictions on the utilisation of certain categories of revenue available to the District Assemblies. Unlike the internally generated fund, all the external sources of revenue to the District Assemblies are usually earmarked for specific projects. This means that the Assemblies do not have 'a free hand' to determine the utilisation of such funds. For instance, I found out that, the utilisation of the District Assemblies Common Fund is regulated by guidelines issued by the Ministry of Local Government and Rural Development from time to time. These guidelines basically show how external grants like the District Assemblies Common Fund are allocated to the District Assemblies and how they are earmarked for various activities in the districts. In 2005 for instance, the guidelines earmarked 10% of the Assemblies share of the DACF as "reserve fund", 41% of the Assemblies share of total DACF less the reserve fund as "tied grant"; while the remaining 59% was to be spent on economic ventures, social services, administration, and environment (Ahwoi, 2010: 180). According to Banful (2011: 381) "the prevailing assumption is that distributing resources by a formula based on economic and welfare variables will suspend the arbitrariness that allows politically motivated targeting." Similarly, Merat (2004: 249) notes that "in order to strengthen accountability, the funds transferred to municipalities were earmarked to ensure that bureaucratic costs would be kept within defined limits and that sufficient resources would be invested in social services." The District Assemblies are to adhere to these guidelines when utilising the external grants. As shown in Table 6.6, all the Districts Assemblies in the Upper East Region, and other parts of the country spent the same percentage of their share of the District

Assemblies Common Fund on the defined expenditure items such as administration, economic ventures, social services, environment and constituency labour project.

Table 6.6: 2010 Regional Sectoral Expenditure (in Ghana cedi, GH¢)

Region	Economic Ventures	Social Services	Administration	Environment	Constituency Labour Project (MPs)	Total
Western	3,084,907.77	4,501,909.93	6,200,715.93	1,724,262.59	567,286.58	16,079,082.82
Central	2,500,280.32	2,210,923.70	7,625,114.28	1,567,732.23	623,383.54	14,527,434.07
Greater Accra	2,301,272.98	4,350,523.24	5,328,722.17	1,704,083.75	537,318.65	14,221,920.79
Eastern	2,609,225.00	3,821,366.00	6,670,674.00	1,686,326.00	834,385.00	15,621,976.00
Volta	1,288,073.85	2,882,986.11	6,312,313.61	1,140,001.52	885,711.40	12,509,086.49
Ashanti	4,661,348.44	7,772,908.25	9,805,694.24	3,069,000.54	1,190,755.24	26,499,706.71
Brong Ahafo	1,257,373.33	5,758,918.39	7,469,580.97	1,762,872.02	836,144.21	17,084,888.92
Northern	2,340,463.35	6,322,749.80	6,950,829.22	902,433.18	665,886.38	17,182,361.93
Upper West	946,762.62	1,970,921.02	3,686,836.74	275,860.12	316,964.58	7,197,345.08
Upper East	1,532,253.00	1,093,177.00	3,442,823.00	788,178.00	557,842.00	7,414,273.00
<b>Total</b>	22,521,960.66	40,686,383.44	63,493,304.18	14,620,749.95	7,015,677.58	148,338,075.81
<b>Percentage (%)</b>	15.18	27.43	42.80	9.86	4.73	100

Source: DACF Administrator, 2010

The issuance of the guidelines by the Ministry of Local Government and Rural Development to regulate the utilisation of the DACF show the degree of central government control over the District Assemblies Common Fund (Ahwoi, 2010: 180). This has implications for local economic development promotion in the districts. Although the District Assemblies are now being encouraged to prioritise local economic development, they do not have the power to alter the spending pattern of the District Assemblies Common Fund in favour of local economic development promotion. This means that the LED pilot districts like the Bongo District Assembly would not be able to deploy much of the DACF and other earmarked revenues for the



implementation of their local economic development initiatives. For instance, as shown in Table 6.6, while the District Assemblies spend as much as 42% of the DACF on administration, they spend only 15% of their share of the District Assemblies Common Fund on economic ventures. The earmarking of revenue by the central government and donor agencies does not give the District Assemblies a flexible hand in deciding the kind of projects or investments they may like to put district revenue into.

The above discussion reveals that although there seems to be a wide range of revenue streams to the Bongo District Assembly, there is still a challenge as far as local economic development financing is concern. As revealed above, internal revenue mobilisation efforts has been low-yielding. Similarly, the use of the external sources of funds has been highly restricted since they are been earmarked for specific expenditure items. As Ribot (2003: 56) notes “in most African countries, few discretionary powers are transferred to local authorities.” Yet, the international development agencies and central government agencies at the national level promoting the adoption of the LED approach by the District Assemblies apparently failed to recognise the existence of such structural factors that constrain the ability of District Assemblies to assume certain responsibilities. As Oladipo (2008: 85) notes “resources are the essential ingredients required for the implementation of projects.” Similarly, as Mogue and Benin (2012: 1057) point out “local fiscal autonomy is typically associated with the size of local governments’ budget.” But the reality is that the Bongo District remains one of the poorest districts in the Upper East Region and Ghana as a whole. This was acknowledged by the Upper East Regional Minister during the Bongo District Public Budget Hearing held on 13<sup>th</sup> October, 2011: “The revenue level of the Bongo District Assembly shown in the presentation compared to what we saw in the other District Assemblies in the Region speaks for itself [...] Bongo should continue to be treated as a deprived district” (Remark by the Upper East Regional Minister, 13.10.2011, Bongo). In the midst of limited financial resources, and restrictions on the use of available financial resources, District Assemblies like the Bongo District Assembly would certainly be constrained in the promotion of local economic development.

Clearly, there are structural constraints affecting the performance of the District Assemblies as far as local economic development promotion is concern. But as noted:

“The obvious affliction, the cry for help of a person in need is rarely any longer the occasion for help. Help is much more often the indispensable, compulsory consequence of a need for help that has been diagnosed from without. Whether someone needs help is no longer decided by the cry, but by some external standard of normality. The person who cries out for help is thereby robbed of his or her autonomy as a crier. Even the appropriateness of a cry is determined according to this standard of normality” (Gronemeyer, 2010: 56).

This is the reality of LED promotion at the district level in Ghana. It is not what the districts want that matters, but what the interventionists think is good to do or promote that counts. Local economic development is seen as a good development strategy that has to be embraced by all District Assemblies in Ghana. In the view of the interventionists, the utility of the LED strategy outweighs all considerations of the District Assemblies, including the 'lack' of capacity to effectively design and implement LED initiatives.

#### **6.4.6 Understanding and Appreciating the Local Economic Development Approach**

The implementation of local economic development initiatives at the district level in Ghana is also hampered by what I termed 'misunderstanding' and 'lack of appreciation' of the contemporary local economic development approach. Not only is there no consensus on what the local economic development approach is, local actors like the District Assemblies are yet appreciate or find value in the LED approach. This phenomenon has resulted in the unwillingness of the District Assemblies to prioritise LED promotion in their development agenda. The decision of actors to do one thing or the other is part of actor's rationalities. As rational beings, actors take decisions or act to advance their own interest. The implementation of local economic development initiatives at the district level in Ghana is affected by multiple interests on the part of the local actors. As such, the non-implementation of local economic development initiatives at the district level is justified in one way or the other. But international organisations sometimes failed to recognise the rationality and agency of local actors.

"The international organisations also seem oblivious to the problem of multiple goals and multiple agents for the incentive structure facing aid agencies. Having multiple goals is equivalent to having multiple principals. It is well known in principal-agent theory that having multiple principals weakens overall incentives for the agent to deliver to any one principal" (Easterly, 2006: 9).

During the course of my field research, it was common to hear people at the district level in Ghana, where LED initiatives are being implemented say: "We have been promoting local economic development all the time." But further probes revealed that, this kind of local economic development promotion was in reference to the piecemeal approaches to agricultural development and other forms of assistance like micro credit, and entrepreneurship and management trainings that are often organised on few occasions for selected micro- and small-scale enterprises. However, these are ad hoc and uncoordinated measures that do not find expression in the contemporary local economic development approach.

Aside the strategies or initiatives directly targeting the local economy or economic activities, the concept of local economic development in its contemporary sense has to be understood as

a bottom-up development approach, where the role of the District Assembly in mobilising relevant actors and resources is critical in its success. It is only through a proper understanding of the nature and essence of the contemporary local economic development approach that the District Assemblies will own the LED process and initiatives, and mobilise relevant actors and resources to drive it. But as pointed out earlier, the District Assemblies see LED as a project of external actors. As such, although the District Assemblies have agreed to practice it, they have high hopes that there would be a 'project budget' from the external actors. The understanding of local economic development as ad hoc and discrete support activities or resources to SMEs, and its conception as an external project to be funded with external resources is the bane of its successful promotion in the districts.

The promotion of district socio-economic development as explained earlier has been done through the decentralised development planning system. As such, the decision of any District Assembly regarding what becomes visible or should be prioritised in the district development agenda or plan has implication for local economic development promotion at the district level. District Assemblies in Ghana have over the years focused their development plans on the provision of social infrastructure at the expense of economic development. Similarly, as pointed out, central government transfers are often earmarked in favour of social facilities or social service provision, poverty reduction measures, and political or administrative tasks at the expense of economic development.

Over time, this practice has resulted in the orientation of the District Assemblies towards socio-political development at the expense of economic development promotion at the district level. As such, although local authorities in Ghana have achieved modest gains in enhancing participatory governance, economic development at the district level has not experienced an equal measure of improvement, (Crook, 2003: 79). As shown in Table 6.7, the Bongo District Assembly planned to spend 69% of its total revenue on health and education alone in 2012. Conversely, only, 3% of the Assembly's total revenue as shown in Table 6.7 is to be spent on economic or productive activities in the district in 2012. As one of the districts piloting the local economic development approach, one would expect to see some appreciable level of attention given to the economic sector by way of reasonable budgetary allocations; but that is not the case as Table 6.7 reveals. Although the budgetary allocations appear odd to me, the Bongo District Chief Executive did not hesitate to justify the skewed budgetary allocations when I sought clarification from him during the District Budget Hearing in Bongo. The District Chief Executive during the question and answer session at the District Budget Hearing forum held on 13. 10. 2011 indicated that "the provision of social infrastructure and services were very necessary in order to reduce the high incidence of illiteracy, and improve healthcare delivery in the communities".

Table 6.7: Summary of Bongo District Budgeted Expenditure for 2012 by Sectors (GH¢)

<b>Sector</b>	<b>Amount</b>	<b>Percentage Allocation (%)</b>
<b>Agriculture/Economic</b>	142,906.30	3
<b>Administration</b>	857,437.90	18
<b>Health</b>	1,691,058.00	35.5
<b>Education</b>	1,595,787.10	33.5
<b>Total</b>	4,763,543.45	100

Source: Bongo District Assembly, 2011

Aside this justification provided by the Bongo District Chief Executive, the provision of physical social infrastructure has also been justified on other grounds. For instance, Kwamena Ahwoi, the former Minister of Local Government and Rural Development who supervised the implementation of Ghana's decentralisation programme in the late 1980s argues that "the trend towards the provision of administrative and social infrastructure in the districts especially at the district capitals, such as housing, offices, educational and health services, and telecommunication facilities must also be encouraged since it is these which will attract quality staff to serve in the districts" (Ahwoi, 2000: 22). Similarly, the District Assemblies' concentration on the provision of social infrastructure is also based on the belief that such investment has a political appeal. It is believed that, local government authorities make a lot of sense to the electorate when they provide statistics on the number of schools, clinics or health centres constructed in the communities. In furtherance to this conviction, District Assemblies in Ghana have become willing actors in the provision of social infrastructure like schools, clinics/health centres and toilet facilities in local communities. In the District Assemblies' official website, one would notice that physical infrastructure is the only thing one can find under the caption "development projects" (see <http://www.ghanadistricts.com>). In other words, 'development project' to the District Assemblies means the provision of physical infrastructure. This means that the level of developmental achievement by a District Assembly or during the tenure of a particular District Chief Executive or political leader is measured by the number of physical infrastructure constructed in a given area.

In addition, the social infrastructure/service orientation of the District Assemblies is also a reflection of national development orientation of the country in general, at least for the past two decades. As discussed in chapter five, Ghana's development policy framework for the past two decades has been dominated by social considerations, particularly the provision of social infrastructure and poverty reduction measures. From an initial attempt to deal with the social costs of the adjustment, development policy and planning in Ghana gradually assumed a social dimension than an economic orientation. For instance, from 2003 onwards, the development policy framework of Ghana has largely focused on poverty reduction (see GPRS I and GPRS II). Given that District Assemblies in Ghana derive their medium-term development plans from

such national development policy frameworks, the tendency for them to continuously prioritise social over economic development is high. As pointed out in this chapter, even the guidelines for the utilisation of the District Assemblies Common Fund favour the provision of social infrastructure/services, and administrative task than economic considerations. Similarly, I also noticed that much of the donor funds to the District Assemblies are to be expended on social sectors such as education, health, and water and sanitation. All these factors influence district development agenda setting.

Furthermore, there is also a widespread perception that the concentration on social infrastructure provision by the District Assemblies has a hidden motive. The high level of attention given to the provision of physical/social infrastructure by the District Assemblies has been attributed to the financial rewards that officials allegedly obtain from the award of contracts. It came to light that top government officials including those in the District Assemblies often receive at least 10% of the total sum of a contract awarded to any contractor for the construction of a physical infrastructure as 'kick-back'. Although these are perceptions, their credibility cannot be completely dismissed. For instance a survey on public perception of corruption conducted in Southern Ghana in 2005 by the Ghana Integrity Initiative (GII), the local chapter of Transparency International reveals that an appreciable proportion of 34.7% of the 900 respondents held the view that officials in the Metropolitan/Municipal Assemblies are involved in bribery and corruption (Ghana Integrity Initiative, 2005: 7). Going by this survey, one can say that there is credence in the allegation that the concentration of the District Assemblies on physical projects are to some extent influenced by what they expect to receive as 'kick-back' from the award of contracts. As the award of construction contracts becomes brisk business for local government officials, the construction of physical projects such as school blocks, clinics and so on would certainly be prioritised by officials of the District Assemblies over private sector development and other economic interventions. As Oladipo (2008) points out, the financial resources are not only inadequate; they are sometimes mismanaged by the local government authorities. When immediate personal benefits become the main object of top government officials, the pursuit of long term broad-based development suffers.

Clearly, the actions of the District Assemblies are also driven by interests. The decision of actors to act or not to act has consequence on the resulting action. For instance, the decision on the part of local government authorities to prioritise social infrastructure provision over economic interventions certainly has implications for local economic development promotion at the district level. For instance, the concentration on social infrastructure means fewer resources are available for the implementation of local economic development initiatives in the districts.

#### **6.4.7 Lack of Synergy and Strategic Vision**

One main feature of the contemporary local economic development approach is its emphasis on joint action by all relevant stakeholders. Building a strong stakeholder partnership is a pre-condition for the successful organisation and implementation of local economic development initiatives. Thus, local economic development is not just the design and implementation of initiatives; it also entails the building of partnerships for joint action (see Blakely, 1989; Helmsing, 2003). Partnership facilitates the mobilisation of resources for the effective implementation of LED initiatives. But partnership building or the mobilisation of actors is also an expression of agency. As Sewell (1992: 21) points out, agency entails “an ability to coordinate one’s actions with others and against others, to form collective projects, to persuade, to coerce and to monitor the simultaneous effects of one’s own and others’ activities.” Discussing the work of Sayer (1992) and Archer (2000), Llewellyn (2007: 134) points out “agents are people with projects and ‘people with projects’ generally organise to achieve them, as being organised with others builds ‘emergent powers’ into agential capabilities.” Although essential, the building of partnership for joint action for LED promotion at the district level in Ghana is a daunting task for the District Assemblies.

One main constraint currently affecting local economic development promotion at the district level in Ghana is the inability of the key stakeholders to work towards a collective or joint action. As Rogerson (2010: 484) points out “the lack of an integrated approach to the delivery of LED remains a systematic weakness.” During my field research, I noticed that there are numerous actors/agencies directly involved in the promotion of micro and small enterprises which are been targeted for LED interventions in the two districts. These actors/agencies include the District Assemblies, the Business Advisory Centres (BACs) of the National Board for Small Scale Industries, GIZ, World Vision International, Department of Community Development, and the Department of Cooperatives among others. All these agencies play various roles in an attempt to promote the activities of micro and small enterprises which are been targeted for LED interventions.

However, the worrying phenomenon I observed is the failure or inability of these actors/agencies to work together. In other words, it is difficult to find any joint action by these actors/agencies as far as the task of promoting the development of local micro and small enterprises is concern. Rather, each actor/agency is pursuing its own goal or agenda. This is also reflected in the promotion of the local economic development approach at the district level. It is expected that the District Assemblies would play a lead role in engaging these actors for joint action. But this is not the case, at least in the two districts covered by this research. At best, when external actors merely inform officials of the District Assemblies about their intended interventions, the latter is often considered as a collaborator. But in actual sense, there is often

no collaboration since such interventions are usually largely carried out by the external actors. As Wood (1996: 1290) points out, local governments are unable to develop the “competencies and establish the trust relations” necessary for the engagement of relevant actors. Aside this assertion by Wood, I observed that the District Assemblies do not show interest in promoting real collaborative effort, especially when they are required to contribute part of their revenue to finance such interventions. Local government authorities have not been able to effectively engage non-state actors like the private sector operators in the promotion of local economic development (Rogerson, 2010). As happened in Berekum, the Assembly has not been able to promote any joint action towards the development of micro and small enterprises after the GIZ-led LED intervention that resulted in the establishment of the light industrial zone. Similarly, despite the success stories associated with the World Vision’s sponsored shea butter processing facility in Bongo-Soe, the Bongo District Assembly has since not been able to promote any meaningful joint action that could lead to the replication of such initiatives in the district. The inability of the District Assemblies to build strong partnerships for the promotion of LED deprives the process of resources and the experiences of other actors. This explains why the District Assemblies are currently looking up to the central government and donor agencies to finance the implementation of their LED initiatives instead of mobilising such resources through partnership arrangements that could guarantee them synergy from various actors.

## **Conclusion**

Clearly, the Pilot Districts have responded favourably by including LED initiatives in their Medium-Term Development Plans. What is now outstanding is the actual implementation of the district LED action plans to realised their intended objectives. This chapter has also shown that the Districts have promising economic activities with competitive advantages. The challenge now is how to promote them given the nature of the constraints they face. As shown in this chapter, the targeted MSEs are faced with a myriad of challenges that impede their growth and competitiveness. But as discussed in this chapter, the implementation of LED initiatives at the district level in Ghana is affected by multiplicity of factors that cannot be resolved with legal instruments. District Assemblies as agents of local economic development are also constrained by structures. With the major sources of revenue to the District Assemblies having been earmarked or regulated, the Assemblies are constrained in the deployment of such revenues for the promotion of local economic development. There is also a question of ownership. My observation is that the District Assemblies are not too willing to own the local economic development process as LED is seen as an external project or an additional responsibility to the District Assemblies. As such, the District Assemblies are not showing enough will-power or commitment in addressing the implementation challenges that they are now confronted with.

## **Chapter Seven**

### **7.0 District Local Economic Development Focal Areas**

This chapter examines the characteristics and challenges of micro and small enterprises targeted for local economic development interventions in the study districts. As shown in chapter four, the local economic development intervention in Berekum was targeted at the promotion of various light industrial works such as auto/vehicle repairs, auto body spraying, welding, metal fabrication, auto parts manufacturing, wood processing, and related activities. Similarly, as shown in chapter six, the Bongo District LED Action Plans are aimed at promoting three economic activities, namely shea butter processing, basket weaving and guinea fowl rearing/production. All these economic activities targeted for LED interventions in the two study districts are variously classified as micro and small enterprises. This chapter thus explores the dynamics of these micro and small enterprises targeted for LED interventions in the study districts. Using survey results obtained from administering a questionnaire on the targeted micro and small enterprise operators, this chapter describes the general characteristics of these micro and small enterprises by focusing on the challenges that hinder their growth and competitiveness. This chapter also contains an analysis of the institutional response to the needs or challenges of micro and small enterprises in the districts.

#### **7.1 Background of Micro and Small Enterprises in Ghana**

In most places including Ghana, the focus of local economic development interventions has been on the second category of LED interventions – the promotion of micro, small and medium enterprises. This category – business or enterprise development, according to (Helmsing 2003: 69) consists of initiatives that directly target and involve (cluster) of enterprises. In many areas, micro, small and medium enterprises are being targeted for LED interventions due to their potential and actual contribution to local development. According to Blakely (1989: 160), “business development is an important component of local economic development planning since the attraction, creation, or retention of business activities is the best way to establish a healthy local economy.” As Musonda (2007: 81) also points out, there is a growing recognition about the importance of micro and small enterprises (MSEs) in job creation and income generation in most parts of the world. Micro, small and medium enterprises characterised Ghana’s industrial sector. Buame (2012: 279) notes “in Ghana, available data from the Registrar General indicates that 90% of companies registered are micro, small and medium enterprises. This target group has been identified as the catalyst for the economic growth of the country as they are a major source of income and employment.” In his study of small enterprise and industrialisation policies in Africa, Helmsing (1993: 25) notes “there has always existed artisan household production and craft village industries which gained ground in some trades such as



metal-working for the making of weapons and agricultural tools, in the making of wood and reed products in construction and building materials and in some parts also in textiles.” With specific reference to Ghana Dawson (1993: 72) notes “the small-firm sector began to play a progressively expanded role in the economy from the early 1970s, though more as a consequence of economic mismanagement than due to a deliberate change in economic strategy.” During the period under review, both global and domestic economic crisis negatively impacted on the input supply and product market of large enterprises. Combined with reduction in state funding as well as managerial challenges, these large-scale enterprises, particularly the state-owned enterprises gradually became redundant.

The collapse of large scale state-owned enterprises gave rise to the springing up of private micro and small scale enterprises. According to Dawson (1993: 72), as the large-scale public and private enterprises which hitherto dominated the economy began to experience crisis, small-scale enterprises started emerging as key economic players. Dawson (1993: 74) notes “in several branches, small-scale producers were able to move into markets vacated by larger firms: cobblers increased production of sandals using worn out tyres; small soap-making plants proliferated; the production of local tie-and-dye fabrics increased; and the more sophisticated small firms even began to recondition and renovate worn vehicle and machine parts.” The economic ‘crisis’ of the 1970s thus created a vent for the springing up and proliferation of micro and small enterprises (MSEs) in the Ghanaian economy. These micro and small enterprises are now key economic players in the country. They do not only create opportunities for people to acquire entrepreneurial skills, they also contribute enormously to economic development in both developed and developing countries (see Elkan, 2000; Bhagwat and Sharma, 2007). According to Buame (2012: 280) SMEs serve as “a safety valve for the perennial unemployment problems and account for over 50% of Gross Domestic Product (GDP) in Ghana.” Micro and small enterprises are thus creating opportunities for people to participate in the economic life of the nation.

The rise of micro and small enterprises in the Ghanaian economy became even more pronounced in the late 1980s following the implementation of the Economic Recovery Programme (ERP) and the Structural Adjustment Programme (SAP). The implementation of these economic reform programmes resulted in the privatisation of many state-owned enterprises. The privatisation of the state-owned enterprises in turn resulted in the retrenchment of a large number of public sector workers in Ghana at the time. The mass retrenchment of workers meant that people were out of jobs and therefore has to explore alternative sources of employment or livelihood. To many of these people, the setting up of micro or small enterprises became a viable option, (see Osei, et al, 1993). This mass retrenchment of workers, though negative as it may appear, gave impetus to the establishment of more micro and small enterprises as means of expanding avenues for self-employment. As

Dawson (1993: 73) notes “the trickle of formally trained workers into self-employment, which had always existed developed into a substantial exodus.” From this “hard-pressed” beginning, the micro, small and medium size enterprise sector is increasingly being seen as a major growth sector in many parts of Africa (see Dawson, 1993; McCormick and Kinyanjui, 2007; Musonda, 2007; Stevenson, 2010; Buame, 2010). Donor agencies and development analysts are also converging on the fact that small enterprise development is worthwhile and thus needs to be considered as a priority area for intervention, (Helmsing and Kolstee, 1993; Elkan, 2000; Stevenson, 2010). “While it has been shown in western countries that small-scale entrepreneurs are an important force for economic development, innovation, and flexibility, they are even more important in developing countries” (Frees and de Kruif, 2000: 1). According to Frees and de Kruif (2000: 2), “without the contribution of micro and small scale business owners there would be widespread starvation in many African countries.” Micro and small enterprises have not only been a viable source of self-employment for ‘victims’ of the global economic ‘crisis’ of the 1970s, or the ‘victims’ of the retrenchment exercise of the 1980s, they remain a viable option for employment and income generation for a large segment of the Ghanaian active labour force.

## **7.2 Basic Characteristics of Micro and Small Enterprises**

Micro and small enterprises in Ghana are into manufacturing and agro-processing, the service sector, and commerce. Although widespread, the definition of micro, small and medium enterprises has been problematic. It has been difficult devising a universally applicable criterion in categorising or delineating various industrial establishments (Bhagwat and Sharma, 2007). As Steel (1993: 40) points out “small is a relative term and its operational definition depends on the particular purpose.” While some countries place emphasis on the number of people employed in the enterprise, others use capital or investment in plant and machinery, or national policy orientation or a combination of a number of factors in classifying enterprises as micro, small, medium or large. Steel (1993: 40) for instance defines small enterprises from a general policy perspective as “those that tend to be excluded from the benefits and rigours of official policies and formal institutions.” From a problem perspective, Musonda (2007: 81) notes that the MSEs sector in many developing countries is characterised by low productivity, low levels of education, lack of capital accumulation, low capital intensity, and labour intensive methods of production among other things. In reference to Africa, Elkan (2000: 23) defines microenterprises as enterprises ‘employing’ not more than nine people. In view of the ‘complexities’ associated with micro, small and medium enterprises, countries are devising their own criteria in classifying and/or defining various industrial establishments in their economies. In Ghana, there is however no single definition for these categories of enterprises. For instance, the Ghana Statistical Service defines small enterprises as those “employing less than 10 workers; and medium enterprises as those that are employing more than 10 workers”

(Osei, et al, 1993: 54). Conversely, the National Board for Small Scale Industries defines small enterprises as establishments “employing not more than nine workers with plant and machinery value (excluding land, buildings and vehicles) not exceeding 10 million cedis” (Osei, et al, 1993: 54).

During my field research in 2011, I also sought the views of officials of the National Board for Small Scale Industries (the main national agency responsible for the promotion of micro, small and medium enterprises in Ghana) on the classification of industrial establishments in Ghana. According to the Upper East, and Brong Ahafo Regional Managers of NBSSI, the Board considers an industrial establishment “employing up to five people including the owner, and with a value of total assets (excluding land, buildings and vehicles) not exceeding the equivalent of \$10,000.00 as a micro enterprise” (interview with Regional Managers of NBSSI, Sunyani and Bolgatanga, 2011; also see reference being made to the NBSSI by Buame, 2012: 278-279). According to the NBSSI managers, a small enterprise refers to “an industrial establishment employing up to 29 people with a value of total assets (excluding land, buildings and vehicles) not exceeding the equivalent of \$100,000.00” (interview with Regional Managers of NBSSI, Sunyani and Bolgatanga, 2011; also see reference being made to the NBSSI by Boachie-Mensah and Marfo-Yiadom, 2007: 21; Buame, 2012: 278-279). The different definitions provided by the same agency as can be seen from the one cited by Osei et al (1993) and the one I got during my recent field research suggests that these definitions are not static – they are being revised with time. According to the Brong Ahafo Regional Manager of the NBSSI, about “90% of industrial establishments in Ghana are either micro or small enterprises” (interview with Regional Manager of NBSSI, Sunyani, 2011; also see Buame, 2012: 279). This means that within the classified groups of small and medium enterprises (SMEs), or micro, small and medium enterprises (MSMEs), the dominant industrial establishments in Ghana are actually micro and small enterprises. From my field observation, nearly all the economic activities currently targeted in the two study districts are actually micro enterprises. In view of this revelation, the term micro and small enterprises (MSEs) is used in this study/thesis for the various economic activities targeted for LED intervention in the study districts. Although the terms small and medium enterprises (SMEs), and micro, small and medium enterprises (MSMEs) have been widely used, there is virtually no medium-size enterprise among the enterprises being targeted for LED intervention in the two study districts – the focus is on micro and small enterprises (MSEs).

In my survey of the economic activities selected for LED interventions (shea butter processing, basket weaving and guinea rearing/production) in the Bongo District of the Upper East Region, and the various light industrial works and related activities (auto/vehicle repairs, auto body spraying, welding, metal fabrication, auto parts manufacturing, and wood processing, as well as auto parts sales) in the Berekum Municipal of the Brong Ahafo Region, I found out that on the

basis of the criteria used by the NBSSI, they are either micro or small enterprises. These enterprises have a relatively small workforce. As shown in Table 7.1, 42% of the targeted enterprises in Bongo, and 56% in Berekum do not even have employees. These enterprises are solely operated by their respective owners. The survey results presented in Table 7.1 also show that 53.33% of the local enterprises targeted for LED interventions in Bongo, and 41.33% in Berekum employ between 1-5 people. Similarly, as shown in Table 7.1, only 4.67% of the enterprises in Bongo and 2.67% of the enterprises in Berekum have more than five employees. This is an indication of the relative size of these enterprises. It shows that majority of them are actually micro enterprises. Stevenson (2010: 84) who studied SMEs in the Middle East and North Africa also concluded that “a great deal of SME activity is undertaken in the form of self-employment, either by self-employed persons who do not have any employees or by self-employed persons who creates jobs for others.” The micro and small enterprises in Ghana, particularly the micro enterprises usually start operation as “a one-man business”. They eventually expand with time and begin to employ people when capacity is enhanced, or when the proprietors have the edge and means to do so.

Table 7.1: Number of Employees of selected MSEs in Bongo and Berekum

	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
None	63	42.00	84	56.00	147	49.00
1 – 5 people	80	53.33	62	41.33	142	47.34
6 – 10 people	7	4.67	3	2.00	10	3.33
More than 10 people	0	0.00	1	0.67	1	0.33
<b>Total</b>	<b>150</b>	<b>100.00</b>	<b>150</b>	<b>100.00</b>	<b>300</b>	<b>100.00</b>

Source: Field Survey, 2011

The survey also sought to identify the organisational forms of the local enterprises investigated. The results revealed different enterprise organisational forms in the two study districts. In Bongo for instance, most of the respondents as shown in Table 7.2 (72.67%) operate as organised groups or co-operatives at the community level. “A co-operative may be referred to as an enterprise owned and controlled by all the people working for it for their mutual benefit” (Boachie-Mensah and Marfo-Yiadom, 2007: 88). Although there are people in Bongo who undertake shea butter processing and basket weaving on individual basis, I found out that a great number of them desire to operate in organised groups in the form of co-operatives at the community level.

Table 7.2: Organisational Form of selected MSEs in Bongo and Berekum

Organisational Form	DISTRICT					
	Bongo		Berekum		Total	
	N	%	N	%	N	%
<b>Sole Proprietorship</b>	41	27.33	145	96.67	186	62.00
<b>Partnership</b>	0	0.00	4	2.67	4	1.33
<b>Community organised group</b>	109	72.67	1	0.66	110	36.67
<b>Total</b>	<b>150</b>	<b>100.00</b>	<b>150</b>	<b>100.00</b>	<b>300</b>	<b>100.00</b>

Source: Field Survey, 2011

Although there are people in Bongo who undertake shea butter processing and basket weaving on individual basis, I found out that a great number of them desire to operate in organised groups in the form of co-operatives at the community level. However, most of these organised groups hardly register as co-operatives. For instance, after observing the activities of the Bongo-Soe shea butter processing group, I came to the conclusion that it was by far the most organised co-operative in the Bongo District. But in an attempt to find out more about the activities of this “co-operative” from the Bongo District Co-operative Officer, I was told that the group is not formally registered as a co-operative. The District Co-operative Officer agreed that the group operates as a co-operative, but it is not formally registered as a co-operative, despite efforts to convince them to register with the Department of Co-operatives in Bongo. In the words of the Bongo District Cooperative Officer:

“The Bongo-Soe shea butter processing group is a co-operative, but they are not willing to register with my office. I went there (Bongo-Soe) last year and encouraged them to come and register, but they have not done so. I asked them to come with basic information about the group for registration, but I don’t know why they are not willing to come forth for registration [...] Perhaps, they don’t want us to know about their profit margin [...] But we are not going to tax them” (Interview with Bongo District Co-operative Officer, February, 2013).

This demonstrates the dynamics or politics involved in business registration in Ghana. In Ghana, co-operatives are supervised by the Department of Co-operatives which has offices in all districts across the country. The registration of co-operatives and the regulation of their activities are stipulated in the National Liberation Council Decree (NLCD 252) of 1968, (see Boachie-Mensah and Marfo-Yiadom, 2007). In the Bongo District, these groups, or “co-operatives” usually consisting of women, are often formed to support one another in crop farming and plastering of houses among other things. With time, some of them start an off-farm economic venture like processing shea butter or weaving baskets together during the dry

season. Working in groups offers them some advantages. For instance, most of the exporters or retailers in the shea butter and basket trade usually prefer dealing with the organised groups than the individuals. The retailers or the exporters usually find it convenient placing orders with the groups or co-operatives (sometimes through the Bongo Trade Centre) since they are able to produce in greater quantities for them. In addition, it has been easy for the retailers or exporters to support the groups or co-operatives in skills training to make them produce in line with required standard.

The situation is however different in the Berekum Municipality. The local enterprises here are mainly sole proprietorships. As shown in Table 7.2, as high as 96.67% of the local enterprises in the Berekum light industrial zone operate in the form of sole proprietorship. I found out that in the light industrial zone, some of the artisans run what they called workshops. A workshop is owned by a sole proprietor, who is referred to as 'master'. Each master has a number of apprentices whom they called their 'boys'. So, essentially each mechanic shop which constitutes an enterprise is owned by one person. Sole proprietorship is thus the dominant organisational form in the Berekum light industrial zone. But as the Upper East Regional Manager of the National Board for Small Scale Industries pointed out during my interview with him in Bolgatanga, these enterprises often collapsed following the demise of the proprietor since most of them do not usually have a succession plan.

The survey results also show that the local enterprise operators surveyed, particularly those in the Bongo District are engaged in multiple economic activities. I found out that in the Bongo District, the economic activities selected for LED interventions are rather the 'secondary' or 'part-time' activities of the people. As shown in Table 7.3, 92.67% of the respondents in the Bongo District are engaged in farming. Studies in other parts of Africa confirm this phenomenon. For instance, Helmsing (1993: 31) notes that majority of enterprises have a farming background or are concurrently engaged in agriculture. In my follow up interviews with the shea butter processors and basket weavers in the Bongo District, it was revealed that crop farming is their main economic activity. According to them, shea butter processing and basket weaving in particular are their off-farm economic activities. This means that during the rainy season, the people prioritise crop farming over shea butter processing or basket weaving. This explains why both shea butter processing and basket weaving are more prevalent in the dry season than in the rainy season. This revelation demonstrates the less developed nature of the LED focused activities like shea butter processing and basket weaving in the Bongo District. Despite their prevalence in the district, the respondents do not consider these economic activities as viable enough to earn them a decent livelihood. As such, they are more engaged in farming, while committing little time to shea butter processing and basket weaving activities, especially during the rainy season.

## Box 1 Accessing the Market

The implementation of neo-liberal economic policies in Ghana in the late 1980s has opened the economy to the international market. One noticeable feature of this has been the rise in trade of non-traditional exports like baskets and shea butter in the global market. Baskets from the Upper East Region of Ghana are now global commodities with the brand name “Bolga Baskets”. Shea butter from Bongo and other parts of Ghana has also found space in the international market. This development presents hope to the rural basket weavers and shea butter processors in Bongo and elsewhere in Ghana. At least, there is an international market for their products. But the question that arises is: how does the ‘ordinary’ basket weaver or shea butter processor from rural Ghana benefit from this global trade? Globalisation as they say is a game of winners and losers. It is a game where those who know gain at the expense of the ‘ignorant’. It is a game where exporters gain at the expense of rural producers.



Photo of a sign post erected by Ojoba Collection, a shea butter purchasing agent, Bongo-Soe, 2011

During my field research, I came across this sign post in front of the Bongo-Soe shea butter processing facility. My inquiries revealed that it was erected by the agent who purchases the shea butter for a cosmetic company in the United Kingdom known as LUSH UK. The striking feature on the sign post is the promise of “fair trade” which appeared as a motto of Ojoba Collection – the purchasing agent. It was refreshing to see this promise or pledge of fair trade, but the unanswered question is: how fair is this “fair trade”? In this global game of winners and losers, who is fair to whom? My investigation reveals that there are even suspicions that the elite leaders of the shea butter processors in the community are not even ‘fair’ to the non-literate shea butter processors. And such is the game of globalisation – where elites benefit at the expense of the non-literates. In Bongo-Soe, the purchasing agent provided the shea butter processors with packaging boxes and parcelling equipment. In Awaah, the retailer also organises training for the basket weavers and provides them with dyes to decorate the baskets. But this is not social responsibility; it comes at a cost unknown to the producers. And that is the game of globalisation.

Source: Author’s Reflection based on Field Research, 2011

The trend in Bongo is however different from what pertains in Berekum. In the Berekum Municipality, the artisans in the light industrial zone in particular consider their work as a full time job. As such, only few of them have additional economic activities aside their work in the industrial zone. As shown in Table 7.3, as high as 88.67% of the respondents in Berekum do not have any other economic activity aside their artisanal activities in the Berekum light industrial zone.

Table 7.3: Additional Livelihood Activities of selected MSE Operators in Bongo and Berekum

Activity	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
<b>Crop farming</b>	139	92.67	6	4.00	145	48.34
<b>Trading</b>	10	6.67	6	4.00	16	5.33
<b>Public sector employment</b>	1	0.66	3	2.00	4	1.33
<b>Others</b>	0	0.00	2	1.33	2	0.67
<b>None</b>	0	0.00	133	88.67	133	44.33
<b>Total</b>	<b>150</b>	<b>100.00</b>	<b>150</b>	<b>100.00</b>	<b>300</b>	<b>100.00</b>

Source: Field Survey, 2011

The mechanics who are the dominant group in the Berekum light industrial zone explained to me during a follow up interview that they get vehicles to fix all the time. As such, they have to be available in their workshops to attend to their customers. This means that they have less time to engage in other economic activities. They also feel that earnings from their artisanal works in the industrial zone are good enough to guarantee them livelihood or income for other things.

This section attempted given a brief description of the selected micro and small enterprises in the Berekum and Bongo Districts. It also explored attempts to categorise or define micro and small enterprises. The difficulty however has been the lack of statistics on the MSME sector that will aid us to adequately define or categorise the MSMEs, (Stevenson, 2010). There is dearth of data on the MSME sector in Ghana regarding their exact number, categories, production performance, profitability and scope of activities among other things. Nonetheless, the LED targeted economic activities have their own unique features. It is these features that constitute them as a special or unique economic group. It is thus important that the design of LED interventions will take into account these unique features of the targeted micro and small enterprises.



### 7.3 Constraints to Micro and Small Enterprise Growth and Competitiveness

Competitiveness is the key word in the design and implementation of local economic development initiatives. As Martin et al (2011: 1) note “the credo of competitiveness has attracted a veritable host of believers and followers.” In simple terms, competitiveness is the capacity to efficiently produce quality goods in commercial quantities at a relatively low cost, and the ability to gain an enviable market position over other producers. An increasing number of scholars are arguing that industrial competitiveness is systemic. This is a system view of industrial development/competitiveness. Systemic competitiveness refers to “a pattern in which the state and social actors deliberately create the conditions for successful industrial development” (Esser, et al 1995: 29; Meyer-Stamer, 1998: 2; Altenburg et al, 1998: 1). The evolution of the concept of systemic competitiveness has been traced to the works of researchers in the German Development Institute (GDI) in the 1990s, (Altenburg 2006: 17). The concept has also seen further development and wider usage by Mesopartners, a consultancy firm based in Duisburg, Germany.

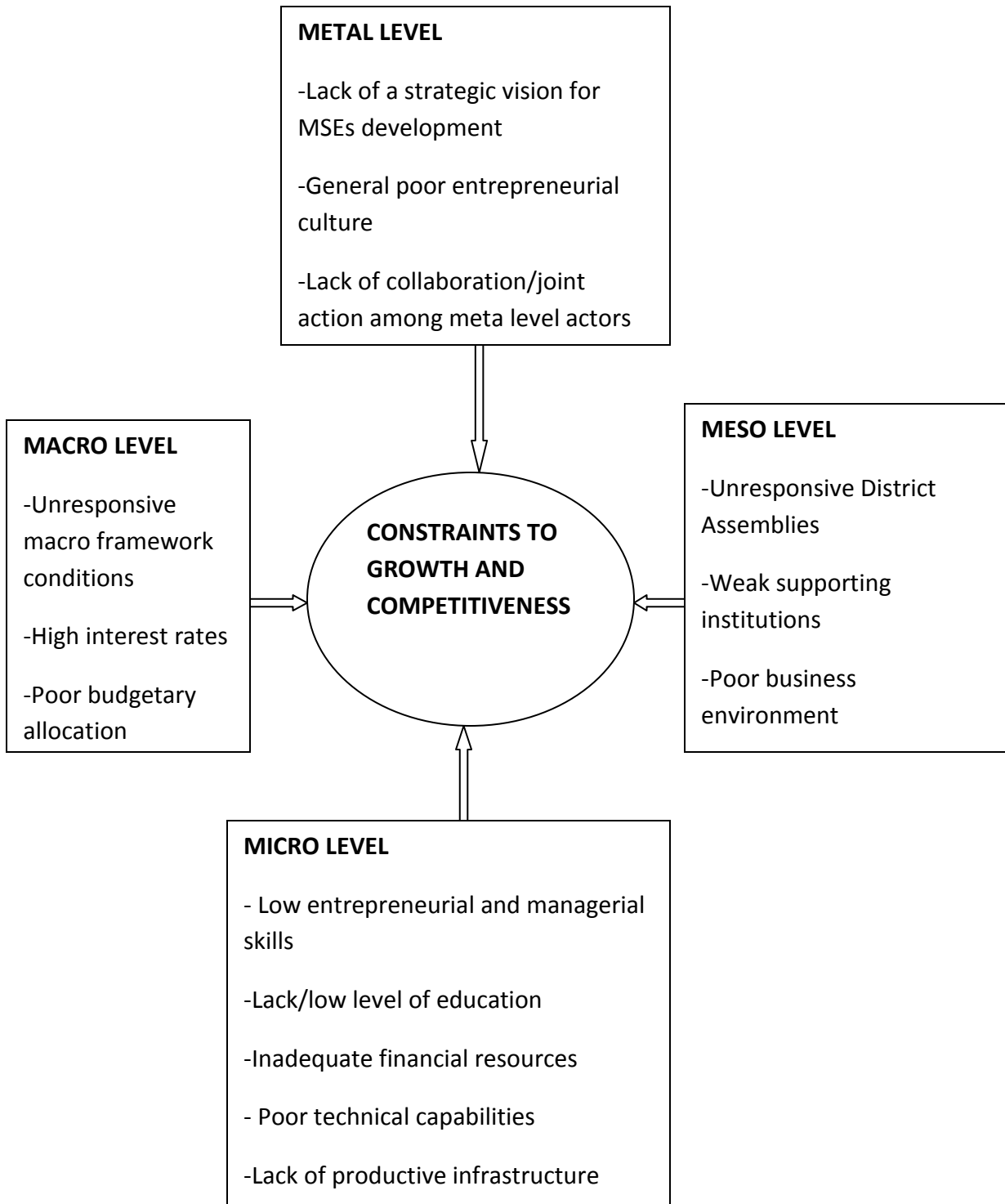
The authors of this concept argue that it is not a theory, but “a heuristic framework to analyse the political and economic determinants of a successful industrial development” (Esser, et al 1995: 29; Meyer-Stamer, 1998: 2; Altenburg, et al, 1998: 1, Altenburg, 2006: 17). Systemic competitiveness as an analytical framework identifies four levels of analysis “the micro level of the firm and inter-firm networks, the meso level of specific policies and institutions, the macro level of generic economic conditions, and the meta level of slow variables like socio-cultural structures, the basic order and orientation of the economy, and the capacity of societal actors to formulate strategies” (Esser, et al 1995: 29; Meyer-Stamer, 1998: 2; Altenburg, et al, 1998: 1, Altenburg, 2006: 17). The concept of system competitiveness provides a system view that enables one to conceptualise industrial development as a system of four inter-related levels or parts that must collectively function effectively in order attain the goal of industrial growth and competitiveness. It thus argues that competitiveness takes place at various levels and also assumes different meaning (see Martin et al, 2006). The levels and key elements for analysis under this “heuristic” framework as used variously by different authors can be summarised as follows:

- Meta level: focusing on values, political and economic factors within which actors operate, as well as the ability of social actors to work together in formulating a common vision, devising strategies and implementing initiatives to realise their goal(s). It also focuses on the ability or capacity of social actors to promote the competitiveness of local industries in the global scene.

- Macro level: this level focuses on the capacity to create the necessary national framework conditions to guide industries towards the path of competitiveness. It looks at how such factors as macro-economic framework, trade policies, and exchange rates are created and how they facilitate the growth and competitiveness of industries.
- Meso level: this level focuses on the role of specific policies, programmes and institutions in influencing or shaping the environment under which industries operate. It concentrates on the sub-national level where specific institutions and societal actors attempt to create locational and competitive advantages.
- Micro level: the micro level is the level of the firm. It focuses on the firm's capacity and competences to create or drive innovation and competitiveness, (see Esser, et al, 1995; Meyer-Stamer, 1998; Porras, 2003; Alterburg, 2006).

The growth and effective functioning of micro and small enterprises, as well as their very survival is threatened by both internal and external factors (Stevenson, 2010). The framework of systemic competitiveness is thus useful in providing a better understanding of the wider institutional or structural factors at the meta, meso, macro and micro levels that influence the performance or competitiveness of micro and small enterprises. The use of complementary analytical frameworks like systemic competitiveness thus expands the scope of analysis beyond the behaviour or performance of actors or agents. Using survey results, this section examines the various factors that affect the growth and competitiveness of the selected micro and small enterprises in the study districts. For instance, the survey on the local enterprise operators targeted for the LED interventions revealed that they are largely a non-literate group. As shown in Table 7.4, the survey results revealed that as high as 63.33% of the enterprise operators in the Bongo District have not received formal education. In the Berekum Municipality on the other hand, 64.67% of the artisans have been educated only up to the Junior High School/Middle School level. From the survey results, the level of education of the local enterprise operators can be described as low. This is understandable as such activities like basket weaving, shea butter processing, and guinea fowl rearing and so on do not require any formal education.

Figure 7.1: Constraints to MSEs Growth and Competitiveness in Ghana



Source: Framework Adapted from Porras (2003)

Similarly, artisans like the mechanics are also seen as people who are not academically endowed to pursue conventional academic programmes at the college or university level. In Ghana, many mechanics acquire their skills serving as apprentices to experienced mechanics rather than through formal (technical/vocational) training. According to the 2008 Ghana Living Standard Survey report, it takes about three and half years to be trained in trades like mechanical and automotives (Ghana Statistical Service, 2008). As shown in Table 7.4, only 2% of the respondents in the Bongo District, comprising of basket weavers, shea butter processors and guinea rearers; and 21% of the respondents in Berekum, comprising of auto repairers, welders, fabricators, auto body sprayers, wood processors etc have received vocational/technical education. Perhaps, this trend is an indication that the educational system in Ghana, particularly technical and vocational training has not been attractive to these artisans. Although trades like basket weaving and shea butter processing have become important economic activities to many people in the three Northern-most Regions of Ghana, they do not constitute subjects of study in the Technical/Vocational Institutes or the three Polytechnics in this part of the country.

Table 7.4: Level of Education attained by the selected MSEs Operators in Bongo and Berekum

Level	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
<b>Primary School</b>	27	18.00	4	2.67	31	10.33
<b>JHS/Middle School</b>	19	12.67	97	64.67	116	38.67
<b>Vocational/Technical</b>	3	2.00	32	21.33	35	11.67
<b>Training College</b>	3	2.00	2	1.33	5	1.67
<b>Tertiary</b>	3	2.00	0	0.00	3	1.00
<b>Uneducated</b>	95	63.33	15	10.00	110	36.67
<b>Total</b>	150	100.00	150	100.00	300	100.00

Source: Field Survey, 2011

This certainly will impact negatively on the technical competence of these artisans. Although these people are able to conduct their business activities, the low level of education is a limitation on their performance or advancement. Lack of formal education is certainly a barrier to the drive to competitiveness. As Buame (2012: 52) points out “lack of relevant skills and knowledge compounded by deficiencies in basic education inhibits the growth potential of micro and small enterprises.” Globalisation and its concomitant competition have opened the scope of local enterprises beyond the corridors of local markets. For instance, basket woven in Bongo, and shea butter processed in Bongo are now global commodities. This widening of the market horizon does not only present opportunities, it also presents challenges. Local

producers need to understand the needs, regulations, standards and dynamics of the international market. This is a knowledge enterprise where formal education is the key.

Another factor at the enterprise level affecting the growth and competitiveness of micro and small enterprises is the quality of entrepreneurial and managerial skills of the local MSE operators. In the two study districts and in Ghana as a whole it is common to find people from all walks of life running all kinds of business units. The ability of many Ghanaians, educated and non-educated alike to start and run businesses on their own is in itself an attribute of entrepreneurship. However, the ability or skills to transform businesses and ‘turn things around’ are not evenly distributed in the Ghanaian society. For instance, I noticed that although majority of the people in the Bongo District possess basket weaving skills, it is hard to find people embarking on commercial basket production and/or trade despite the high demand for the product. It is rather common to see people engaging in small basket weaving, usually at homes as a part-time activity or even as a hobby. As indicated earlier, some even undertake weaving only upon request by the retailers or exporters based in the regional capital. These MSE operators can thus best be described as ‘survival entrepreneurs’ than transformational entrepreneurs and managers who look into the future and set ambitious goals to challenge themselves into action. In places like this, it is hard to find MSE operators who are able develop plans or strategies to meet organisational goals or move the business to a higher level of production and profit maximisation. Even in cases where the poor quality of managerial and entrepreneurial skills of MSMEs operators have been identified, access to business development services is very limited, (Stevenson, 2010: 89). The survey results shown in Table 7.5 revealed that as many as 76% and 90.67% of the operators of enterprises selected for LED interventions in the Bongo District and Berekum Municipal respectively have not received any entrepreneurial or managerial training.

Table 7.5: Have you ever received Training in Entrepreneurship or Business Management?

	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
<b>YES</b>	36	24.00	14	9.33	50	16.67
<b>NO</b>	114	76.00	136	90.67	250	83.33
<b>Total</b>	<b>150</b>	<b>100.00</b>	<b>150</b>	<b>100.00</b>	<b>300</b>	<b>100.00</b>

Source: Field Survey, 2011

Nonetheless, most of the MSE operators indicated that they are interested in expanding their businesses. In the survey, where I sought to find out if the selected micro and small enterprise operators were really interested in expanding their businesses, there was an overwhelming

response in the affirmative. As shown in Table 7.6, all the 150 micro and small enterprise operators (100%) interviewed in the Bongo District indicated that they intend expanding their business operations/activities. Similarly, 149 representing 99.33% of their counterparts in the Berekum Municipal as shown in Table 7.6 also indicated that they intend expanding their business operations/activities.

Table 7.6: Do you intend expanding your business?

	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
<b>YES</b>	150	100.00	149	99.33	299	99.67
<b>NO</b>	0	0.00	1	0.67	1	0.33
<b>Total</b>	<b>150</b>	<b>100.00</b>	<b>150</b>	<b>100.00</b>	<b>300</b>	<b>100.00</b>

Source: Field Survey, 2011

Similarly, the survey results as shown in Table 7.7 revealed that an overwhelming majority of the selected micro and small enterprise operators are optimistic of the future growth or expansion of their businesses. As shown in Table 7.7, 100% and 94.67% of the respondents in Bongo and Berekum respectively are highly optimistic about the future prospects of their businesses.

Table 7.7: What is your view about the future growth of your business?

	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
<b>Optimistic</b>	150	100.00	142	94.67	292	97.33
<b>Pessimistic</b>	0	0.00	8	5.33	8	2.67
<b>Total</b>	<b>150</b>	<b>100.00</b>	<b>150</b>	<b>100.00</b>	<b>300</b>	<b>100.00</b>

Source: Field Survey, 2011

But business growth is not just a wish, it largely depends on the edge and the entrepreneurial culture or capacity to drive or stimulate growth and competitiveness. My observation is that, the enterprise operators simply do not have what it takes to turn their businesses around. As demonstrated earlier by the survey results in Table 7.3, not only are the overwhelming majority of the selected micro and small enterprise operators in the Bongo District crop farmers, they actually consider their ventures that are being targeted for LED interventions as secondary to crop farming, which is their 'traditional' or 'generational' occupation. As stated earlier, the targeted economic ventures like basket weaving and shea butter processing are seen as part-time work to them, and this is clearly demonstrated in their attitude towards these ventures

vis-a-vis crop farming. As Helmsing (1993: 33) points out, there is a tendency for most rural entrepreneurs in Africa to hold on to farming rather than transform themselves into small manufacturing enterprises. How do you expand a business that gets just a little of your attention or which you consider as secondary? In Bongo-Soe for instance, where the shea butter processors have been provided with all that it takes to produce and sell (e.g. a decent building with a grinding machine, borehole, packaging facilities, etc), there is little effort by the women to expand production and take advantage of the market that has been opened to them. I was told by the group itself that they are sometimes not able to meet the orders that they receive from the purchasing agent.

Although they are still confronted with some challenges, their personal attitude towards the work is also an impediment. This is about entrepreneurial culture. For instance, throughout my field visits to the Bongo-Soe community, I noticed that it is mostly in the afternoon that the shea butter processing facility opens. I realised that while the majority of the women will do some farming or attend to household chores in the morning, the leader of the group also goes to school in the morning to teach. In this game of double business, afternoon becomes the ideal time for shea butter processing in the area/facility, yet they want to meet orders, expand their business operations, and gain a competitive edge over other producers in the shea butter business.

Clearly, there are numerous constraints at the enterprise level that the capacity of the MSE operators to transform their businesses. These are the first set of stumbling blocks on way of the MSEs or their operators. They are the set of challenges the operators have to overcome before they can dream of growing their businesses. Much of the challenges at the enterprise level require innovation and creativity on the part of the MSE operators. This is where the subject of entrepreneurship comes in. Entrepreneurs are those who are able to muddle their businesses through these mounting challenges and place them on a competitive edge. Aside the personal efforts of the MSE operators, institutional support, particularly from the District Assemblies and central government are required to give them some kind of leverage.

#### **7.4 Assessment of Institutional Responsiveness by the MSE Operators**

Micro and small enterprises in Ghana as pointed out faced a myriad of challenges. As Stevenson (2010: 77) rightly points out “a combination of market, systemic, education and government failures prevent SMEs from accessing financial, information, business development services (BDS), land, technology, training and the proper skills to compete in a modern economy; expose them to high transaction costs; and impede their market access.” According to Stevenson (2010: 77) “because market forces are not properly allocating resources and institutional structures are not appropriately meeting SME’s needs, government actions to remedy the

situation are called for.” In view of the acknowledged role of the targeted MSEs in society, supporting their growth and development should be a priority by relevant actors like central and local governments. However, as would be shown in this section, central and the local government authorities in Ghana are hardly responsive to the needs of micro and small enterprises in the country. The performance of the District Assemblies in particular was assessed by the micro and small enterprise operators against selected priority needs of the micro and small enterprises.

#### 7.4.1 Provision of Financial Services, Permit and Tax Administration

One main challenge confronting micro and small enterprise operators is how to raise adequate funds to finance their activities. “Financing the entrepreneurial venture or business is one of the most challenging and frustrating tasks facing the entrepreneur” (Buame, 2012: 226). Their size and relatively less developed nature make it difficult for many micro and small enterprises to raise funds from formal financial institutions. Over the years, many of these enterprises at the district level have been looking up to the District Assemblies for financial support. I found out that the micro and small enterprise operators who really want to grow or expand their businesses, like the artisans in Berekum face a real challenge as far as business financing is concern. Yet, the Berekum Municipal Assembly has done little to support these enterprises with financial services. In Berekum for instance, the survey results presented in Table 7.8 show that as high as 95.67% rated the performance or effort by the Assembly to provide them financial assistance as poor. In the Bongo District, 30% and 25.67% of the respondents as shown in Table 7.8 rated the effort of the Bongo District Assembly in providing financial assistance to them as poor and fair respectively.

Table 7.8: Provision of Financial Services to the MSEs

	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
<b>Poor</b>	45	30.00	144	95.67	189	63.00
<b>Fair</b>	39	25.67	6	4.33	45	15.00
<b>Good</b>	57	38.33	0	0.00	57	19.00
<b>Excellent</b>	9	6.00	0	0.00	9	3.00
<b>Total</b>	150	100.00	150	100.00	300	100.00

Source: Field Survey, 2011

Finance is the life-wire of any enterprise, whether small or large, rural-based or urban-based. Yet, it remains the scarcest resource to many enterprises, particularly the micro and small enterprises. Accessing credit remains a big challenge to micro and small enterprise operators in



Ghana despite the proliferation of financial institutions in the country. For many of the formal financial institutions in Ghana, 'small' is not 'beautiful'; it is 'risky'. As Boachie-Mensah and Marfo-Yiadom (2007: 155) note "it has never been easy for small companies to attract capital because small business is risky business to many potential lenders and investors." According to Boachie-Mensah and Marfo-Yiadom (2007: 155), "whilst the banks have tightened their lending criteria, venture capitalists have become more conservative, and private investors have become more cautious." According to Osei et al (1993), many small-scale enterprises in Ghana start their businesses with a small amount of capital, because they do not have the required collateral to raise credit/loan from the banks. Only a limited proportion of MSMEs are able to secure loans from commercial banks because of collateral requirements and the element of 'high risk' attached to these enterprises (Boachie-Mensah and Marfo-Yiadom, 2007; Stevenson, 2010). Banks in Ghana appear to be interested working with only large and/or well established businesses. As such, most micro and small enterprises are not getting the attention of commercial banks.

A survey on sources of funds for setting up small-scale enterprises in Ghana by Osei et al (1993: 60) reveals that "63% of the initial capital for establishing small enterprises comes from the business owner personal income/resources, 27% from the owner's immediate family and other relatives, and 5% from friends." The 2008 Ghana Living Standards Survey report also notes "about 60% of local enterprises in Ghana are set up through the use of household savings, whilst about one in every five of them is established through assistance obtained from relatives and friends" (Ghana Statistical Service, 2008: 90). Most of these micro and small enterprises continue to rely on their own meagre income to run these enterprises. Essentially, this can afford them only a limited amount of raw materials for small scale production. There is no wonder that all the three selected economic areas in Bongo – basket weaving, shea butter processing and guinea fowl rearing, are unable to meet the demand for their products. The competitive drive of these micro and small enterprises will definitely be affected by their limited access to financial resources.

According to the 2008 Ghana Living Standards Survey report "credit is an important source of additional finance for households, either to relieve a household during a difficult period or enable it to expand its activities" (Ghana Statistical Service, 2008: 113). However, as pointed out, micro and small enterprises' access to credit is severely limited by a number of factors. Aside the collateral requirements and the risk factor, interest rates in Ghana are considered high for the average MSE operator. The interest rates in Ghana are not only high; they remain unstable or are on the rise. This was acknowledged in the Budget Statement and Economic Policy of the Government of Ghana for the 2013 financial year:

“In the monetary market, interest rates on 91-day and 182-day bills went up from 10.7 and 11.3 percent to 22.9 and 22.88 percent respectively in December 2011 and December, 2012. Similarly, rates on 1-year and 2-year fixed notes increased from 11.3 and 12.4 percent in December 2011 to 22.9 and 23 percent in December 2012 respectively. The long-dated instruments such as 3-year and 5-year bonds also rose from 14 and 14.3 percent in 2011 to 24 and 23 percent respectively during the period” (Ministry of Finance and Economic Planning, 2013: 16).

These dynamics have been attributed to pressures in the foreign exchange market, (see Ministry of Finance and Economic Planning, 2013). Clearly, these dynamics show how macro level factors can negatively affect the growth and competitiveness of micro and small enterprises when they are not properly managed. The subject of interest rates are not just determined by financial institutions alone, they are also influenced by the prevailing macroeconomic conditions or policies in the country at any given moment. Government macroeconomic policies can influence or feed into commercial banks lending rates. For instance, since it will be unwise for any financial institution to lend to private sector operators below the rate of government treasury bills, government macroeconomic policies like the issuance of treasury bills can affect the activities of private enterprises. As the proponents of the concept of systemic competitiveness posit, the growth and competitiveness of industries, including micro and small enterprises are at any material moment affected by a set of internal and external factors or conditions (see Esser, et al 1995; Meyer-Stamer, 1998; Altenburg, et al, 1998, Altenburg, 2006). Thus, micro and small enterprises in the study districts and Ghana as a whole are enmeshed in a web of teaming constraints from various levels of the enterprise and society.

The views of the micro and small scale enterprise operators on the subject of business licensing or the granting of operating permits for business operation in the districts were also sought through the survey. In Ghana, all businessmen/women including micro and small scale enterprise operators are required to register their business units with the Registrar General Department. But the registering of business units has been a challenging task for the micro and small enterprise operators in the country. Not only is the Registrar General Department highly centralised, the process of acquiring business license is so cumbersome that officials of NBSSI in the districts and regions are now intervening to facilitate MSEs operators in acquiring these licenses from the Registrar General Department in Accra. But even aside registering with the Registrar General Department, micro and small scale enterprise operators are also required to obtain operating permits from their respective District Assemblies. As such, the survey tried finding out the impression of the micro and small enterprise operators on the performance of their respective District Assemblies as far as the granting of operating permits is concern.

Table 7.9: Business licensing or granting of operating/building permits to local businesses

	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
<b>Poor</b>	45	30.00	86	57.33	131	43.67
<b>Fair</b>	73	48.67	44	29.33	117	39.00
<b>Good</b>	30	20.00	20	13.34	50	16.66
<b>Excellent</b>	2	1.33	0	0.00	2	0.67
<b>Total</b>	150	100.00	150	100.00	300	100.00

Source: Field Survey, 2011

The survey results shown in Table 7.9 indicate that 30% of the targeted micro and small enterprise operators in Bongo hold the view that their Assembly performs poorly in the task of granting business operating permits, while 48.47% of them rated the performance of the Assembly in this area as fair. In Berekum however, as high as 57.33% of the targeted micro and small enterprise operators as shown in Table 7.9 rated the performance of their Assembly in granting business operating permits as poor. In follow up interviews with the artisans in the Berekum light industrial zone, I realised that the rating of the Assembly as poor in the area of granting permit is based on their experiences with officials of the Assembly at the time the artisans were operating in the central business district. According to the artisans, they had a lot of problems with officials of the Assembly when they were operating in the city centre. They alleged that their shops were often earmarked for demolition during urban upgrading exercises. They also claimed that they were frequently harassed by officials of the Assembly anytime they tried raising temporal structures to serve as shed or workshops for their business activities. My observation in Berekum Township and other big cities in Ghana revealed that many shops or kiosks as well small buildings being raised for use as shops often attracts the notice ‘produce permit’ or ‘demolish structure’. These are notices warning property developers to show evidence of having obtained a permit for the development of a particular property or have such structures demolished by officials of the District Assemblies. The micro and small enterprise operators consider these notices as harassment on the part of the Municipal authorities. These views by the micro and small enterprise operators present a set of challenges to the Assemblies. Although the micro and small enterprises need support from the Assemblies to grow, the District Assemblies must also generate revenue from them; and the granting of business licenses is one of the means of raising revenue from them. Besides, city authorities need to regulate the springing up of structures, including shops in the cities. As such, the registration of businesses and business structures is an important task to all municipal authorities. In Berekum, these confrontations are virtually absent in the light industrial zone which has a clear layout, and where the setting up of workshops are also regulated or supervised by the executives who work there on daily basis. Nonetheless, the artisans here still

harbour bad feelings about their past 'harassment' by officials of the Berekum Municipal Assembly.

Tax administration is one of the exercises that often put strains in the relationship between the District Assemblies on one hand and the micro and small enterprise operators on the other. The survey results shown in Table 7.10 reveal that the micro and small enterprise operators in the two districts do not have good impression on the Assemblies as far as tax administration is concern. In Bongo District for instance, 44.33% of the respondents as shown in Table 7.10 rated the Assembly's tax administration role as poor. In Berekum, a greater proportion, 77.67% of the respondents as shown in Table 7.10 also rated their Assembly's tax administration role as poor.

Table 7.10: Tax Administration

	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
<b>Poor</b>	66	44.33	117	77.67	183	61.00
<b>Fair</b>	57	38.00	33	22.33	90	30.00
<b>Good</b>	27	17.67	0	0.00	27	9.00
<b>Excellent</b>	0	0.00	0	0.00	0	0.00
<b>Total</b>	150	100.00	150	100.00	300	100.00

Source: Field Survey, 2011

Tax administration in general has not been seen as a friendly exercise by tax payers. My follow up interviews revealed that the respondents, particularly those in Berekum have concerns regarding tax administration in the district. The artisans for instance complained about multiple taxes being imposed on them. I found out that while officials of the Berekum Municipal Assemblies collect levies from the artisans, officials of the Ghana Revenue Authority also collect income tax from them. Although these are normal taxes administered in the country, they nonetheless constitute a burden to these MSE operators who feel that their income levels are low to be taxed.

Clearly, obtaining a permit for property development or business operation has not been a pleasant thing for MSE operators in the districts. In an attempt by the District Assemblies to ensure orderly physical development and also raise revenue, MSE operators appear to be the hardest-hit group of such actions. But compliance to some of those actions is necessary for the overall development of the cities. Similarly, taxation is not a friendly exercise wherever it is administered; particularly in places where people pay taxes without corresponding services from the government or District Assemblies. In Berekum for instance, the artisans made reference to the fact that the whole industrial zone has only one toilet facility serving more 2000 people. They also made reference to the inadequate number of boreholes in the industrial

zone, and the inability of the Berekum Municipal Assembly to tar the internal roads among other things despite the payment of taxes or levies. Whilst central government agencies or local government authorities collect their taxes from the MSE operators, it is also prudent that these enterprise operators are provided with basic facilities/services to enhance their economic activities.

#### 7.4.2 Provision of Infrastructural Facilities

Infrastructure is vital in the production cycle of any enterprise. In my survey, I tried finding out the infrastructural needs of the local enterprises. I found out that the targeted enterprises do not have adequate productive infrastructure to support meaningful productive work. With regards to production centres for instance, I found out that the various local enterprises targeted for LED interventions operate in various places including their own homes. In Berekum, the LED initiative – the light industrial zone is serving as a production site for the artisans (see Box 4). In Bongo however, most of the targeted local enterprises currently operate at homes, in private shed, or in few sheds provided by the World Vision International or those provided under the European Union Micro Project. Among all the groups in the Bongo District, it is the Bongo-Soe shea butter women group that has a decent facility for production, provided by World Vision International. This is a well constructed building with shea nuts milling machine, a roaster, and a borehole for water. The group has also been provided with some packaging equipment by the purchasing agent – Ojoba Collections (see Box 1 and Box 5). The Gori basket weavers and the Goo rope makers are also beneficiaries of the sheds constructed under the EU Micro Project. However, in the same Bongo District, it was a common to see people, mostly women weaving baskets and processing shea butter in their residential homes and even under trees (see Box 2).

Table 7.11: Production Centres of the selected MSEs

Production Centre	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
<b>At home</b>	97	64.67	0	0.00	97	32.33
<b>In a private shed/facility</b>	28	18.67	0	0.00	28	9.34
<b>In Berekum light industrial zone</b>	0	0.00	150	100.00	150	50.00
<b>A shed/facility provided by World Vision</b>	10	6.66	0	0.00	10	3.33
<b>A shed/facility provided by European Union</b>	15	10.00	0	0.00	15	5.00
<b>Total</b>	<b>150</b>	<b>100.00</b>	<b>150</b>	<b>100.00</b>	<b>300</b>	<b>100.00</b>

Source: Field Survey, 2011

As shown in Table 7.11, the survey results revealed that as high as 64.67% of the respondents in the Bongo District carry out their production activities at home. I found out that some of the groups like the Awaah women basket weavers carry out their weaving activities under a baobab tree (see Box 2). In such an environment, production is only possible in the absence of rains. Yet, they are expected to produce to match the increasing demand as well as become competitive in the global market. In Bongo-Soe where there is a facility and equipment, production is taking shape. It is the only place where one can get data on quantities of shea butter exported. The group has been producing 10 tons of shea butter for a United Kingdom company every three months. During the time of my field visit, the group received an order to produce 20 tons for the company. This shows that production is gradually increasing in the facility, though it is still not on commercial quantities. The facility also facilitates the co-operative functioning of the group. Under the existing arrangement, the facility is available to all the group members. Each member can produce any quantity of shea butter on her own. The butter produced by each group member is packaged and sold to the export agent (Ojoba Collections). Ojoba Collection pays the group leaders the amount due. The group leaders in turn pay each member according the quantity produced. An unspecified amount of money is usually deducted from each member's earnings for the upkeep of the facility.

Roads constitute another important infrastructure in the socio-economic development of any nation. In Ghana, roads are mainly constructed by the central government, and some by the District Assemblies. Due to the important role of roads in the promotion of socio-economic development and the heavy capital investment required for their construction, donor agencies have over the years supported the Government of Ghana in the construction of major trunk roads in the country. Roads facilitate the movement of people, goods and services. During a group discussion with the different MSE groups in the two study districts, they all underscored the importance of good road infrastructure in the productive life of their enterprises. For instance, the artisans in Berekum indicated that their present site, the light industrial zone which is located at the outskirts of the town initially had no access roads. According to them, the construction of access roads to and within their present site was thus a pre-condition for their relocation from the city centre. They explained that they work on vehicles, and vehicles have to move on roads. As such a good road infrastructure promotes their business.

From my survey results, I noticed that the provision of road infrastructure was one of the few areas that the artisans in Berekum appreciated the efforts of the Berekum Municipal Assembly. Although, the artisans complained that the Assembly has failed to tar the road leading to, and those within the light industrial zone, they acknowledged the efforts of the Assembly in constructing the feeder roads. As shown in Table 7.12, 63.33% of the artisans rated the performance of the Berekum Municipal Assembly in the provision of road infrastructure as good. They were hopeful that these roads will eventually be tarred by the Assembly in the near

future. During my field trip, I noticed that the Berekum Municipal in general has a fair share of good road infrastructure. It is linked to the regional capital, Sunyani and by extension to the national capital, Accra with a well-tarred road. This according to the artisans facilitates their movements to Sunyani, Kumasi and Accra to buy vehicle spare parts and some of their tools.

## Box 2 Infrastructure and Production Capacity

It is a fact that there is market for shea butter, baskets and guinea fowl meat at the global level. But this remains meaningless to people who cannot produce enough to meet global demand. All the producers in Bongo face various challenges that affect their capacity to produce. As discussed, although the Bongo-Soe group has the best facility and equipment in the district, the largest quantity of shea butter produced per order or on request at a time has been only 20 tons. But what is competitiveness when 20 women or more produce 20 tons of shea butter for a United Kingdom cosmetic company?



Photo of women weaving baskets under a baobab tree in Awaah, Bongo, 2011

This photo of the Noyine Women Basket Weavers Association in Awaah in the Bongo District depicts the real production challenges in the district. These beautifully woven baskets are collected on a routine basis by an exporter operating in Nyariga and Bolgatanga known as Blessing Basket. Whilst the exporter gathers these baskets from several communities and transport them in bulk to the Tema Harbour for shipment abroad, these poor women have to contend with the few baskets they are able to produce under this baobab tree in the absence of rain and severe wind, which could soak their baskets or blow their straw grass away. Until commercial production is achieved, the existence of a global market would not make much sense to these producers. But producing in commercial quantities under trees remains a big challenge.

Source: Author's Reflection based on Field Research, 2011

The Bongo District on the other hand has a very good internal road network, but a poor road condition. The nature of roads in Bongo is not the best for productive activities. The bad state of roads in Bongo is a source of concern to the micro and small scale enterprise operators in the district. As shown in Table 7.12, 40.67% of the respondents in the district rated the performance of the District Assembly in the provision of road infrastructure as poor.

Table 7.12: Provision of Road Infrastructure

	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
<b>Poor</b>	61	40.67	17	11.33	78	26.00
<b>Fair</b>	60	40.00	37	24.67	97	32.33
<b>Good</b>	28	18.66	95	63.33	123	41.00
<b>Excellent</b>	1	0.67	1	0.67	2	0.67
<b>Total</b>	150	100.00	150	100.00	300	100.00

Source: Field Survey, 2011

In a group discussion, both the shea butter processors and basket weavers complained that they have to move to distant places to purchase their raw materials. For instance, the shea butter processors in Bongo-Soe indicated that, they usually travel to neighbouring towns in Burkina Faso to purchase their shea nuts. The basket weavers on the other hand indicated that a bulk of their raw materials, the straw grass is gotten from Southern Ghana. According to the basket weavers, much of their products are also sold at the regional capital, Bolgatanga, and not in Bongo. Yet, Bongo as at the time my research was concluded (31<sup>st</sup> January, 2012) was not linked to any other town with a tar road; not even to the regional capital, Bolgatanga. The poor road condition has been a source of worry to residents of the Bongo District. During the 2012 District Budget Hearing held in Bongo town in October, 2011, which I participated, the subject of the poor road condition took a centre stage in the discussion that followed the budget presentation. Participants took advantage of the presence of the Upper East Regional Minister to demand assurance from him regarding the tarring of the Bongo – Bolgatanga trunk road. Interestingly, politician as he is, the Regional Minister, Hon. Mark Owen Woyongo did not hesitate to promise the people of government commitment towards the tarring of the road. To make himself more convincing to the people, he told them if the road was not tarred by mid-2012, the people of Bongo should not permit the ruling party which he represents in the region to campaign for votes in the Bongo constituency. He sounded convincing to the people as they applauded his comments. During my second field visit in February, 2013, I noticed that construction of the road was still underway. Though not tarred yet, the ongoing upgrading of the road gives the people some level of hope that the road will soon be fully tarred.



Table 7. 1 Electricity Supply

	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
<b>Poor</b>	82	54.67	13	8.67	95	31.67
<b>Fair</b>	20	13.33	19	12.67	39	13.00
<b>Good</b>	41	27.33	113	75.66	154	51.33
<b>Excellent</b>	7	4.67	5	3.00	12	4.00
<b>Total</b>	150	100.00	150	100.00	300	100.00

Source: Field Survey, 2011

Electricity supply was also one of the areas of interest to the micro and small enterprise operators. The survey results present a varied response on the performance of the District Assemblies with regards to the provision of electricity in the districts. The provision of electricity is also one of the few areas where the Berekum Municipal Assembly got good rating from the artisans in the light industrial zone. However, as shown in Table 7.13, while an overwhelming majority of the targeted micro and small enterprise operators in the Berekum light industrial zone (75.66%) rated the performance of the Berekum Municipal Assembly as good, a great number of their counterparts in Bongo (54.67%) rated the performance of their Assembly as poor. The survey results reflect the situation on the ground. In Berekum, the respondents who are operating in the light industrial zone have been provided with electricity as indicated in chapter four. In Bongo however, a good number of the rural communities where the shea butter processors, basket weavers and guinea fowl rearers are located are not served with electricity or any form of reliable energy. In some of the communities where electricity is provided, it is not easily accessible in many homes which serve as production centres for such activities as basket weaving and shea butter processing.

Clearly, infrastructure of any form is very important in the growth of micro and small enterprises. Various forms of infrastructure facilitate the productive activities of micro and small enterprises, especially by linking them to markets or consumers. What is clear is that, the MSEs in both districts still need various forms of infrastructure to facilitate their production. As can be seen from Bongo-Soe, the construction of a facility for shea butter processing has placed that group above all shea butter processors in the Bongo District. Not only is the group able to produce more than the other shea butter processors, it is currently the only group in the Bongo District producing shea butter for the international market. Similarly, as shown in chapter eight, the mere setting up of a site to serve as an industrial zone is creating industrial dynamism in the Berekum Municipality. This evidence attests to the importance of infrastructure in the production cycle of the micro and small enterprises.

## **Conclusion**

This chapter examined the characteristics and constraints of micro and small enterprises which are being targeted for LED intervention in the two study districts. The chapter presents a picture of micro and small enterprises confronted with a myriad of challenges. At the micro level, the local enterprises are confronted with capacity issues such as weak financial capacity and low entrepreneurial skills. Above all the most limiting factor at the micro level is the low level of commitment shown by the enterprise operators in the growth of their enterprises. These issues are linked with the meta level factors at the societal level. For instance, the general society does not seem to have an entrepreneurial culture. Similarly, meso level institutions like the District Assemblies often fail to provide the needed infrastructure and services to support the growth and competitiveness of these enterprises. This is compounded by the inability of existing macro policy framework to eliminate bottlenecks such as high interest rates, difficulty in accessing credit among other factors that impede the growth and competitiveness of the local micro and small enterprises. In view of the complexity of the constraints that affect the growth and competitiveness of these micro and small enterprises at the district level, a comprehensive approach that tackles these challenges/problems at the micro, meso, macro and meta levels is needed. It is only by eliminating the constraints at all the four levels that the growth and competitiveness of the micro and small enterprises can best be facilitated.

## **Chapter Eight**

### **8.0 Promoting the Growth and Competitiveness of MSEs through LED Initiatives**

Local economic development as a process is ultimately measured by its results in terms of the level of industrial dynamism generated in a given locality, the level of enterprise growth, and the level of competitiveness generated in local enterprises or economic activities among other things. Local economic development is thus not just a process; it is an outcome as well. In other words, the organisation of local economic development must lead to the generation of results or outcomes. Thus, the ongoing planning and implementation of LED initiatives in the districts largely seeks to promote the growth and competitiveness of selected economic activities or micro and small enterprises through the use of various LED tools or strategies. This chapter examines the various LED initiatives or strategies designed and/or implemented in the study districts to facilitate the growth and competitiveness of the targeted local enterprises. It also entails a continued assessment of the national LED policy that begun in chapter five.

#### **8.1 Local Economic Development Strategies/Initiatives**

The growth and competitiveness of an industrial unit or product is influenced by a variety of factors. From a systemic competitive perspective, the factors influencing competitiveness can be found at four different levels – macro, meta, meso, and micro levels. As Helmsing (1993: 32) argues, the promotion of small enterprises must not only be a matter of micro level features or factors, but has to deal with local, regional and sectoral factors as well. The local economic development approach being promoted seeks to find a comprehensive solution to these challenges through various initiatives. “Successful local economic development is ultimately about finding local solutions to local issues by bringing together a variety of local stakeholders”, (Rodriguez-Pose and Tijmstra, 2009: 45). Local economic development interventions, particularly the promotion of economic or business enterprises have taken several forms. Matulef (1987) referred to by Wolman and Spitzley (1996: 122) categorises local economic development tools or activities into five categories according to purpose: “economic revitalisation, support services for economic revitalisation, project coordination, financial assistance, and capacity building.” This section examines the various approaches initiated to drive local economic development, particularly the growth and competitiveness of the selected MSEs in the districts. These include the light industrial zone approach, the LED policy approach, and the use of district development planning or local economic development action plans.

### Box 3 Growing Micro Economic Ventures in the Districts

Promoting the selected economic activities in the study districts is a daunting task. As pointed out earlier, most the targeted enterprises are micro enterprises that are relatively less developed and confronted with a myriad of challenges. The adoption of the LED approach brought some hope to these local business people. The LED approach was seen as a project that will inject some capital and various support systems to these local business entities. But as demonstrated in chapter seven, the implementation of LED initiatives in the Bongo District for instance has not been possible.

Asiige Atule is one of the local farmers who need support to undertake Guinea fowl production on commercial basis. Asiige Atule was selected by the Guinea fowl rearers in Namoo to represent them at the LED action planning sessions in Bongo. He was delighted to learn about the LED approach and the selection of Guinea fowl production as one of the LED priority economic activities by the Bongo District Assembly. Asiige Atule and his compatriots' hopes were high that at last an intervention has come their way. They rejoiced and waited patiently for the benefits of the LED approach to trickle down to them.



Photo of a Guinea Fowl Farmer displaying Guinea Fowl Eggs in Namoo, Bongo, 2011

Unfortunately, hope for the LED approach to revitalise their economic activities is fast fading away:

“I represented this group (Namoo Guinea Fowl Farmers) when they (officials of Bongo District Assembly) called us for a meeting in Bongo town. They promised us that they were going to start a new programme to provide support for us to grow our economic activities. But it has been long, more than a year now; yet nothing has happened for that long time [...] The paramount chief of Bongo attended that meeting with us [...] Even if they were deceiving us about the programme, what about our paramount chief; were they also deceiving him as well?”

(Lamentation by Asiige Atule, during a group discussion with Guinea Fowl Farmers in Namoo, Bongo District, 15.10.2011).

The Bongo District Assembly has not been able to implement its LED initiatives, yet the selected economic activities are in dire need of a comprehensive intervention to overcome the myriad of challenges impeding their growth and competitiveness. In the absence of a meaningful help, Asiige Atule and his compatriots will have to continue with business as usual – using the hen to hatch few eggs, since they cannot afford incubators.

The reality on the ground is that most of the targeted economic activities in the districts can hardly transform themselves into commercially viable ventures given the myriad of challenges confronting them. As discussed in this thesis, infrastructure remains a big challenge to almost all the economic activities targeted for LED intervention in the Bongo District. Looking at this field photo of a Guinea fowl farmer house in rural Ghana, the question one asks is: what will be the plight of the Guinea fowls when residential accommodation is a problem to people? Given the important role the selected economic activities play in the socio-economic development of the district, the implementation of the LED initiatives needs to be prioritised by the Bongo District Assembly.



Photo of a Guinea Fowl Farmer House where Guinea Fowls are also raised, Namoo, Bongo, 2011

The nature of the economic ventures in the Bongo District requires a more comprehensive and concerted effort to grow them. Most of them are micro enterprises. In fact, from what I saw in the field, some of them cannot be described as businesses in the commercial sense of the word. They can best be described as ‘survival strategies’ than businesses. The task of transforming these ‘survival strategies’ into business ventures and growing them as well remains a challenge to the District Assemblies.

Source: Author’s Reflection based on Field Research, 2011

## 8.2 The Industrial Zone/Cluster Approach

The Light Industrial Zones or the Cluster approach is one of the important tools/strategies of the contemporary local economic development approach. Industrial zones/clusters have long been seen as industrial or business development tools in many parts of the world including Africa. The works of Michael Porter has particularly given prominence to the industrial zone/cluster concept, which is associated with the works of the famous economist, Alfred Marshall, (Beer, 2009: 68). According to Beer (2009: 68), Porter's works on the industrial zone/cluster concept are built on the "Marshallian tradition around the economics and impact of industrial agglomeration." From this "Marshallian tradition" the industrial zone/cluster concept has been widely publicised by Michael Porter. In the view of Porter (1998), the cluster concept is not associated or limited with one particular country, region or locality. Porter (1998: 78) argues that "clusters are a striking feature of virtually every national, regional, state, and even metropolitan economy, especially in more economically advanced nations." Porter (1998: 78) defines clusters as "geographic concentrations of interconnected companies and institutions in a particular field." According to Rosenfeld (2002: 10) "a cluster is a spatially limited critical mass that is sufficient to attract specialised services, resources and suppliers of companies that have some type of systemic relationships to one another based on complementarities or similarities." Clustering comes in two dimensions: geographical dimension that takes the form of concentration or agglomeration of enterprises in one location; and sectoral dimension, referring to a group of enterprises producing the same or related goods and services (Musonda, 2007; McCormick, 2007). McCormick (2007: 20) even views the "potential for firm linkages and positive or negative externalities" as the third dimension of clustering. In the view of Porter (1998) clusters are a collection of a set of industries and entities whose activities are important in generating competition. According to Porter (1998: 78), many clusters include "governmental and other institutions- such as universities, standard-setting agencies, think tanks, vocational training providers, and trade associations – that provide specialised training, education, information, research and technical support." The cluster concept is thus not limited to manufacturing industries alone.

Clustering of enterprises is seen as the best form of industrial organisation for the production and delivery of high quality products (Musonda, 2007: 82). According to Rosenfeld (2002) "clusters have become, in many parts of the world, the new mantra for economic development." As Gerke and Evers (2012: 7) point out "cluster theory is predicting an optimal output of knowledge in the form of innovations, patents and research papers." According to Porter (1998: 79) clusters promote both "competition and cooperation." Clustering can promote industrial growth and competitiveness in various ways:

- first, by increasing the productivity of companies based in the area;

- second, by driving the direction and pace of innovation, which underpins future productivity growth; and
- third, by stimulating the formation of new businesses, which expands and strengthens the cluster itself, (Porter, 1998: 80).

Porter (1998: 78) argues that “though what happens inside companies is important, clusters reveal that the immediate business environment outside companies plays a vital role as well.” Porter’s work on clusters has been widely acknowledged by various scholars. For instance, Beer (2009: 68) notes that Porter’s significant contribution was to “transform an academic appreciation that similar businesses that locate together realise economic advantages, into a set of actions that offered the promise of sustained growth to any locality or region with the courage to follow his prescription.” Similarly, Ffowcs-Williams, (2004), as cited by Beer (2009: 69), notes that the “simplicity of these concepts meant that they were taken up by a diverse range of protagonists, including business consultants who have continued to promote business clustering.” Clusters are increasingly seen as tools for building the productive capacity of micro and small enterprises through innovation, collective efficiency, networking and institutional learning (McCormick, 2007; Mytelka, 2007; Oyelaran-Oyeyinka, 2007). Scholars like Blakely and Porter believe that creating local competitiveness through institutional restructuring or re-organisation is worth more than financial transfers. According to Blakely (2009: 51), the notion of “recognising and re-positioning inner city areas from a competitive framework builds wealth rather than strips or merely transfer funds within the government structures to external markets.” Many countries and regions continue to implement the cluster concept in various forms.

The notion of competitiveness is central to contemporary conception of local economic development (see Blakely, 2009; Rodriguez and Tijmstra, 2009; Blakely and Leigh, 2010). As Blakely (2009: 39) points out, the current conception of local economic development is one that shifts attention from transforming a national economy to building a competitive local economy. The current conception of local economic development is thus linked to the notion of competitiveness – whether in industries or localities. As such, the promotion of local economic development in recent times has given impetus to the notion of competitiveness and the use of clusters. This partly explains why the cluster concept has become one of the main tools of contemporary local economic development which builds on the competitive advantage of places and industries. As Beer (2009: 68) notes, “Michael Porter’s work on industry clusters gained widespread recognition through the 1990s as governments sought to improve the efficiency and competitiveness of their industries by building competitive advantage.” The cluster concept has surely become popular around the world. However, its applicability and effectiveness in areas with relatively low economic potentials cannot be confirmed or denied. As Rowe (2009: 10) points out “the question of whether theories can contribute to building a

better understanding of the practice of economic development must be measured by their usefulness as tools of reading, seeing, inspiring and acting.” Surely, the utility of a concept or strategy like the cluster approach largely depends on the degree to which it can be operationalised in a given area, and its effectiveness in contributing to competitiveness or industrial development as a whole.

### **8.2.1 Life in the Berekum Light Industrial Zone**

Clustering, from the ongoing discussion is being touted for its inherent potential of generating industrial dynamism in micro and small enterprises. Clustering or the light industrial zone concept, as pointed out is not new in Ghana. But as Miller (2009: 36) notes “the cluster concept remains our latest and biggest idea in the field of economic development, with an extensive literature, but still has received surprisingly little evaluation.” Clusters in Ghana have received limited attention in terms of scientific research. Nonetheless, the few research works on clusters in Ghana point to success stories. With such activities as vehicle, carpentry, blacksmithing, welding and metal fabrication, and other forms of light engineering, small firms in the industrial zones have “conquered new markets, and to varying degrees succeeded in diversifying and upgrading production” (Dawson, 1993:73). Light industrial zones in Ghana like the Suame Magazine and the Sunyani Magazine are associated with ‘success stories’ as far as industrial development is concern. It is thus not surprising that donor agencies like the GIZ are identifying with or promoting the cluster concept in other parts of Ghana. For instance, although GIZ was not one of the initial stakeholders that contributed to the setting up of the Sunyani Magazine, it is now identifying with it. In the Sunyani Magazine, one could easily notice GIZ’s billboard at the entrance of the magazine, as one of the partners or stakeholders of this project. Similarly, the Suame Magazine in Kumasi has attracted several World Bank sponsored studies over the years. As Gerke and Evers (2012: 13) point out, clusters, especially “knowledge clusters” are not only serving as knowledge hubs; they are also centres of research and international cooperation. Cluster promotion has become one of the results-based donor interventions in the developing countries. GIZ, for instance is now boasting of supporting the setting up of light industrial zones in several districts in the Brong Ahafo Region, Ashanti Region, Central Region, and Western Region of Ghana. One of these light industrial zones is the Berekum Light Industrial Zone in the Brong Ahafo Region of Ghana.

In Berekum, LED interventions are targeting a set of artisans engaged in various kinds of industrial works. These include, auto/vehicle repairs, auto body spraying, welding, metal fabrication, auto parts manufacturing, and wood processing, as well as related activities. These activities are mainly concentrated in the Berekum Township. The activities of this group of artisans have become central in the socio-economic development of the district. They are not only providing services to vehicle users, they are also in most part the core group advancing



technological or industrial development in the district. As the survey results in Table 7.4 show, majority of these artisans (about 67%) have not received formal Technical or Vocational Education/Training; yet they are able to fix vehicles and even manufacture certain auto parts and various kinds of furniture. By their presence and creative works, residents and agencies in the district are able to get their cars fixed to continue with their productive work without having to travel long distances in order to access such services.

Whilst the activities of the auto repairers and auto spare parts manufacturers have become indispensable to vehicle/machine users in the district, the activities of the metal fabricators, who manufacture metal doors and door frames and other forms of metal objects, have also become indispensable to building/construction workers in the district. Similarly, the wood processors also boast of making houses complete and 'habitable' by fixing roof of buildings and providing various kinds of furniture for homes. Prior to the implementation of the LED initiative – the setting up of the Berekum light industrial zone/cluster, these important service providers and industrialists were scattered throughout the Berekum Township. As pointed out in chapter four, their activities caused considerable damage to the city's environment. Their structures or presence in the central business district was a nuisance to many, particularly the city authorities. They had limited space to operate and expand. Additionally, they operated on minimal capacity because of inadequate access to reliable energy supply. In the midst of these teaming challenges, the use of the cluster approach as a tool of local economic development proved effective and productive.

The Berekum light industrial zone can be described as a functioning unit despite some initial challenges. The setting up of the Berekum light industrial zone/cluster as a local economic development intervention is already generating a great deal of industrial dynamism and enterprise growth in the Berekum Municipality. Industrial activities are becoming more and more active in the Berekum light industrial zone. The Berekum light industrial zone is currently being managed by the artisans operating in it. The artisans have formed what they called an Executive Committee headed by a chairperson to oversee the day-to-day running of the industrial zone. The tasks performed by the Executive Committee include, the registration of members, the allocation of plots to new entrants, the resolution of conflicts among members, representing the group at the District LED platform and other meetings, and collecting membership dues among other things. Clusters are also being formed in the industrial zone along specific industrial activities. The prominent clusters in the Berekum light industrial zone are the Wood Workers Association and the Ghana National Association of Garages, who are mainly made up of the mechanics.

Although the setting up of the Berekum light industrial zone was not based on the classical notion of clusters advanced by Michael Porter, it has nonetheless generated some of the

anticipated benefits. One observable benefit of the Berekum light industrial zone is what could be termed as synergy from cooperation among the artisans. The artisans are beginning to cooperate in a manner that pulls synergy of members together. During the group discussions, the artisans explained that by virtue of their congregation in the industrial zone, they are able to benefit from the expertise of others. As Helmsing (1993: 36) notes “it is assumed that operating as a network increases the collective capability, as each individual firm can call upon others to produce part of orders, inputs or components on a competitive subcontracting basis.” According to the artisans, it has become easy for each person to call on a colleague to assist him in fixing a task that appears difficult for him.

Similar observations have been made in other light industrial zones in Ghana. In his studies of the Suame Magazine (industrial zone) in Kumasi, Ghana, Dawson (1993: 89) notes “the clustering of different types of small firms fostered a division of labour between them, enabling large jobs to be taken on, with the sub-contracting out of specialist tasks; while, in addition, the presence of small engineering workshops, making and maintaining much of the equipment used by other firms was found to have contributed substantially to the technological capability of the sector as a whole.” From this experience, Dawson (1993: 90) argues that clustering of small firms in industrial areas/zones, and providing them with the necessary facilities such as running water, electricity, and telephones will in no small way foster and promote “a creative synergy in the activities of small firms in different branches.” These practices are filtering into the Berekum light industrial zone. Aside inviting their colleagues in the industrial zone to assist them fix certain mechanical problems that they have limited knowledge on; some also sub-let certain tasks to their colleagues in the industrial zone, particularly their former ‘boys’ who are now master craftsmen.

Related to this is the revelation by the artisans that working in the industrial zone provides them the opportunity to learn from each other. It was revealed during my interviews that the artisans in the Berekum light industrial zone learn many things from each other, including the use of new tools, skills as well as tapping the experience of others on how to access loans from the Banks and other financial institutions. I found out that the classical mode of learning in the Berekum light industrial zone is through the ‘master-boy’ relationship, where the knowledge and skills of ‘masters’ are systematically transferred to the ‘boys’. As Rosenfeld (2002: 18) notes “one of the most important distinguishing features of clusters is the ease of transfer of the tacit knowledge, or know-how that is based on experience and judgement and is not codified.” In the Berekum light industrial zone, the experienced artisans are called ‘masters’; while their apprentices are called ‘boys’. The ‘boys’ under-study their ‘masters’ until such a time that they feel they have acquired the necessary skills and resources to operate independently. When the ‘boys’ get to this stage their ‘masters’ then assist them to set up their own workshops. I was told that it is the ‘masters’ who obtain a piece of land in the industrial zone for their ‘boys’ who

are passing out since the existing arrangement does not allow 'boys' to directly acquire parcels of land in the light industrial zone on their own. They can only get a parcel of land through their 'masters'. This can be seen as a form of social control, as the 'boys' will be expected to put up a good behaviour during the period of their apprenticeship so as to get the 'blessing' and support of their 'masters', particularly in acquiring space and setting up their own workshops in the light industrial zone at the end of their training.

When the 'boys' get settled, they also become 'masters' in their own right by employing 'boys' to also serve as apprentices. Interestingly, it was revealed that these 'new masters' continue to consult their 'old masters' when they are faced with challenges, both technical and social. The industrial zone thus provides an ideal platform for the young and old/experienced to network, learn and share ideas. I also observed the phenomenon of sharing tools among the artisans in the industrial zone. I witnessed on several occasions the sending of 'boys' to collect certain tools from other artisans in the industrial zone. It appears to me that all the artisans knew the sort of tools in possession of their colleagues in the industrial zone. I also noticed the willingness of the artisans to release their tools to their colleagues who needed them. Similarly, I also observed the scenario where the 'lenders' of tools have to trace their colleagues who borrowed them to collect them back, without confronting their 'borrowers' for not returning them 'timely'.

I also observed that, even at the early stages of its development, competition is inherent in the activities of the artisans in the Berekum light industrial zone. Many artisans in the industrial zone confirmed that they now have a real feeling of competition. In the Berekum light industrial zone, one can observe several forms of competition. The mechanics are competing among themselves for customers, whilst the spare parts dealers are establishing links with mechanics that have a large pool of customers so that they can always recommend their spare parts to people who come to fix their cars. But what the mechanics consider as the most 'challenging' form of competition is the one between the 'masters' and their former 'boys' who are also now 'masters' on their own right. In the view of the 'masters', this is the most 'dangerous' form of competition that each of them has to contend with or manage in the industrial zone. They explained that when their 'boys' pass out and set up their own workshops, they take along some of their customers. This is because some of the regular customers who got their vehicles well fixed continuously by some of the 'boys' tend to appreciate their services or good works and would often continue to work with them when they eventually set up their own workshops. A vehicle owner explained that, although these 'boys' have just become 'masters', they have a better understanding of vehicles they have continuously worked on than the old 'masters' who were basically playing a supervisory role. In view of this phenomenon, the 'masters' have to work hard to win back their customers or get new ones to keep their businesses alive. The 'boys' who are now 'masters' will also have to work hard to consolidate

their initial gains in order to be in business. This form of competition is generating dynamism in the activities of the artisans in the Berekum light industrial zone.

The Berekum light industrial zone is also experiencing a phenomenal growth, and is expected to grow bigger and bigger with time. My interviews with officials of GIZ revealed that the Berekum light industrial zone now has about 340 firms with direct or indirect access to energy. Out of this number, about 137 of them have new access to energy; whilst 177 of them have improved access to energy. The start-ups in the light industrial zone are about 130, with 41 of the firms being run by women (Interview with an Official of GIZ, Sunyani, May, 2011). This was confirmed by the leadership of the Berekum light industrial zone, which even put the actual number of people operating the light industrial zone at over 2,000. I also noticed that there is a driving edge, especially on the part of the apprentices to learn the trade quickly and set up their own workshops. They apprentices appear to be inspired by what they see from their colleagues within the industrial zone. Not only is the industrial zone growing in numbers, each artisan is striving to get to a higher level where he can handle sophisticated technical problems. The experienced artisans want to establish themselves as referral points of 'complex' technical problems which their colleagues cannot fix; so are the young ones. The industrial zone is thus also experiencing growth in technical sophistication or competence. As everything is visible to everybody, the success of one artisan is seen by the others, and thus serves as a motivation or challenge to the others to work harder.

Interestingly, the few mechanics who are still operating close to the city centre for reasons they would like to keep to themselves, even acknowledged the importance of the light industrial zone. Although they initially refused to relocate to the Berekum light industrial zone, they appear to be regretting that decision as they openly acknowledge the benefits of working in the light industrial zone. One of them had this good impression about the Berekum light industrial zone:

"It is good to be in the Magazine (light industrial zone). You can learn from others there. Our stay in town can no longer be guaranteed as everybody is now talking about Magazine! Magazine!! Magazine!!! [...] Our work is increasingly linked to the magazine; when someone's car breaks down, they say take it to the Magazine. They don't talk about us here [...] Our colleagues in the Magazine also have better access to electricity than those of us here – they have their own transformer" (Interview with mechanics operating outside the Berekum light industrial zone, 27.10. 2011).

#### Box 4 Clustering as a tool of Local Economic Development

The LED approach uses a wide range of tools to promote the participation of actors in the process, identify comparative and competitive advantages, grow businesses, and generate competitiveness. Clustering is one of the LED tools used in Ghana to promote the growth and competitiveness of micro and small enterprises. This tool was employed in the Berekum Municipality in the Brong Ahafo Region of Ghana, where the joint effort of various actors including GIZ, the Berekum Municipal Assembly and the local artisans resulted in the setting up of the Berekum light industrial zone.

In Berekum, the setting up of the light industrial zone has solved the problem of land acquisition, electricity and the pulling down of the artisans' shops by the Municipal authorities. The Berekum light industrial zone is connected to a three-phase electricity grid, enabling the artisans to use various kinds of machinery in their work. The provision of reliable energy, construction of roads and sanitation facilities guarantees the artisans some kind of a good working environment for productive work.



Photo of a sign post showing a specialised activity in the Berekum Light Industrial Zone, 2011

The industrial zone has brought different kinds of artisanal activities together. As shown in the photos, some of the artisans are beginning to create niches for themselves. They call themselves specialists in various trades. Fuseini Yakubu for instance, wants to be known in the Berekum light industrial zone and in the Municipality as a 'Mercedes Benz 207 specialist'. Many other artisans portray their areas of speciality in the industrial zone, sometimes with interesting inscriptions such as "Iron Boy Exhaust Pipe Doctor" etc. The mere existence of the light industrial zone in the Berekum Municipality thus creates a sense of an industrial landscape or hub in the area. It has improved networking and knowledge sharing among the artisans. It also promotes competition and collaboration among artisans in the Municipality. Training provided on waste oil and scrap collection, and their re-use has also improved waste management in the industrial zone.

More importantly, the Berekum light industrial zone has become an avenue for skills acquisition. The

Berekum light industrial zone has become a leading centre in the Municipality for the acquisition of practical skills in mechanics and carpentry among others. An increasing number of the youth, mainly young men who have not been to school or unable to further their education after completing or dropping out of Junior High School are turning to the light industrial zone to acquire practical mechanical skills. These young men enrol as apprentices where they under-study the master craftsmen. After successfully completing their apprenticeship, they set up their own workshops and also pick other young men as apprentices, thus expanding avenues for skills acquisition in the Berekum Municipality.



Photo of young Metal Fabricators in the Berekum Light Industrial Zone, 2011

In Berekum, one can feel a sense of industrial life in the light industrial zone. Clearly, the Berekum light industrial zone has demonstrated that when successfully implemented, LED initiatives present opportunities for not only economic transformation, but the expansion of job opportunities as well. Successful LED initiatives can also serve as drivers of industrialisation. Well designed, implemented and managed LED initiatives assure young ones like these a vocation and a sustainable livelihood scheme. Successful LED interventions do not only promote industrialisation or economic development, they also present hope of a better life or future for the youth. This must be the priority of every District Assembly and local community.

Source: Author's Reflection based on Field Research, 2011

In addition, as the industrial zone is taking shape, one can already notice some positive spill over effects in the area. For instance, aside the enterprises targeted for the intervention (i.e. those needing reliable energy), the Berekum industrial zone is now home to a lot of activities such as sale of spare parts, food vendors, and taxi services among others. This means that the industrial zone is not only generating industrial dynamism in the Berekum Municipality, it is also creating a good working environment for the artisans and related service providers, as well as building good working relationships among the people. I noticed that it has also become easy for revenue agencies like the Ghana Revenue Authority and the Finance Department of the Berekum Municipal Assembly to collect taxes from those operating in the industrial zone than the other scattered business units in the municipality. In a related development, I noticed that there is satisfaction among the relevant stakeholders regarding the management of industrial waste in the industrial zone and its attendant benefits. The artisans in particular are very delighted of the knowledge they acquired through GIZ's training on how to manage industrial waste, especially 'waste oil'. During a group discussion, the artisans explained that they are now able to collect 'waste oil' which they still use for other purposes.

Nonetheless, there are a number of challenges that need attention. These include the need to inculcate the culture of entrepreneurship into the artisans, building their managerial skills and upgrading their technical competence. In addition, the small-scale wood processors in the industrial zone also need market outside the Berekum Municipal. Unlike the large-scale wood processors in the Berekum Municipal like ABTS and ADA Anthony, whose products are in the international market, the market for products of the small-scale wood processors in the industrial zone does not go beyond the Berekum Municipal. A noticeable threat in the Berekum light industrial zone is the use of the land for the construction of residential housing instead of artisans' workshops. If immediate steps are not taken to stop this practice, it will reduce the amount of land available for industrial development or artisanal work in the area.

### **8.3 The Policy Approach**

Policy is one of the measures adopted to facilitate the promotion of the LED approach in Ghana. Policy formulation has thus become one of the national responses to local economic development promotion in Ghana. This has taken two forms – the formulation of the new decentralisation policy, and the formulation of a national LED policy. As discussed in chapter five, the new decentralisation policy in part seeks to mainstream local economic development promotion into Ghana's decentralisation process. As also pointed out in chapter five, the new decentralisation policy adopted a definition of local economic development, and also designed a set of policy measures to guide the District Assemblies in the promotion of local economic development at the district level. It also seeks to address some of the structural challenges that affect the performance of District Assemblies in the country, including the promotion of local

economic development. The broad objective of the new decentralisation policy with regards to LED promotion is “to facilitate economic growth, employment and income generation in order to promote household welfare and alleviate poverty” (Ministry of Local Government and Rural Development, 2010: 40). The new decentralisation policy is however not explicit on the target areas of LED intervention in the districts. As it stands now, the specific economic activities been targeted to achieve this broad objective of attaining “economic growth, as well as employment and income generation” are not known. In other words, the New Decentralisation Policy has failed to provide a clear strategic direction for ongoing LED initiatives in the districts that seeks to promote the growth and competitiveness of micro and small enterprises.

Following the New Decentralisation Policy is the National Local Economic Development Policy. Formulated in 2012, the National LED Policy represents the main national blueprint for LED promotion in Ghana. However, as pointed out in chapter five, the National LED Policy has equally failed to provide a clear and concrete strategic direction for the promotion of specific LED initiatives in the districts. For instance, whilst the ongoing LED initiatives are specifically seeking to promote the growth and competitiveness of MSEs, the National LED Policy is an all embracing policy with poverty reduction as its ultimate aim. Although the LED approach shares the goals of poverty reduction, its main focus is on economic growth or the promotion of economic ventures (Rodriguez-Pose and Tijmstra, 2009). In view of the social orientation of the District Medium-Term Development Plans, the blending of economic and social objectives in the National Local Economic Development Policy could further result in the ‘marginalisation’ of economic interventions in favour of social interventions. Stevenson made an apt observation about policy response to SMEs development in the Middle East and North African countries:

“If SMEs are viewed primarily as a vehicle for absorbing labour at the bottom of the pyramid and reducing poverty, SME development becomes treated more as a social issue. The policy response is often to support income-generating activity of poor households through the use of microfinance schemes. The end result is a high level of subsistence enterprise activity with limited potential for growth”, (Stevenson, 2010: 77).

Essentially, not only is the National LED Policy ‘borrowing’ the LED policy objective of the New Decentralisation Policy, it has also failed to clearly identify the target areas for LED interventions in the districts. This presents a challenge as to how to reconcile the National LED Policy objectives with ongoing LED interventions in the districts which preceded the policy formulation. The main challenge will be on how to reconcile the objective of promoting the growth and competitiveness of MSEs as contained in the District LED Plans and the national LED policy objective of alleviating poverty. Although the National LED Policy provides a long-term objective, it fails to adequately cater for the ongoing LED interventions in the district which will ultimately contribute to the attainment of this long term policy objective. In other words, the



attainment of economic growth, employment and income generation as well as poverty reduction will be 'a wild goose chase' if specific economic activities are not identified and promoted. But as it stands now, the National LED Policy does not provide such directions. The National LED Policy does not provide specific and concrete policy measures as well as strategies to drive the growth and competitiveness of the micro and small enterprises targeted for LED interventions at the district level. As such, the policy approach presents very little solutions to the inherent challenges associated with the ongoing promotion of local economic development in the districts.

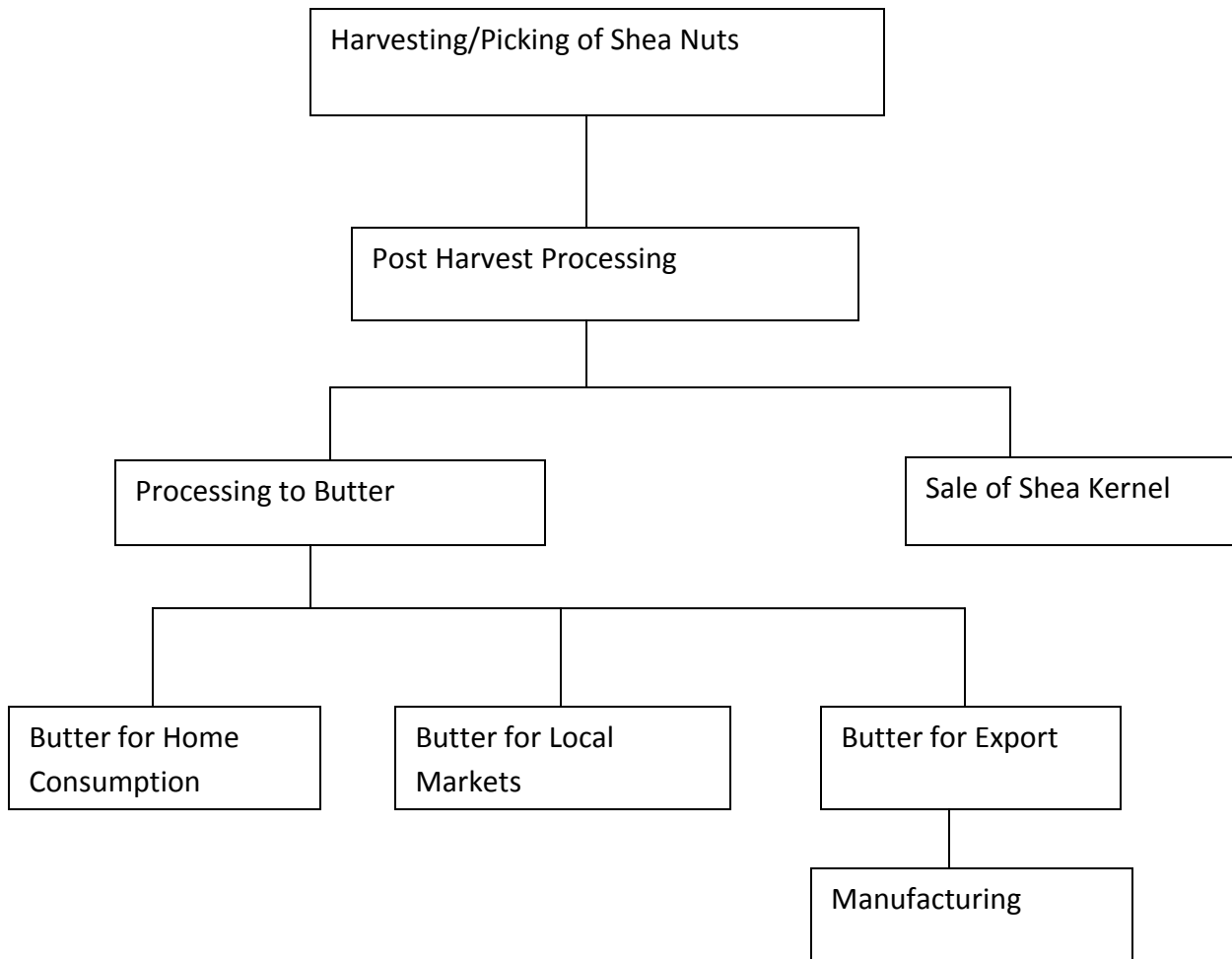
#### **8.4 District Local Economic Development Action Plans**

In the pilot districts, the formulation of District LED Action Plans has become one of the tools or strategies for local economic development promotion. The District LED Action Plans are the concrete measures put in place to promote the growth and competitiveness of the targeted micro and small enterprises at the district level. Although the LED pilot District Assemblies like the Bongo District Assembly have not yet been able to implement these action plans, the content of the action plans need to be examined vis-a-vis the nature and challenges confronting the selected economic activities. Since the District LED Action Plans have not yet been implemented, the focus here is to examine the quality of the LED Action Plans in promoting competitiveness in the selected economic activities of the district. The analysis starts by tracing and highlighting the inherent challenges in the production chain of the selected economic activities for LED intervention in the Bongo District, followed by a content analysis of the District LED Action Plans.

##### **8.4.1 The Shea Butter Production Chain**

Shea butter processing like any other production exercise entails a chain of activities. As McCormick (2007: 26) notes "this notion of production involving a 'chain' of activities ranging from conceptualising the product to bringing it to market is not new in industrial thinking." Nonetheless, it requires analysis in order to understand the inherent challenges that characterised the process. This chain of activities or stages in the production line is often referred to as the value chain. This chain of activities defines the industry, in terms of its outlook, potentials or prospects and inherent challenges. The development of the shea butter industry thus requires a firm understanding of its chain of activities.

Figure 8.1: The Shea Butter Chain



Source: Author's Construct Based on Field Research, 2011

The first main stage in the shea butter chain in the Bongo District as shown in Figure 8.1 is the harvesting/picking of shea nuts. Although some of the shea trees are found in people's farms, and are owned by them, the shea tree in Ghana is largely grown in the wild. As such, shea nuts harvesting/picking is carried out largely in the bush. Shea nuts picking in Bongo is mainly undertaken by women. During the group discussions I conducted with women in the shea butter industry, it was revealed that most of the picking is usually carried out in the early hours of the day. This they explained is due to the competition for the nuts; and also to enable them finish the picking and return home to undertake other equal important tasks. The picking of the nuts is largely free, but the women indicated that some farmers do not allow them to pick the nuts from their farmlands. Although the picking is largely free, it is not without challenges. As pointed out in chapter six, the women who carry out the picking do not often have/wear protective clothes, boots and hand gloves. This exposes them to a lot of hazards. First, the pickers narrated their terrible encounters with scorpions and poisonous snakes in the bush,

which is so frightening and discouraging. Second, the women explained that they sometimes have to climb the trees and shake the branches for the shea nuts/fruits to fall on the ground before they collect them. This entails an element of risk as one can fall from the tree and get hurt. Third, aside the laborious picking exercise, the women after picking the nuts have to carry the heavy wet nuts on their heads to their respective homes. In addition, as pointed out in chapter six, the frequent bush fires affect the quantity of shea nuts available for picking.

The second stage in the shea butter chain is the post harvest processing. This is made up of a number of activities including boiling, cracking, drying and storing. These activities are usually carried out at home. In the Bongo District, these activities are largely done manually. There is thus a limitation as to the quantity that can be processed at any given time. The third phase is divided into two. It was revealed that some of the women end the process here by selling their dried nuts; while others proceed to process the dry nuts themselves into shea butter. The former usually sell their dry shea nuts/kernels to either the shea butter processors or to the shea kernel traders/exporters. When the nuts/kernels are bought by the shea butter processors, they proceed to process the shea kernel into shea butter. The processing of the kernel into shea butter also involves a set of activities including heating or frying of the kernel, milling the kernel, pressing and filtering the milled kernel among other activities leading to the extraction or separation of the various components of the oil. This stage is also largely a manual exercise, though machines could be used for the milling in particular. Currently, it is only the Bongo-Soe shea butter group that has a milling machine on its own for milling their kernel. Aside the lack of processing equipment, most of the shea butter processors in the Bongo District are also faced with the challenge of producing the attractive whitish-looking shea butter required by the exporters.

In the next stage, the shea butter that is eventually extracted is used for home consumption or sold in the local market or exported to foreign markets, mainly to the United Kingdom. I found out that aside the Bongo-Soe shea butter processors that currently export their shea butter, all other shea butter producers in the Bongo District either consume their shea butter or sell them in the local markets. From the perspective of the shea butter chain that starts from the Bongo District, the final stage is manufacturing. This stage takes place in the foreign countries like the United Kingdom where the shea butter is used in the manufacture of cosmetics or blended in some food items. The addition of this final stage gives the Bongo District's shea butter chain an international or global outlook. But this global appearance is made possible only through the limited production by the Bongo-Soe shea butter processors. This means that a lot has to be done if the Bongo District wants to gain a reasonable global market share in shea butter trade.

## Box 5 Striving for Competitiveness

Producing for the global market requires meeting global standards. Products can be dumped everywhere, but demand will sort out the quality products from the “chaff”. Baskets and shea butter produced in Bongo are now global commodities. But in order to remain in the global market and possibly gain a competitive edge, standards must continually be improved. I noticed that efforts have been made to realise this objective. In Awaah and other basket weaving communities in the Bongo District for instance, the basket weavers have been introduced to new weaving skills and designs. Dyes have also been provided by the exporters to some of these basket weavers to decorate the baskets. These are meant to make them produce according to international market standards.



Photo showing women packaging Shea butter in Bongo-Soe, 2011

In Bongo-Soe, similar efforts have been made. Through the instrumentality of World Vision International, the Bongo-Soe shea butter producers have a decent facility to produce shea butter for the global market. They have a roaster, a milling machine, etc. With the aid of the purchasing agent (Ojoba Collections) they have also gotten some equipment for packaging the shea butter for export. Plastic bags and hard paper packaging cases have been provided. A weighing scale has also been provided. The women have also been trained to produce the attractive white-looking shea butter required by the international cosmetic companies.

The basket weavers in Awaah and the shea butter processors in Soe are both trying to produce according to the stipulated standards. The Awaah basket weavers have demonstrated resilience in producing quality baskets under the baobab tree. They weave under the supervision of a leader, who

was the first person in the group to receive skill training in new designs organised by the Bongo Trade Centre. The situation is not different in Soe. The Bongo-Soe shea butter producers appear to be working tirelessly to keep their name on the global market. They have already secured market space in the United Kingdom, but they have to maintain or even continuously improve standards to maintain or expand their market share. In terms of production facilities or equipment, the Soe shea butter producer group is the most well equipped group in the Bongo District. There is thus no excuse for them to produce sub-standard shea butter. They cannot afford to lose their market share.



Photo of packaged Shea butter from Bongo-Soe, 2011

As can be seen on the picture above, they have succeeded in having their name embossed on the packaging case. This suggests that their products have received recognition in the UK market. They now have to work harder to expand their market share, improve standards and position themselves as key players in the global shea butter trade. To these local producers, keeping standards is a must.

The shea butter processing and exports in Bongo-Soe demonstrates how a successfully targeted joint intervention aimed at growing micro enterprises could make them competitive in the global scene. The collaboration between World Vision International, the Bongo District Assembly and the local community has not only resulted in the provision of a decent facility for shea butter processing in the Soe community, it has also made them the main shea butter exporters in the entire district. More importantly, the women are assured of a thriving livelihood scheme and an income stream. More of these interventions are needed in the district to place the Bongo District in the global basket and shea butter market/map, and also improve the livelihood schemes of the people. This is the essence of the contemporary local economic development approach being promoted in the districts.

Source: Author's Photograph and Reflection based on Field Research, 2011

The Bongo District local economic development action plan for the shea butter industry shown in Table 6.1 is a typical annual action plan that can be found in any District Assembly Medium-Term Development Plan in Ghana. A critical assessment of the Bongo District Assembly's action plan does not reveal any prospects for the promotion of competitiveness in the shea butter industry. The main fundamental weakness of the action plan as shown in Table 6.1 is its failure to consider the value chain of the shea butter industry in the district. This action plan is too general and does not seek to address the inherent challenges at each stage of the shea butter value chain. A generalised action plan such as the one shown in Table 6.1 can only provide minimal support for the shea butter industry and not spark any meaningful growth and competitiveness in the industry. Competitiveness of the shea butter industry can best be promoted when efforts are made to understand and address the challenges at each stage of the production/value chain in a holistic manner. Similarly, the amount of money devoted for each activity of the shea butter action plan as shown in Table 6.1 does not appear adequate enough to make any meaningful impact. Yet, the Bongo District Assembly could not even finance the implementation of such activities.

#### **8.4.2 The Basket Production Chain**

The basket chain from the perspective of Bongo District can be divided into five main stages as shown in Figure 8.2. The first stage is the harvesting of straw grass. Straw grass is the main raw material used in weaving baskets. The straw grass usually grows along water bodies or muddy areas. It is harvested by hand. Straw grass harvesters/collectors in the Bongo District are also confronted with the problems of not having protective clothes, boots and hand gloves to support them in their work. It was revealed that the biggest challenge here has to do with the limited amount of straw grass grown in the district. The straw grass, which is also largely grown in the wild, is in limited supply in the district, and there are currently no efforts in the district to cultivate more of it despite the high demand for it.

The next stage is the sale or trading in straw grass. I found out that some people just harvest the straw grass, dry them and sell them to the basket weavers. It was also revealed that due to the limited amount of straw grass in the district and region as whole, the straw grass traders go as far as the Brong Ahafo and Ashanti Regions in Southern Ghana to obtain them. These are brought to the Upper East Region which is noted for basket weaving in the country and sold to the weavers, mostly in the Bolgatanga market. A visit to the Bolgatanga market during my field research revealed that the sale of straw grass is a brisk business. It was also revealed that the lack of straw banks in the district to store the straw grass negatively affects all year-round availability of straw grass for basket weaving.

Figure 8.2: The Basket Chain



Source: Author's Construct Based on Field Research, 2011

The main stage in the chain is the weaving. Basket weaving, which is done by using strips woven from the straw grass is also a manual exercise. Basket weaving in the Bongo District is done individually or by groups. I noticed that many basket weaving groups are increasingly being formed, but there are limited community weaving centres in the district. Although basket weaving in the Bongo District appears to be an inborn skill, the technical skills required for the production of quality baskets is limited. As also indicated earlier, some people in the district weave in the night, but they do not have access to electricity. All these factors limit commercial and quality basket production in the Bongo District.

The next main stage entails the activities of retailers/exporters. The baskets produced in the Bongo District, especially by the organised groups are usually bought by retailers or exporters who are mostly based in Bolgatanga, the regional capital. Other basket weavers who usually weave fewer baskets like three to five normally sell theirs in the local markets, including the

Bongo and the Bolgatanga markets. The retailers in turn sell these baskets mostly in the Bolgatanga Craft Village which also serves as a Tourist Information Centre. I noticed that despite the existence of retailers or exporters, the sale or marketing of baskets remains a big challenge to the basket weavers, especially with regards to pricing. The basket weavers do not have influence over the pricing of the baskets. As a result, complains over low prices for baskets are widespread in the district.

The final stage in the basket chain as shown in Figure 8.2 is the exporting of the baskets. The baskets woven in the Bongo District are increasingly designed for exports, though some are still used at the household level for the storage of food items. I found out that most of the exporters get their consignments from the retailers in the Bolgatanga Craft Village. The exporters usually have to arrange with the retailers, by giving them a prior notice to enable them mobilise the quantity of baskets required. Some of the retailers in the Bolgatanga Craft Village are also exporters. The baskets are usually carried in cargo trunks from Bolgatanga to the Tema Port where they are shipped in containers to America and European markets. A distinctive feature of the basket chain is the clear division of tasks or roles such as straw grass collectors, straw grass traders, basket weavers, basket retailers or exporters.

The action plan for the basket industry presented in Table 6.2 is also a typical annual action plan that can be found in any District Assembly Medium-Term Development Plan in Ghana. As such, this action plan also suffers from the fundamental weakness of not taking into consideration the specific issues in the value chain of the basket industry in the district. The action plan for the basket industry as shown in Table 6.2 is too general and does not seek to address the inherent challenges at each stage of the value chain. A generalised action plan such as the one shown in Table 6.2 can only provide minimal support for the basket industry but not well tailored activities capable of stimulating growth and competitiveness in the basket industry. Competitiveness of the basket industry can best be promoted when efforts are made to understand and address the challenges at each stage of the production/value chain holistically and systematically. Similarly, the amount of money also devoted for each activity of the basket industry's action plan as shown in Table 6.2 does not appear adequate enough to make any meaningful impact. But as usual, the Bongo District Assembly could not even finance such limited activities.



## Box 6 The Bongo Trade Centre

The Bongo Trade Centre was set up by the Bongo District Assembly in 1998 to mobilise women into basket and hat weaving groups with the aim of promoting economic activities and reducing the high incidence of poverty that characterised the district. The centre's mission statement reads: "To provide opportunities for steady supply of materials, and production of products for the small-scale manufacturers and farmers in Bongo." The Bongo Trade Centre has so far succeeded in organising women into fifteen (15) weaving groups across the district. Five of these weaving groups are still very active in production and are located in Bongo central, Beo, Soe, Awaah, and Tarongo communities.



Photo of Bongo Trade Centre and its Manager, Bongo, 2011

The centre organises training workshops for the women to upgrade their skills in weaving. The centre has also linked these groups to basket exporters/retailers based in Bolgatanga who purchase baskets from these groups on regular basis. The Centre's hope of improving the basket industry in the district is however hampered by logistical constraints. As the manager of the centre put it "Many people here can weave, but those who can do proper/quality weaving are few [...] We need funds to organise more training workshops to upgrade the skills of the weavers in the district" (Interview with Manager of Bongo Trade Centre, 2011). Unfortunately, the centre does not have a reliable source of funding though it was set up by the Bongo District Assembly. It only relies on the generosity of organisations and some basket exporters/retailers that come its way from time to time.

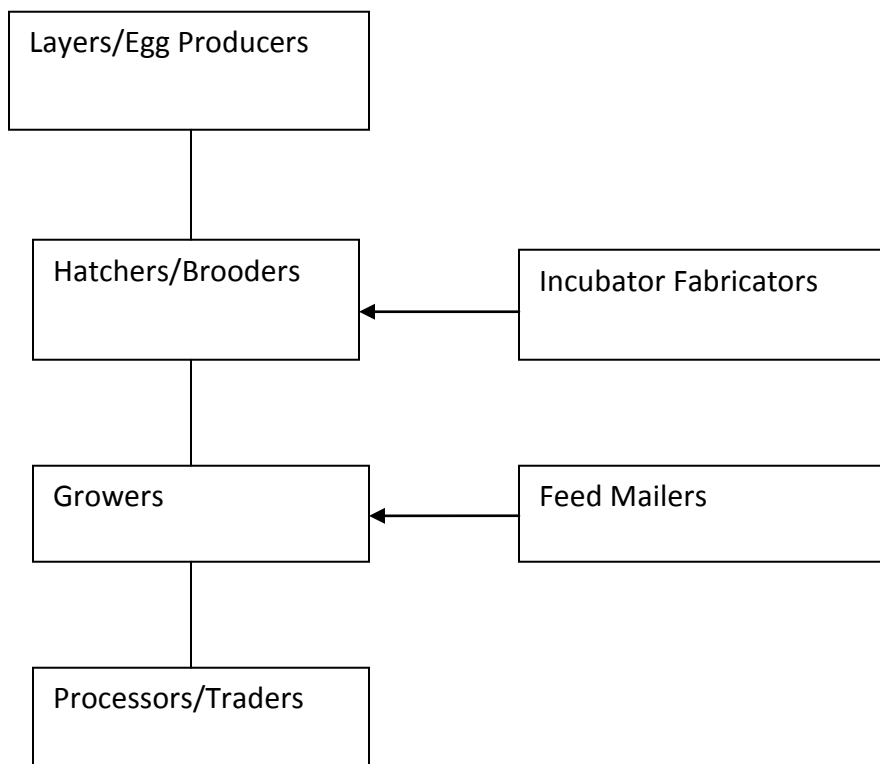
The idea behind the setting up of the Centre is brilliant, but efforts are not made to position the Centre to play its role. The inability of the Bongo District Assembly to sustain and promote brilliant initiatives like the Trade Centre is currently reflecting in the promotion of the LED approach in the district.

Source: Author's Photograph and Reflection based on Field Research, 2011

### 8.4.3 The Guinea Fowl Production Chain

The Guinea fowl production/value chain shown in Figure 8.3 is the most difficult one among the three economic activities to manage. This is due to the fact that a greater part of the production chain deals with the live of a living creature – the Guinea fowl. An analysis of the Guinea fowl value chain reveals that it is still evolving. The Guinea fowl production chain from the information I obtained from the Guinea fowl farmers in the Bongo District, particularly in Namoo and from the Secretariat of the Guinea Fowl Farmers Association (GUIFFA) in Bolgatanga starts with the layers or egg producers. This is the stage that deals with the laying or production of eggs. The layers are not interested in meat, but the production of eggs. It is estimated that it takes about 17 weeks for Guinea fowls to start laying eggs. Laying of eggs usually take place during the rainy season. It is also estimated that well raised Guinea fowls lay an average of 100 eggs per year.

Figure 8.3: The Guinea Fowl Production Chain



Source: Author's Construct Based on Field Research, 2011

The hatchers/brooders are second in the value chain. The hatchers obtain eggs from the layers/egg producers and hatch them. Hatching of eggs is done through two channels. One way is the natural method where a hen sits on the eggs until they are hatched. The other way is through an artificial means that makes use of incubators. Hatching is influenced by a number of

factors, including egg size, egg shape and temperature among other factors. Commercial hatching in the Bongo District is limited by the farmers' poor access to incubators. Most of the farmers in the district rely only on the natural method of hatching, which is only capable of hatching few eggs at a time. Despite the limited usage of incubators in the Bongo District, incubator fabrication is said to be picking up in Ghana, and will soon feature prominently in the Guinea fowl value chain in the area. Hatching is closely linked with brooding. This basically entails the raising of Guinea Keets. The Keets are considered delicate and requires special attention during this stage.

As shown in Figure 8.3, growers follow the brooders in the value chain. The growers often buy Keets that are between 6-8 weeks old and raise them. The keets feed on a range of things, including grains, insects and so on. Growers who raise Keets in commercial quantities usually rely on feed millers/sellers for feed. As such, feed milling/selling is also finding its way into the Guinea fowl value chain in the district. The growers usually raise the Keets for sale. The last stage in the value chain as far as Guinea fowl production in the Bongo District is concern is made up of the processors/marketers. This is the stage where the guinea fowls are processed for sale. The processing of Guinea fowls basically entails slaughtering them, removing the feathers, roasting/grilling, or smoking them. The Guinea fowls are usually sold in the local markets, but there is also an external market for them. In some cases, the Guinea feathers are used to make pillows. The use of Guinea fowl feathers for making pillows will extend the value chain when it takes shape.

Like the other local economic development action plans, a careful assessment of the Guinea fowl industry's action plan does not also reveal any prospects for the promotion of a meaningful growth and competitiveness in that sector. This action plan also suffers from the fundamental weakness of not taking into consideration the specific issues in the value chain of the Guinea fowl industry in the district. The action plan for Guinea fowl production is also too general and does not seek to address the inherent challenges at every stage of the value chain. A generalised action plan such as the one shown in Table 6.3 can only provide minimal support for the Guinea fowl industry but not well tailored interventions capable of generating growth and competitiveness in the industry. Like the other action plans, the amount of money also devoted for each activity in the Guinea fowl industry's action plan as shown in Table 6.3 does not appear adequate enough to make any meaningful impact. Yet, the Bongo District Assembly could not even finance such limited activities in the action plan.

## **8.5 Synthesis of challenges facing the targeted Micro and Small enterprises and proposed Interventions**

Chapter six and chapter seven thoroughly discussed the myriad of challenges confronting the set of micro and small enterprises targeted for local economic development interventions in

the study districts. Table 8.1 presents a synthesis of some of the challenges identified as constraining the growth and competitiveness of the selected micro and small enterprises in the two study districts. Most of them are the challenges that the local enterprise operators mentioned during the course of the interviews, and their proposed solutions. Others are derived from a reflection on the whole research, regarding local economic development promotion in the study districts. It must be indicated that the issues in Table 8.1 are not exhaustive. Nonetheless, the synthesis presents a picture of the nature of the challenges affecting the growth and competitiveness of the selected micro and small enterprises in the two study districts.

Table 8.1: Summary of constraints facing MSEs and proposed solutions

<b>Thematic Area</b>	<b>Specific Challenge/Constraint</b>	<b>Proposed Intervention/Solution</b>
<b>Input/Raw Materials</b>	<ul style="list-style-type: none"> <li>-High cost of straw grass</li> <li>-High cost of tools used by mechanics</li> <li>-High cost of Guinea fowl feeds</li> <li>-Growing demand for shea nuts, resulting in shortages</li> <li>-Lack of suppliers in all input areas</li> </ul>	<ul style="list-style-type: none"> <li>-Creating straw banks in selected communities in Bongo District</li> <li>-Cultivation of straw grass along valleys and by water bodies in Bongo District</li> <li>-Encouraging the planting of more shea trees</li> <li>-Improve raw material/input supply system</li> </ul>
<b>Entrepreneurship and Managerial Skills</b>	<ul style="list-style-type: none"> <li>-Lack of tailor-made training for the different producer groups</li> <li>-Low risk-taking culture</li> <li>-Lack of local role models</li> <li>-Limited knowledge about opportunities in the immediate and wider environment</li> <li>-High rate of illiteracy</li> <li>-Poor record keeping skills</li> <li>-Poor financial management skills</li> <li>-Poorly organised producer groups/associations</li> <li>-Limited or small membership base of producer organisations/associations</li> <li>-Limited capacity of business organisations/associations to lobby central/local</li> </ul>	<ul style="list-style-type: none"> <li>-Grooming promising local business people</li> <li>-Organising entrepreneurial and managerial training on regular basis</li> <li>-Providing start-up support for local enterprise operators</li> <li>-Organising training on basic record keeping</li> <li>-Organising training on financial management</li> <li>-Organising basic skills training on how to run a business on commercial lines</li> <li>-Encouraging or coaching local enterprise operators to aspire for greater heights</li> </ul>

	governments	
<b>Technical Skills and Access to Appropriate Technology</b>	<ul style="list-style-type: none"> <li>-Inadequate exposure to modern production methods</li> <li>-Limited knowledge and skills on packaging</li> <li>-Inadequate access to packaging equipment</li> <li>-Lack of incubators</li> <li>-Limited access to shea butter processing equipment</li> <li>-Heavy reliance on traditional production methods</li> </ul>	<ul style="list-style-type: none"> <li>-Encourage use of modern production equipment/tools</li> <li>-Improve access to modern production methods and tools</li> <li>-Improve access to packaging equipment</li> <li>-Encourage local manufacturing of incubators</li> <li>-Improve guinea fowl farmers access to incubators</li> <li>-Improve extension services</li> </ul>
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>-Poor road condition (Bongo)</li> <li>-Inadequate production facilities and equipment</li> <li>-Limited access to electricity in rural communities (Bongo)</li> <li>-Lack of storage facilities</li> <li>-Poor housing for Guinea fowls</li> </ul>	<ul style="list-style-type: none"> <li>-Improve road condition and transportation system</li> <li>-Improve access to electricity and other utilities</li> <li>-Construction of adequate production centres/facilities</li> <li>-Construction of storage facilities in all production centres</li> <li>-Improve quality of poultry housing</li> </ul>
<b>Finance</b>	<ul style="list-style-type: none"> <li>-Lack of start-up and operation capital</li> <li>-Inadequate access to low cost credit</li> <li>-Difficulty in providing collateral</li> <li>-High interest rate</li> <li>-Lack of flexible loan repayment arrangements</li> </ul>	<ul style="list-style-type: none"> <li>-Supporting local entrepreneurs with start-up capital</li> <li>-Improve access to commercial credit</li> <li>-Reducing the level of interest rates charged on credit</li> <li>-Improving terms of credit repayment</li> <li>-Establishing District MSE Development Fund to support local MSEs</li> </ul>
<b>Product Marketing</b>	<ul style="list-style-type: none"> <li>-Difficulty in producing quality goods on commercial basis</li> <li>-Inability to meet growing demand</li> <li>-Poor marketing skills</li> <li>-Limited information or knowledge on product demand</li> <li>-Poor/weak linkages with commercial buyers</li> <li>-High cost of transportation</li> <li>-Lack of access and usage of ICT to promote businesses and products</li> </ul>	<ul style="list-style-type: none"> <li>-Improving product branding and packaging</li> <li>-Linking local producers to commercial buyers</li> <li>-Creating local product market centres</li> <li>-Introducing local producers to internet advertising</li> <li>-Improve transportation system</li> <li>-Improve raw material/input supply</li> <li>-Creating special product market centres like Craft Centres in Bongo District</li> <li>-Encouraging the setting of</li> </ul>

	-Absence of systematic benchmarking at the enterprises level	benchmarks for MSEs
<b>Policy and Institutional Response</b>	<ul style="list-style-type: none"> <li>-Lack of policies to protect and grow local MSEs</li> <li>-Failure of District Assemblies to priorities economic development in district development planning</li> <li>-Low level of District Assemblies' interest in private sector development</li> <li>-Poor knowledge on running businesses by officials of District Assemblies</li> <li>-Lack of a strategic vision for MSE growth/development at the district level</li> <li>-Lack of a shared strategy for MSE development at the district level</li> <li>-Limited MSE/business promotional activities at the district level</li> <li>-Poor public-private sector actors engagement at the district level</li> <li>-Weak financial capacity of District Assemblies and the BAC/NBSSI</li> <li>-District Assemblies encounter budget/revenue restrictions</li> </ul>	<ul style="list-style-type: none"> <li>-Formulate policies to protect MSE from the influx of well established foreign companies and cheap products</li> <li>-Prioritising economic/private sector development in district development planning</li> <li>-Developing district strategic plans for economic/private sector development</li> <li>-Promoting joint economic strategy development by all relevant actors at the district level</li> <li>-Promoting public-private sector dialogue at the district level</li> <li>-Improving district revenue mobilisation efforts</li> <li>-Resourcing the BAC/NBSSI to effectively provide business development services to the MSEs</li> </ul>

Source: Author's Construct based on field research, 2011

Some of the proposed interventions/solutions have in one way or the other been attempted by the District Assemblies and other supporting agencies. However, these have been ad hoc, uncoordinated and piecemeal approaches to dealing with the complex challenges that the micro and small enterprises face. As such, a more comprehensive approach to tackling the wide range of challenges identified in a holistic and systematic manner is needed. In other words, the application of the contemporary local economic development approach is required to address these challenges in a comprehensive and sustainable basis. As pointed out earlier, there is the need to use the LED approach or interventions to focus and develop the value chains of each

targeted economic activities. This requires a concerted effort tailored at addressing the challenges or constraints at each stage of the production chain - ranging from raw material/input supply, financing, entrepreneurship and managerial competence, infrastructure, technical skills and technology, as well as product marketing among other things.

The experience of the industrial zone/cluster approach has shown that bringing isolated or scattered artisans together and providing them with common services could greatly enhance their growth and competitiveness than the use of piecemeal approaches. As discussed in this thesis, the facility and processing equipment provided to the Bongo-Soe shea butter processors has greatly improved their productive capacity and enhanced their competitiveness as they remain the only group in the district whose shea butter is exported. As indicated earlier, almost every household in the Bongo District undertakes basket weaving and shea butter processing. This makes it practically impossible to assist each individual producer. But it becomes easy when industrial zones are put up or decent production facilities are provided together with basic facilities like electricity and water. When the provision of production centres are complemented with skills development training programmes, production will greatly be enhanced. Knowledge sharing will be facilitated and competition generated among the local producers resulting in increased production, productivity and improved products. The Bongo District Assembly could for instance enter into partnership arrangements with entrepreneurs with reasonable capital to provide such facilities and create production centres and mini production and export zones for shea butter and basket; where a good number of the local residents who are already endowed with the production talents could be employed. This is the essence of the contemporary local economic development approach which advocates joint action for the promotion of local level economic development.

## **Conclusion**

This chapter analysed ongoing LED initiatives that seek to promote the growth and competitiveness of the targeted micro and small enterprises in the districts. From the analysis, it became clear that with the exception of the industrial zone initiative, the national LED policy and the Bongo District LED action plans present little prospects as far as the task of driving the growth and competitiveness of the local micro and small enterprises is concern. As can be seen from the thematic areas or policy objectives of the national LED policy, there is no clear focus as to what really constitute the focal area(s) of the LED approach. In view of the generalist approach adopted by the LED policy, the growth and competitiveness of local enterprises is not given priority attention in the policy. Local enterprise development at the district level in Ghana is also affected by the lack of a strategic vision for their promotion. I found out that none of the two study districts has a strategic vision as to how it wants to promote the growth or competitiveness of local enterprises in the district. Besides, goals for the promotion of the

micro and small enterprises are often subordinated to the social development goals of the districts. As indicated earlier, these action plans failed to consider the specific challenges in the value chain of the selected economic activities targeted for local economic development interventions in the districts. Whilst the successful implementation of certain LED initiatives like the Berekum light industrial zone has created some level of industrial dynamism in the area, the piecemeal implementation of LED initiatives in the pilot districts does not give real meaning to the local economic development approach being promoted.



## **Chapter Nine**

### **9.0 Pouring New Wine into Old Wineskins: Reflection and Conclusion**

The aim of this chapter is to contextualise the key issues of my research findings, draw a conclusion and make policy and research recommendations. I have been exploring how the local economic development approach is being promoted as an alternative development strategy in Ghana. In this thesis, I explored the conceptualisation of local economic development its actors and promotion in Ghana. I have also identified and analysed the local economic development strategies or initiatives of the key actors involved in its promotion. Through two case studies, I have closely examined the challenges confronting the implementation of local economic development initiatives at the district level in Ghana. I came to the conclusion that although the local economic development (LED) approach is conceptualised as a new or an emerging bottom-up development strategy, it is being implemented in the same old top-down project implementation fashion. Not only that, the commitment of the relevant actors to sustainable local economic development promotion and practice at the district level in Ghana is in doubt. Although the local economic development approach/concept itself presents prospects for sustainable economic development at the district/local level, the approach and low level actors' commitment to its implementation is the bane to its promotion and practice in the districts. This old approach and attitude to implementing new development strategies like the contemporary local economic development approach is what I likened to the biblical phrase "pouring new wine into old wineskins".

#### **9.1 Misrepresentation and Misinterpretation of the LED concept**

Local economic development as an emerging development strategy is gradually gaining prominence. Nonetheless, there are challenges regarding its conception, acceptance and promotion or practice. One major challenge affecting the adoption of the local economic development approach is the lack of conceptual clarity associated with it. As it stands now, there is no consensus on what 'Local Economic Development' (LED) really is. At one breath it is an alternative development strategy to traditional top-down development strategies (see Nel, 2001; Rodriguez-Pose and Tijmstra, 2005; Meyer-Stamer, 2006; Rodriguez-Pose and Tijmstra, 2009; Rogerson and Rogerson, 2010; Rogerson, 2010; Hampwaye and Rogerson, 2011). In another breath, it is simply about experiencing economic development or expansion of economic activities at the local level (see Bartik, 2003; Tassonyi, 2005; Beer, 2009). Although some people believe that there is a distinction between orthodox local economic development and contemporary local economic development (see Cunningham and Meyer-Stamer, 2005; Tassonyi, 2005; Rucker and Trah, 2007; Patterson, 2008; Rodriguez-Pose and Tijmstra, 2009), in reality, there is no difference in the approach to their promotion. For the District Assemblies in

Ghana, local economic development is not new; after all, they have been supporting the activities of micro and small enterprises and agricultural development over the years. In line their mandate, they have also been formulating medium-term development plans for the promotion of socio-economic development in the districts over the years. The newness of the LED approach to the District Assemblies only lies in the fact that international development agencies are now intervening to promote it. Through this style of intervention, the District Assemblies see themselves as collaborators in getting this 'donor project' implemented; not owners of the 'project' since they have already been implementing their own economic development programmes.

By intervening directly to implement local economic development initiatives in the districts, instead of introducing local economic development as a development strategy to the District Assemblies and building their capacity to promote it, there is actually nothing new in the contemporary local economic development approach being promoted by the international development agencies and collaborating national agencies in Ghana. This 'doing by example' approach where donor agencies directly implement development initiatives at the local level and expect local actors to sustain and replicate such efforts or initiatives has not worked, rather, it has been a potent tool for killing local initiatives. But as Conyers and Mellors (2005: 86) rightly note "the implementation of development interventions in Africa is characterised by uncertainty. This uncertainty often stems not only from the external environment but also from the nature of the interventions themselves, which frequently involve the application of ideas or approaches that have not been fully tested in the present environment." Concepts and policy agendas like the contemporary local economic development approach have often been transferred from one context to another without acknowledging the existence of different policy universe or arenas (see Kabeer and Cook, 2000).

"Broad-based interventions and reforms – driven as they have been by ideology, institutional mandate and politics, and politico-economics – have been promoted, funded and assisted by international development institutions. This approach has largely been a failure as it assumes that one size fits all, in the sense of emulating or adapting interventions based on what works in 'successful societies'. ... this orthodoxy has resulted in an inherent institutional flaw in the approach to policies and practices on the governance and development interface" (Chibba, 2009: 97).

Unsurprisingly, expectations are high among the District Assemblies of donor-funding for their local economic development initiatives. Donor interventions like the ongoing promotion of local economic development in Ghana have an underlying ideology or logic which is often either 'misrepresented' by them or 'misinterpreted' by the recipients. In the words of Ellerman (2006) the underlying logic of seeking to intervene is about "helping people help themselves." The

introduction of the local economic development approach is thus linked to the notion of “teaching people how to fish.”

“The idea and the rhetoric of “helping people help themselves” have been with us throughout the post-war period of official development assistance. For instance, we are all familiar with the ancient Chinese saying that if you give people fish, you feed them for a day, but if you teach them how to fish – or rather, if you enable them to learn how to fish – then they can feed themselves for a lifetime. There is broad agreement – at least as a statement of high purpose – that helping people help themselves is the best methodology for development assistance in the developing countries as well as for other types of helping relationships” (Ellerman, 2006: 1-2).

This ideology or logic of development assistance is well known to the local actors in Ghana. I got this impression from my interview with an official of the National Development Planning Commission of Ghana. On the part of the National Development Planning Commission (NDPC), the thinking is that the introduction of the local economic development approach is an attempt by the international development agencies to ‘hand over’ the task of organising or promoting local level economic development to local actors like the District Assemblies. This line of thinking is evident in the following response by an official of the commission to my question on why the international development agencies are interested in promoting the local economic development approach in Ghana:

“They (donor agencies) have been giving us fish to eat for some time now. But now they want to teach us how to fish on our own [...] The introduction of the local economic development approach means that they are now promoting self-reliant development [...] At the end of the day, District Assemblies in the country will take responsibility for promoting economic development on their own [...] It will no longer be the responsibility of donor agencies or central government to promote for instance, SME development in the districts [...] By promoting the development of SMEs in the districts, this will in turn enhance the revenue base of the District Assemblies since they derive part of their internally generated revenue from SMEs” (interview with a Senior Officer of the National Development Planning Commission, Accra, October, 2011).

This observation by an official of the National Development Planning Commission also suggests social engineering on the part of the international development agencies. The understanding is that the introduction of the LED approach is an effort by donor agencies to help local actors promote their own development. In the “helping” parlance or development intervention discourse, this ‘mission’ is all about “teaching people how to fish” or “helping people help themselves”. The LED approach is thus not a local initiative; it is an external project with an external motive – to help District Assemblies in Ghana help themselves. As Conyers and Mellors

(2005: 87) point out “the problem once again, is that donor agencies are driven by their own motives and constraints. They need a blueprint plan that spells out how, when and where the money will be spent in order to access the money and provide a basis from which to monitor implementation performance.” But as Ellerman (2006: 2) posits “you cannot externally supply motivation to a person to act on his or her own motivation.” Similarly, as Meyer-Stamer (2004: 16) rightly points out, local economic development is not an exercise or programme where government or external actors can force other actors to participate or assume responsibility. Writing on the subject of ‘helping’ Gronemeyer starts with the following words:

“The times in which helping is still helped, certainly in the form of ‘development assistance’ ... are irrevocably past. The very notion of help has become enfeebled and robbed of public confidence in its saving power. These days help can usually only be accepted if accompanied with threats; and whoever is threatened with it had better be on their guard” (Gronemeyer, 2010: 55).

In practice, local actors have a way of responding to external interventions, including the possibility of modifying or refusing to implement projects of intervening parties (Long, 2001). As such Long (1992: 21) posits that “the precise paths of change and their significance for those involved cannot be imposed from outside, nor can they be explained in terms of the working out of some inexorable structural logic.” The approach used in promoting the LED strategy can be described as an old strategy used to promote a new agenda. But as Ellerman (2006: 2) notes “in a historical perspective, international development assistance has only been a major official organised effort since the end of World War II. It has not been an outstanding success.” Development interventions are likely to fail when they are misrepresented in their packaging or concealment since this misrepresentation or mislabelling can easily give rise to misinterpretation by the implementing actors or recipients. This is reflected in the controversies and non-implementation of local economic development initiatives in the pilot districts in Ghana.

This is compounded by the top-down approach to implementing such interventions which has often failed to promote genuine local ownership of the development process. This thesis has demonstrated that the promotion of the LED approach in the districts has been the initiative of international development agencies. International development agencies such as the International Labour Organisation (ILO), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), and the United Nations Development Programme (UNDP) have been at the forefront of local economic development promotion in Ghana. The role of international development agencies as promoters of the LED approach in the developing countries has been widely acknowledged (see Rodriguez-Pose, 2001; Hindson, 2007; Rucker and Trah, 2007; Rodriguez-Pose and Tijnstra, 2009; Marais, 2010; Rogerson and Rogerson, 2010). Through

various forms of interventions, donor agencies have been recognised as key players in the promotion of development in developing countries. However, such external interventions have often failed to promote local ownership, which ultimately affect the long-term sustainability of such development initiatives.

“Although donors proclaim in unison the importance of national ownership of the development process by recipient countries, it is apparent that interpretations of the term vary according to donor interest in control [...] In this world of aid agreements and donor-recipient negotiations, a common language of development clichés and buzzwords have emerged – ‘co-ordination’, ‘participation’, ‘empowerment’, ‘ownership’, ‘alignment’, and ‘programmatic’ - that create an intellectual fog that is helpful to the concealment of real intentions and differences between actors” (Blunt, et al, 2011: 180-181).

An inherent feature of development interventions is the top-down approach to implementing such interventions. The conception of a development problem often confers the right to intervene on such actors as the state and donor agencies. As Li (2007: 126) notes “to render a set of processes technical and improvable an arena of intervention must be bounded, mapped, characterised, and documented; the relevant forces and relations must be identified; and a narrative must be devised connecting the proposed intervention to the problem it will solve.” This is often the task of the ‘authorities’ or the ‘experts’ who directs the course of the intervention from ‘above’. This structuring of development intervention has been succinctly described in the following terms:

“Although improvement seldom lives up to the billing, the will to improve persists. The endless deferral of the promise of development to the time when the ultimate strategy is devised and implementation perfected does more than enable the development apparatus to sustain itself. It maintains the divide that separates trustees from their wards [...] Meanwhile, changing the conditions that position some social groups to accumulate while others are impoverished remains firmly off-limits” (Li, 2007: 276).

The promotion of the local economic development approach is not an exception – it follows the same logic and pattern of development intervention. The real problem as demonstrated in this thesis is how to get the District Assemblies to embrace the LED approach and take responsibility for designing and implementing local economic development initiatives in the districts. This problem arose because the LED approach has not only been introduced by international development agencies, the implementation of LED initiatives in some districts have been facilitated by them. GIZ for instance, played an active role right from the identification of the competitive advantage, the mobilisation of actors, planning, and implementation of the local economic development initiative in the Berekum Municipality. It still continues to support the

management of the light industrial zone, as it has become a showcase of its successful intervention in the region and beyond. In some cases like the setting up of the Berekum light industrial zone, support for the implementation of LED initiatives even took the form of deployment of financial resources by the intervening party. Within the existing framework of development administration at the national level, the structuring of development interventions in a 'top-down' fashion is still noticeable. In most cases, this is carried out through the institution of 'planning'. As clearly captured in the following observation, planning, which is largely structured in a 'top-down fashion' forms an integral part of donor intervention:

“Behind the aid wall that divides poor countries from rich, the aid community is awash in plans, strategies, and frameworks to meet the very real needs of the world’s poor. These exercises only make sense in a central planning mentality in which the answer to the tragedies of poverty is a large bureaucratic apparatus to dictate quantities of different development goods and services by administrative fiat. The planning mindset is in turn linked to previously discredited theories, such as that poverty is due to a “poverty trap”, which can only be alleviated by a large inflow of aid from rich country to poor country governments to fill a “financing gap” for poor countries. The aid inflow is of course administered by this same planning apparatus” (Easterly, 2006: 1).

Thus, through planning and the institutional apparatus associated with development interventions, a 'top-down' approach has been adopted by donor agencies and their collaborators at the national level to implement a 'bottom-up' development strategy like the local economic development approach. By continually structuring development interventions in a top-down fashion, local actors like the District Assemblies cannot help, but look up to the interventionists for 'project funds' and guidance or direction. As Lucas (2000: 100) notes “donor agencies are often seen by their clients as all powerful institutions with unlimited financial resources.” It is thus not surprising that the motto for the District Assemblies regarding the promotion of the LED strategy has now become: “No funds, no implementation.” This problem of top-down intervention raises a question of ownership that has to be addressed if the District Assemblies are to assume responsibility for the promotion of local economic development at the district level. As post-development theorists argue “the problem is not that the project of development was poorly implemented and that it is necessary to find a better way to bring it about, but that the assumptions and ideas that are core to development are problematic, and so improved implementation is not the answer” (Matthews, 2004: 375). Although very strong, this concern by the post-development theorists needs careful consideration. This raises the question of how the whole concept of 'development' is conceived and implemented.

## 9.2 Decentralisation will deliver the Results

The promotion of the local economic development approach is also relying on the same old processes and institutional structures like decentralisation and the local government system to deliver the results. The assumption has always been that the decentralisation process or the local government system will promote participatory development decision making, better service delivery and promote local ownership of development among other things (Blakely, 1989; Wood, 1996; Hussein, 2004; Swinburn, et al, 2006; Chikulo, 2007; Muriisa, 2008; Rodriguez-Pose and Tijnstra, 2009). But local governments have really not been effective organs of economic development (Crook, 2003; Steiner, 2008; Chinsinga, 2008; Crawford, 2008). Yet, external agencies continue to use these less effective institutional arrangements to promote new agendas like the contemporary local economic development strategy. In most cases, the problem has been that external interventions are often introduced without a prior assessment of the capacity of local actors, as well as the internal conditions necessary for their successful implementation, (Chibba, 2009). In the view of Chibba (2009: 100) decentralisation as a policy framework for promoting development can be “a double-edged sword as its contextual dynamics could determine the success or failure of interventions.” The promotion of the LED approach in Ghana is largely based on the belief in the effectiveness of the decentralised local government system to drive the process.

But it appears the actors pushing the LED agenda at the district level in Ghana have largely failed to take into consideration the structural constraints that the District Assemblies face. As Chibba (2009: 99) points out “the reality in the field is often overlooked.” It is assumed that when a national LED policy is formulated or a directive is given to the District Assemblies from Accra, the District Assemblies will respond favourably by designing and implementing a range of local economic development initiatives. But the successful design and implementation of LED initiatives at the district level is not about policies or instructions, but capacity issues that range from human resource capacity to financial capacity. As demonstrated in this thesis, the pilot districts are unable to implement their LED initiatives largely because of the structural constraints they face, including the earmarking of local government revenues (Akudugu and Oppong-Peprah, 2013; Appiah, 2000; Smoke, 2003, Olowu, 2003; Hussein, 2004; Meyer-Stamer, 2004; Steiner, 2008; Chinsinga, 2008 Rodriguez-Pose and Tijnstra, 2009; Ahwoi, 2010). Similarly, the District Assemblies are unable to respond adequately to the needs of the micro and small enterprises which they seek to enhance their growth and competitiveness through the application of the LED approach partly because of the structural constraints that the District Assemblies and the MSEs face which are often not taken into consideration by the intervening parties.

The capacity of local actors like the District Assemblies to design and implement local economic development initiatives has not been prioritised by the intervening parties. It appears that the direct implementation of single LED initiatives in the districts suffice for the interventionists to compile their 'success stories'. In such cases, building the capacity of the local actors to manage their own development becomes secondary. This phenomenon has been succinctly described in the following words:

“The stress on aid disbursement is understandable given the peculiar nature of the aid mechanism. The beneficiaries are supposed to be the poor of the world, who have little voice in their own governments, much less in the high-income country governments who control the aid agencies. One has little or no feedback from the intended beneficiaries whether aid is in fact raising productive capacity [...] Multiple objectives often work against each other and weaken each other, so that aid may end up serving none of its multiple goals especially well [...] One can hardly monitor growth itself for a given year, since growth in any given year or even over a few years reflects too many other factors besides aid. In these circumstances, it is understandable the aid agencies prefer to emphasise an observable indicator of effort – namely aid disbursement” (Easterly, 2003: 34-35).

As Duffield (2007: 5) points out, from a rationalist point of view, international institutions are capable of “affecting behaviour and outcomes by structuring the incentives and constraints that characterise the strategic environment within which instrumentally motivated, utility-maximising actors operate”. According to Brinkerhoff (2010: 69) “for donors, the overarching dilemma is between providing for basic needs and delivering services in the near-term and contributing to capacity development for the long-term [...] The success of externally supported activities in charting and navigating this often shadowy socio-cultural nexus to strengthen capacity is partial at best.” But capacity building is an essential ingredient in the promotion of bottom-up development strategies like the contemporary local economic development approach. According to Brinkerhoff (2010: 66) “capacity deals with the aptitudes, resources, relationships, and facilitating conditions necessary to act effectively to achieve some intended purpose. Capacity can be addressed at a range of levels, from individuals all the way up to entire countries.” Clearly, local ownership of development can only be possible when local actors have the capacity to design, implement and manage local development initiatives. In other words, strengthening the capacity of District Assemblies in Ghana is a necessity if they are to play a lead role or assume responsibility for promoting local economic development at the district level.

Yet this is not the kind of results that the interventionists are looking for in their quest to promote 'local (economic) development'. “Our own experience suggests that the quality of



donor expertise in Sub-Saharan Africa has deteriorated over the last 25 years. Although the situation varies from donor to donor, there appears on the whole to be less in-depth understanding of Africa's development problems, less ability to provide expertise as and when required and less organisational learning" (Conyers and Mellors, 2005: 87). Given this reality, external interventions will continue to present problems rather than solutions to Africa's teaming development challenges, unless the structure of external interventions are radically altered. This is why post-development theorists are advocating the abandonment of the entire gamut of institutional arrangements and procedures that structure and deliver 'development'.

### **9.3 Actors' Divergent Rationalities**

This thesis has also demonstrated that the inability of the District Assemblies to implement their LED action plans is not only accounted for by the structural constraints they face, but also by a set of rationalities that characterised the thinking of the intervening parties and the District Assemblies as far as local economic development promotion at the district level in Ghana is concern. The promotion of local economic development as argued in this thesis is an intervention practice involving multiple actors with diverse and conflicting interests/rationalities. As Long (2001: 19) points out, in such intervention arenas, we must be cognisant of the fact that "we are dealing not only with a multiplicity of social actors but also with 'multiple realities', which imply potentially conflicting social and normative interests, and diverse and discontinuous configurations of knowledge ...." From the perspective of the national LED pilot exercise, I realised that, the promotion of LED is driven by what I termed "why" rationalities rather than "how" rationalities. I found out that the discourse among the intervening parties and the District Assemblies is not about how LED plans or initiatives can be implemented; it is more about why they should be implemented. I found out that the LED promoters or intervening parties, and the mediating actors at the national level (such as the NDPC, MLG&RD, ILGS, etc) are more interested in explaining or justifying why the District Assemblies should implement LED initiatives or practice the LED approach rather than addressing the practical challenges like the question of funding, and other institutional factors that affect the Assemblies capacity to practice or implement LED initiatives. An official of the Ministry of Local Government and Rural Development summarised this line of thinking in the following words:

"As I told you, we did not get funds to go to the pilot districts and explain certain things to them because of the election campaign [...] But the point is that they (District Assemblies) are suppose to use their own revenue to implement their LED initiatives [...] This year we will go round and explain to them. There is no money from somewhere [...] The NDPC is preparing the new guidelines. All the District Assemblies in the country will include LED in the preparation of their next medium-term development plans"

(Interview with an Official of the Ministry of Local Government and Rural Development, February, 2013).

This clearly illustrates the thinking of the intervening parties and the mediating national level actors – the responsibility of implementing LED initiatives lies at the doorstep of the District Assemblies and not donor agencies or the central government. The District Assemblies on their part are also not interested in exploring avenues of implementing their LED plans or initiatives. Rather, they are interested in explaining why the international development agencies or the central government should give them funds to implement their initiatives. The District Planning Officer in Navrongo gave me a brief but weighty explanation:

“We did not implement our LED action plans because we did not hear from the ‘people’ (UNDP, NDPC and MLG&RD). I do not really know what my colleagues in the other pilot districts did to their LED action plans, but we set ours aside [...] I hope they will not add our LED action plans to our normal action plans when assessing us for the District Development Facility (DDF); otherwise it will negatively affect us [...] If they add them, it means we will have a lot of un-implemented action plans, and this will negatively affect the amount of money that we will get from the DDF [...] You see, they will be unfair to those of us who piloted the LED approach – we have more action plans to implement than the non-piloting districts” (Interview with District Planning Officer, Navrongo, February, 2013).

This clearly depicts the world-view of the District Assemblies as far as the promotion of the LED approach or the implementation of LED initiatives at the district level is concern. As can be seen, all the actors have ‘good’ reasons for the stand or actions they have taken regarding the implementation of LED initiatives. Unfortunately, international development agencies sometimes appear oblivious of the reality of local actors’ rationalities or the political economy of local development. As such, international development agencies often “present the country’s economy and society as lying within the control of a neutral, unitary and effective national government and thus almost perfectly responsive to the blueprints of planners” (Ferguson, 1994: 178). From his studies on development interventions in Lesotho Ferguson notes:

“The state is seen as an impartial instrument for implementing plans and the government as a machine for providing social services and engineering growth. ‘Development’ is moreover seen as something that comes only about through government action; and lack of ‘development’ by definition, is the result of government neglect [...] The state is taken to have no interests except ‘development’: where ‘bureaucracy’ is seen as a problem, it is not a political matter, but the unfortunate result of poor organisation or lack of training” (Ferguson, 1994: 178).

Development in this respect is seen as a technical issue that requires a technical approach from the experts and guidance from the state. As Li (2007: 7) notes “experts are trained to frame problems in technical terms [...] Their claim to expertise depends on their capacity to diagnose problems in ways that match the kinds of solutions that fall within their repertoire.” This line of thinking is grounded in the conceptual apparatus of development and development intervention.

“The concept of ‘development’ has authoritarian implications because it prescribes interventions in people’s lives that these people may disapprove of. Knowledge about ‘development’ is knowledge about how a good society looks like and how it can be realised [...] The experts know better what the people need than they themselves [...] Thus it can be argued that the authoritarian implementation of what has been defined as the common good is a structural feature of ‘development’ – despite attempts to introduce the principles of participation, ownership and empowerment in development policy since the 1980s” (Ziai, 2011: 7).

According to Li (2007: 7) “the practice of ‘rendering technical’ confirms expertise and constitutes the boundary between those who are positioned as trustees, with the capacity to diagnose deficiencies in others, and those who are subject to expert direction.” Donor agencies certainly have reasons for intervening or not intervening in a given situation or place or time. But the existence of multiple rationalities among the actors can pose a threat to effective collaboration or joint action. As Knack and Rahman (2008: 334) point out “donors’ multiple and conflicting objectives exacerbate this basic collective action problem. Donors are undoubtedly in most or all cases concerned with development of the recipient country, but must trade this objective off against other goals as well ....” This is reality of development intervention.

Local economic development promotion at the district level in Ghana has become an arena where the “why” set of rationalities confront with the “how” set of rationalities. This constitutes the local economic development discourse in Ghana at the moment. This is not out of the norm since “development is indeed seen as a discourse in the sense of a historically situated mental and linguistic structure that has been shaped by certain interests and implicates certain relations of power” (Ziai, 2004: 1047). An understanding of these discourses is essential if we are to appreciate how the local economic development approach is being promoted.

“... the recognition of alternative discourses used or available to actors challenges on the one hand, the notion that rationality is an intrinsic property of the individual actor, and on the other, that it simply reflect the actor’s structural location in society. All societies contain within them a repertoire of different life styles, cultural forms and rationalities which members utilise in their search for order and meaning, and which

they themselves play (wittingly or unwittingly) a part in affirming or restructuring. Hence the strategies and cultural constructions employed by individuals do not arise out of the blue but are drawn from a stock of available discourses (verbal and non-verbal) that are to some degree shared with other individuals, contemporaries and perhaps predecessors” (Long, 1992: 25).

Certainly in an intervention arena, it is the engagement of rational actors that shapes the outcome of the intervention. The promotion of local economic development at the district level in Ghana has thus become an arena or interface where “a multiplicity of rationalities, desires, capacities and practices, as well as various modes of instrumentalism intersect” (Long, 2001: 15). In intervention arenas like this, where local and external actors engage one another, “the discursive and organisational strategies they devise and the types of interactions that evolve between them and the intervening parties necessarily give shape to the ongoing nature and outcomes of such interventions” Long (2001: 27). This is why Long (2001: 25) posits that “issues of policy implementation should not be restricted to the study of top-down planned interventions by governments, development agencies and private institutions, since local groups actively formulate and pursue their own projects of development, which may clash with the interests of central authorities.” Clearly, structural constraints are real and affect the performance of the District Assemblies, but the rationalities that underlie the discursive practices of both the local and external actors are also critical determinants of the success or failure of local economic development promotion at the district level in Ghana.

#### **9.4 General Conclusion**

The promotion of the local economic development approach is one of the latest development interventions in Ghana. Conceptualised as an alternative development strategy, the contemporary local economic development approach is being promoted in Ghana mainly by international development agencies. The contemporary local economic development approach seeks to garner synergy from the convergence of multiple actors for the promotion of local level economic development. In Ghana, contemporary LED initiatives are currently targeted at promoting the growth and competitiveness of micro and small enterprises in the districts. As shown in this thesis, the districts have promising economic activities with competitive advantages which they seek to enhance through the application of the contemporary local economic development approach. But as pointed out in this thesis, the District Assemblies have over the years only adopted piecemeal approaches in their attempt to promote the growth of the local micro and small enterprises. The promotion of micro and small enterprises has always been subordinated to the entire socio-economic goal of the districts where social service delivery is prioritised over economic development. As such, efforts to promote micro and small enterprises in the districts have been ad hoc and uncoordinated.

These piecemeal measures often fail to consider the specific challenges in the value chain of these selected activities. In view of the complexity of the constraints that affect the growth and competitiveness of these micro and small enterprises at the district level, a comprehensive approach like the contemporary local economic development approach that tackles these challenges/problems at the micro, meso, macro and meta levels through multi-stakeholder engagement is needed. It has been acknowledged that the successful implementation of certain LED initiatives like the setting up of the Berekum light industrial zone has created some level of industrial dynamism in the area. This shows that when the right set of actors and resources are mobilised at the district level, the local economic development approach will be the best strategy in driving the growth and competitiveness of micro and small enterprises, and industrial development in the districts as a whole.

However, the approach to its promotion by the key actors, particularly the international development agencies is threatening the effective adoption and sustainable application of the LED approach at the district level in Ghana. The study established that the promotion of the contemporary local economic development approach at the district level in Ghana is currently not only dominated by international development agencies, their method of intervention could affect the sustainable application of the LED approach in the districts. The idea of direct implementation of LED initiatives at the district level by the international development agencies does not promote genuine local ownership of the process and the initiatives. This direct implementation of LED initiatives in the districts also threatens the sustainability of such initiatives as they are seen as donor projects. This explains why a local actor like the Berekum Municipal Assembly is unable to replicate LED initiatives like the light industrial zone, where the GIZ was very instrumental in its establishment. The direct involvement of international development agencies in the implementation of LED initiatives in some districts in Ghana has also raised expectations in other District Assemblies, particularly those piloting the LED approach. These District Assemblies are also expecting the international development agencies to extend financial support to them to implement their LED initiatives. This phenomenon is largely accounted for by the top-down approach adopted by the international development agencies and their national collaborators to implement the LED strategy.

Yet, as pointed out in this thesis, the top-down approach remains part and parcel of development architecture and intervention practices, as well as the discourses that structure them. As demonstrated in this thesis, the LED actions of the international development agencies have eventually introduced a top-down approach to implementing a bottom-up development strategy. As pointed out in this thesis, the inception of LED initiatives in the districts started with the interventions of international development agencies that operated from the national and some regional capitals. In addition, officials of the District Assemblies were aware that the formulation of the national LED policy was supported by international

development agencies. This form of intervention did not only present a picture of LED as a top-down development strategy, it also raised expectations among the District Assemblies which has become difficult to manage. Similarly, the National Medium-Term Development Policy/Planning Framework within which local economic development initiatives in the districts are currently designed and implemented is also structured in a top-down function. As pointed out in this thesis, LED and district development planning as a whole starts with the issuance of guidelines by the National Development Planning Commission which all District Assemblies in the country are to follow in formulating their medium-term development plans. The quest to guide the formulation of District Development Plans through national development policy frameworks and the issuance of planning guidelines to the District Assemblies is meant to further maintain and/or advance this top-down agenda.

On the basis of my field findings and analysis, I conclude that the approach and attitude adopted by the key actors to local economic development promotion is the bane to its success. The old approach and attitude to implementing a new development strategy like the contemporary local economic development approach runs counter to the biblical admonition that, “no one pours new wine into old wineskins”. The contemporary local economic development approach has been conceptualised as an alternative to the traditional top-down development strategies, yet implemented in the same old top-down fashion. It is becoming clear that the ongoing efforts regarding the promotion of local economic development in the districts will at best result in activating the economic development (planning) role of the District Assemblies. But merely activating the economic development (planning) role of the District Assemblies in line with Act 480 does not constitute local economic development in its contemporary sense. Contemporary local economic development promotion goes beyond the mere economic actions of District Assemblies to embrace the actions of multiple actors working in concert to stimulate the local economy and create area prosperity for the local residents. In view of its novelty, better bottom-up processes must be activated in promoting the local economic development approach in the districts. What is actually required is concerted a more effort aimed at strengthening the capacity of institutions, particularly building the capacity of District Assemblies to be able to mobilise resources and to engage relevant actors to jointly design and implement local economic development strategies or initiatives in their localities. This will make the District Assemblies agents of local economic development, and not mere participants of an LED process driven by international development agencies. In other words, the success of local economic development as an alternative to traditional development strategies will largely depend on the extent to which its promotion is anchored on local or community ownership, local knowledge and resources.

## **9.5 Recommendations**

As a development-oriented research, it suffices to proffer two sets of recommendations: policy recommendations to help improve local economic development practice in Ghana; and research recommendations for a more focused research on local economic development promotion and practice.

### **9.5.1 Policy Recommendations**

The emergence of the contemporary local economic development approach as a bottom-up development strategy requires local ownership and management of the process. In order to achieve this, there is the need for a shift of focus away from direct funding of local economic development initiatives by donor agencies to capacity building for the District Assemblies to empower them to engage relevant actors to jointly design and implement their own local economic development initiatives.

The implementation of the new decentralisation policy action plan should prioritise local economic development promotion in the districts. This should be harmonised with the National Medium-Term Development Policy/Planning framework from which the guidelines for local economic development and development planning in the districts are formulated. As the national LED policy offers very little prospects or direction, there is the need to revise it and also harmonise it with the National Medium-Term Development Policy/Planning framework to provide a clear strategic direction for the promotion of local economic development in the country, particularly at the district level.

As pointed out in this thesis, it is becoming clear that the ongoing efforts regarding the promotion of local economic development in the districts will at best result in activating the economic development (planning) role of the District Assemblies. But merely activating the economic development (planning) role of the District Assemblies in line with Act 480 does not constitute local economic development in its contemporary sense. There is need to encourage District Assemblies to enter into partnership arrangement with relevant actors for joint initiation and management of local economic development processes. There should also be guidelines to guide and facilitate the formation of such multi-stakeholder partnership arrangements at the district level for the effective promotion of local economic development.

Given the social infrastructure/service orientation of the District Assemblies, there is the need for the National Development Planning Commission to provide explicit guidelines on the promotion of micro, small and medium enterprises in the districts. There is the need to specify or devote one of the thematic areas in the District Medium-Term Development Planning Guidelines solely for the promotion of micro, small and medium enterprise development in the

districts. This will commit the District Assemblies to the task of promoting the growth and competitiveness of micro, small and medium enterprises.

The financial mechanisms in the districts should be reviewed by the Ministry of Local Government and Rural Development to create flexibility for the use of district revenue to support local economic development promotion. There is particularly an urgent need to specify the funding mechanisms for local economic development promotion/initiatives in the districts. For instance, the District Development Facility (DDF) could be set aside for the financing of local economic development initiatives in the districts.

The light industrial zone initiative has shown potentials in generating industrial dynamism or economic development in the districts and regions. There is thus the need for District Assemblies and central government to show more interest in promoting this initiative. The replication of the light industrial zone initiative in the Bongo District for instance, will in no small way boost basket weaving and shea butter processing in the district. In addition if steps are taken to link the existing light industrial zones to the Polytechnics, it will enhance the capacity of the artisans. Conversely, Polytechnic students could undertake industrial attachments in the light industrial zones to acquire more practical skills from the artisans.

The rise in trade in baskets and shea butter creates opportunities for the producers and also makes them vulnerable to the exploitative activities of retailers or exporters. In view of this, there is the need for the Bongo District Assembly to strengthen the capacity of the Bongo Trade Centre so that it could directly purchase the baskets and shea butter from the local producers and re-sale them to the exporters. This will not only increase production and trade in these commodities in the district, it will also minimise the level of exploitation that the local producers are likely to suffer in the hands of retailers or exporters.

### **9.5.2 Research Recommendations**

As the local economic development approach is gradually evolving as a development strategy in Ghana, there is the need for further or continuous research to track and document the emerging local economic development initiatives or practices in the country, particularly at the district level. This will enable us understand how the strategy is evolving over time and how its processes and practices are being shaped.

The micro and small enterprise sector has become the focal area of contemporary local economic development interventions at the district level in Ghana. However, there is limited data on micro and small enterprises in the districts. There is thus the need for a comprehensive survey on micro and small enterprises at the district level that captures their dynamics, including production, functions, market share and profitability, as well as their potentials and



peculiar challenges. This will provide useful information for a better understanding of this important sub-sector of the local economy.

Products like baskets, shea butter and guinea fowl meat have become global commodities. There the need for a detailed value chain analysis of these products in Northern Ghana where they are prevalent to provide better understanding regarding the level or potential level of competitiveness, as well as challenges in the production chain of these economic activities that are being targeted for LED interventions.

The light industrial zone/cluster approach to industrial development is becoming widespread in the country. There is the need for a detailed study to assess its potential in contributing the growth of micro, small and medium size enterprises in the districts, and industrialisation as a whole. This will enhance our knowledge of the light industrial zone concept and its contribution to industrial or economic development in the districts.

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## Appendix I

### Research Design and Methods

This unit discusses the procedures and the methods used in conducting this research. The unit discusses the research design, the research strategy, sampling issues, methods, data analysis as well as ethical considerations. The unit first presents the research design, which outlines the main tenets of the research. It then discusses the case study research strategy used in this study, including an assessment of its strength and weaknesses. There is also an in-depth discussion on the selections of cases and respondents or interviewees for the study. This is followed by a discussion on the methods used in collecting and analysing the data. The specific areas of ethical considerations in this study have been outlined in the final section of this unit.

#### Research Design

This section briefly outlines the approach to this research including, the key research objective/question addressed in this study, the research strategy, methods used, and the approach of presenting or analysing the data and information. Yin (1984: 28) defines research design as “the logical sequence that connects the empirical data to a study’s initial research questions and, ultimately to its conclusions [...] A research design is an action plan for getting from here to there, where ‘here’ may be defined as the initial set of questions to be answered, and ‘there’ is more set of conclusions (answers) about these questions.” As indicated in chapter one, the study basically seeks to understand how the contemporary local economic development approach is organised or promoted in Ghana, and why LED initiatives are not implemented or replicated at the district level in Ghana. The study also seeks to assess the potentials of contemporary LED initiatives in generating industrial dynamism or competitiveness in selected micro and small enterprises.

The research was conducted in two separate administrative districts in two different regions in Ghana: Berekum Municipal in the Brong Ahafo Region and Bongo District in the Upper East Region. In view of the nature of the research question, and the distribution of the cases, the multiple case study design is preferred to the single case design. As Yin (1984: 18) points out “if you focused on the ‘why’ question in more than one city, you would probably be doing a multiple-case study.” In this multiple case study design, one of the case studies (the implementation of an LED initiative in Berekum in the Brong Ahafo Region of Ghana) focused on understanding how an LED intervention (the establishment of the Berekum light industrial zone) was ‘successfully’ implemented and why such ‘successfully’ implemented LED initiative could not be replicated in the district. The other case study (the LED planning experience of the Bongo District in the Upper East Region of Ghana) focused on understanding why planned LED initiatives could not be implemented. Each of the two cases deals with intervention practices,

including actors, strategies, processes, interfaces and structures. This means that each case has more than one unit of analysis. As such the embedded case study design was employed. In simple terms, an embedded case study is one in which the case and its subunits are studied. Embedded case studies according to Scholz and Tietje (2002: 9), “involve more than one unit, or object of analysis and usually are not limited to qualitative analysis [...] The multiplicity of evidence is investigated at least partly in subunits, which focus on different salient aspects of the case.” The embedded case study design is particularly useful in ensuring that the study of a given subject does not end at the abstract level, but gets to the operational level as well (Yin, 1984). As Scholz and Tietje, (2002: 2) point out, in an embedded case study, the case is “faceted either by different perspectives of inquiry or by several subunits. The utility of the embedded case study design is thus found in its comprehensive approach – that is, the study of cases as well as their subunits.”

The collection of data and information for this study involved the use of mixed methods. This was considered essential in the quest to gather rich data or evidence on various aspects of the cases in order to answer the research questions. The beauty of an embedded case study is that it allows for the application of a multiplicity of methods within the subunits, (Scholz and Tietje, 2002: 10). Similarly, as Spratt, et al (2004: 7) note “mixed method studies attempt to bring together methods from different paradigms.” Further, in highlighting the importance of the mixed methods design, Spratt, et al (2004: 8) note “mixed methods design may provide a basis for triangulation but, more often, they become the source of different ways of conceptualising the problem.” A multilevel mixed method design where both qualitative and quantitative methods are used simultaneously was employed in this study.

A simple sequence of activities was adopted to guide the collection of data. I started with explorative interviews and direct observation to ‘discover’ the cases and actors or potential respondents. This was followed by unstructured and semi-structured interviews with LED actors at the regional and district level, including some micro and small enterprise operators. The next stage that followed entailed the analysis of relevant documents, particularly the District Medium-Term Development Plans of the two study districts and some GIZ manuals. This was successfully followed by the design and administration of questionnaire in the two study districts. This was basically a survey on micro and small enterprises targeted for LED interventions in the two study districts. Finally, structured in-depth interviews were carried out on officials of a number of LED agencies at the national, regional and district levels. At the micro and small enterprises level, there was also a combination of structured interviews with flexible group discussions. It must however be indicated that there was no clear phasing out of activities or use of methods. There were a lot of instances where the activities or use of methods overlap. The data analysis also involved the use of both qualitative and quantitative approaches but a more qualitative-oriented approach was adopted in analysing and

interpreting the data or evidence. This included the construction of a case 'narratology' to give a logical account of events regarding the evolution or promotion of the contemporary local economic development approach in Ghana as they happened.

### The Case Study Research Strategy

The case study research strategy was used for this study. The case study research strategy was selected because of its adherence to close contacts with the cases under investigation, which allows for in-depth study. Yin (1984: 23) defines a case study as "an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used." The case study strategy which has been widely used in a variety of fields including psychology, sociology, political science, and planning has been very useful in helping generate knowledge about the individual, organisational, social, and political phenomenon, (Yin, 1984; Scholz and Tietje, 2002). Case study research strategy is widely associated with detail investigation of a given phenomenon. As Spratt et al (2004: 27) note "case studies are research and evaluation studies that focus on specifics and give an account of the instance in action [...] A case study can describe a project, a course, an institution or a particular innovation." The case study strategy is particularly useful when used to study the 'intricacies' of complex and contemporary events/cases, as well as contextualised problems in their real-life context, (Yin, 1984; Scholz and Tietje, 2002; Denscombe, 2010). Case study is thus a time-tested research strategy. The study of phenomena within their real life context, the close contact with the case, and its call for an in-depth investigation make case study an outstanding research strategy.

However, although the case study research strategy has been widely used in many fields for far too long, the use of the strategy is not without controversies. There are people who still do not see the case study approach as a viable research strategy. One of the arguments against the case study research strategy is the claim that it lacks "rigour" and has the tendency of allowing the researcher "biased views to influence the direction of the findings and conclusions" (Yin, 1984: 21). But one cannot be oblivious of the fact that the issue of bias is a human element and can be present in and/or influence almost every human endeavour, including research. As Yin (1984: 21) rightly points out "what is often forgotten is that bias can also enter into the conduct of experiments, and in using other research strategies, such as designing questionnaires for surveys, or in conducting historical research." Another prejudice or argument against the case study research strategy is the claim that "one cannot generalise on the basis of an individual case; therefore, the case study cannot contribute to scientific development" (Flyvbjerg, 2001: 66). In other words, case studies, particularly a single case study provides "little basis for scientific generalisation" (Yin, 1984: 21). This argument stems from ignorance or lack of

appreciation of the essence of case studies. In the view of Yin (1984), the argument that one cannot generalise on the basis of a single case also applies to experiments and other research strategies. "In fact, scientific facts are rarely based on single experiments; they are usually based on a multiple set of experiments, which have replicated the same phenomenon under different conditions" (Yin, 1984: 21). On his part, Flyvbjerg (2001: 77) argues that "the 'generability' of case studies can be increased by strategic selection of critical cases." The purpose of selecting critical cases is to obtain information which permits logical deductions of the type, "if this is (not) valid for this case, then it applies to all (no) cases" (Flyvbjerg, (2001: 79). Essentially, a case should yield in-depth relevant information.

Besides, the relevance of the case study approach which lies in its focus on a particular instance or case with the aim of providing an in-depth account of changes, relationships, processes, etc cannot be under-rated. In what he terms as 'the power of the good example', Flyvbjerg (2001: 77) argues "but formal generalisation is overvalued as a source of scientific development, whereas 'the power of the good example' is underestimated." It appears that the subject of generalisation is often misunderstood in research spheres. While some think that research findings or conclusions are 'generalisable' to populations or universes, others hold the view that they are rather 'generalisable' to theoretical propositions. According to Yin (1984: 21) "case studies like experiments are 'generalisable' to theoretical propositions and not to populations or universes [...] In this sense, the case study like the experiment does not represent a "sample", and the investigator's goal is to expand and generalise theories (analytic generalisation) and not to enumerate frequencies or statistical generalisation." Although, the case study approach like any other research strategy has challenges or limitation, it still remains a viable research strategy in many fields or endeavours. In other words, the advantages of the case study research outweigh its disadvantages.

In complex cases like the study of intervention practices, the importance of the case study research design cannot be underestimated. Not only is the case study strategy suitable for analysing complex intervention processes, it is also useful in bringing the researcher closer to the intervention practices and the actors behind the processes and practices. In addition, since context matters much in intervention practices, the case study approach is the best research strategy for the study of interventions like the promotion of local economic development. Further, case study is certainly the best suitable strategy for studying or analysing how the concept of local economic development is evolving over time in Ghana since the strategy has proven useful in analysing changes in a case or phenomenon over time. Using the case study approach, I focused on the details of key events as they actually happened, and asking questions about how things happened and why they happened. A unique feature of the case study strategy is that it allows the story of a given case to unfold in its fullness and richness. The narrative captures the voice of actors in the case and gives a detail chronological account of

events as they actually happened. The unfolding of the LED case with its elements, potentials, weaknesses and contradictions allows for the questioning of the assumptions and expectations behind its promotion or planning and implementation.

## Sampling

Sampling or the selection of cases and respondents was an important aspect of this study. This study neither covered all LED interventions or initiatives in Ghana nor did it survey or interview all actors involved in LED interventions in the country. Although some form of sampling was employed in the research, the selection of cases and respondents did not follow the sampling logic often used in surveys. As Yin (1984: 48) argues “every case should serve a specific purpose within the overall scope of inquiry [...] Here, a major insight is to consider multiple cases as one would consider multiple experiments – that is, to follow a ‘replication’ logic.” Discussions on the selection of a sample size has often been characterised by arguments on what constitutes a representative sample. Representativeness has often been associated with statistical or mathematical calculations with the view of arriving at an ‘appropriate fraction’ of the study population. Thus the ‘sampling logic’ requires that either the total population or a ‘representative’ portion of the population is enumerated. The application of the ‘sampling logic’ to case studies is said to be misplaced on the following grounds:

- First, case studies should not generally be used to assess the incidence of phenomenon.
- Second, a case study would have to cover both the phenomenon of interest and its context, yielding a large number of potentially relevant variables. In turn, this would require an impossibly large number of cases – too large to allow any statistical consideration of the relevant variables.
- Third, if a sampling logic had to be applied to all types of research, many important topics could not be empirically investigated (Yin, 1984: 50).

The ‘sampling logic’ was not the subject matter of this study. As Frankfort-Nachmias and Nachmias (1996) point out, a sample is representative if the analysis made on its units produce results equivalent to those that would be obtained had the entire population being analysed. In this study, the decision regarding representativeness crucially depended on the richness of the case(s) selected for investigation rather than the number of cases selected.

## Selection of Cases

The two cases – the implementation of an LED initiative in Berekum in the Brong Ahafo Region, and the LED planning experience of the Bongo District in the Upper East Region of Ghana were purposively selected. This is based on my conviction that ‘rich cases’ are not necessarily evenly distributed in the population. Although time and financial resources are always never enough, I



still felt that picking more than one case was important in yielding me the desired information concerning LED intervention practices in Ghana. As such I settled on two cases that will not only yield me the much needed information, but will also enable me make some level of comparative analysis. The two cases selected are complementary as far as the understanding of LED intervention in Ghana is concern.

In 2004, GIZ started promoting the LED approach in the Brong Ahafo Region. In 2007, GIZ started supporting the implementation of an LED initiative in the Berekum Municipality. It involved the establishment of a light industrial zone. This initiative was started by the artisans (mostly mechanics) and the Berekum Municipal Assembly; but never saw the light of day until GIZ intervened in 2007. The initiative was intended to provide a convenient working place for artisans in the Berekum Municipality. The process leading to the establishment of the Berekum light industrial zone witnessed the participation/contribution of various actors like the GIZ, the Berekum Municipal Assembly and the artisans among others. The collective effort of these actors, particularly the key role played by GIZ in engaging the other actors as well as the provision of resources resulted in a successful establishment of the Berekum light industrial zone.

This case was chosen for study for a number of reasons. First, the establishment of the Berekum light industrial zone represents the first organised contemporary LED initiative of this kind in the country. It thus represents an important case as far as an understanding of the organisation and implementation of contemporary LED initiatives in Ghana is concern. It was considered a useful case for study in my curiosity to understand not only how it was successfully implemented, but also why similar LED initiatives are not being replicated in the Municipality. Second, access to information was an important consideration in the selection of this case. It was a case where the relevant actors were available and willing to share their experiences with me. Officials of GIZ at the Brong Regional capital, Sunyani who spearheaded the implementation of contemporary LED initiatives in the region were very willing and supportive as far information sharing was concerned. At the district level, relevant actors were also willing to be interviewed. Third, the case is not only the first organised contemporary LED initiative, it remains a functioning LED initiative to date. There is life in the Berekum industrial zone, and nothing more than these factors could have constituted an interesting case for investigation.

Aside the role played by ILO and GIZ in directly promoting the implementation of contemporary LED initiatives in some districts in Ghana since 2003, the year 2009 witnessed attempts to make LED a national development strategy, and to scale up existing LED practices or initiatives that have been supported by these international development agencies. The effort to make LED a national development strategy and scale up existing contemporary LED initiatives in the

districts is being supported by the United Nations Development Programme (UNDP), which is working with key national institutions, particularly the Ministry of Local Government and Rural Development and the National Development Planning Commission. As part of the plan or process, seven districts in the country, including the Bongo District Assembly were chosen to pilot the LED approach/initiatives. The pilot districts were expected among other things to design and implement LED initiatives to promote the growth and competitiveness of selected economic activities at the district level. Aside the LED initiatives supported by GIZ and ILO in parts of the country, lessons learnt from the LED planning and implementation experiences in these pilot districts were to guide the adoption of contemporary LED practice as a national development strategy.

The piloting or promotion of local economic development in the Bongo District was also selected for several reasons. First, attempts to scale up LED activities in the country are partly rooted in planning, but the LED planning experiences of the districts have not been investigated. Although contemporary LED initiatives have already been implemented in some selected districts in Ghana, it was only through the national pilot exercise that LED planning formed an integral part of the District Medium-Term Development Planning process. During my preliminary field visits, the Bongo District was highly commended for its commitment to LED planning. It was thus seen as the best place to investigate the ongoing LED process. As at the time of my first visit, the District Assembly had already selected three economic activities (basket weaving, shea butter processing, and guinea fowl rearing) and commenced planning for their development. Second, my preliminary visits to Bongo did not only confirm that LED planning was on course, I also met a District Development Planning Officer who appears to be up to the task. In addition, the Planning Officer showed interest in my research and pledged support to my work. In fact, I was invited by the Planning Officer to participate in an LED planning session during my first interaction with him. This kind gesture by the District Planning Officer at least assured me of access to a key LED actor in the district whom I could rely on for information.

Third, the Bongo LED case was a case with prominent developmental features. I got to Bongo when the LED planning process was still ongoing. Implementation had also not started. In other words, the LED process in the Bongo District was evolving. This made it an ideal case to study - to investigate the conception, planning and implementation dynamics associated with the case. Fourth, aside the subject of LED which is the main case for investigation, the Bongo District itself was an interesting site for research, particularly a case study. I recalled that when the Bongo District was carved out of the then Bolgatanga District (now the Bolgatanga Municipal) as an autonomous administrative district in 1988, it was considered the poorest district in Ghana at the time. This unenviable status of the then newly created Bongo District made it a suitable place for the implementation of pilot projects aimed at improving the general well-

being of people in the district. Although most of the pilot projects in the district since the early 1990s were hardly investigated, the Bongo District continues to attract pilot projects. For instance, in 2009, the Bongo District was one of the seven districts in the country chosen to pilot a national LED scheme that runs from 2010-2013. Further, although the district has a poor road condition, its proximity to the regional capital made it a convenient location for me to have access to key actors, both at the district and regional level. It was also relatively easier to access at least two additional LED pilot districts (Kassena-Nankani East District and Tamale Metropolis) from here. All these factors made LED planning in Bongo an ideal case for investigation.

### Selection of Respondents

The selection of cases was followed by the selection of respondents for questionnaire administration and interviews. The questionnaire administration was targeted only at the local enterprise operators; while all other respondents including some of the local enterprise operators were selected for interview. In all, 300 respondents (comprising of 150 local enterprise operators from each of the two study districts) were selected for the questionnaire administration. In addition to the fact that the selection of cases and respondents did not follow the 'sampling logic', there were practical challenges regarding the use of probability sampling techniques in selecting respondents. In Bongo for instance, although the economic activities for LED interventions were known, there was no information regarding the specific individuals whose activities were targeted. In other words, there was no sampling frame. My initial unstructured interviews only revealed certain communities where certain economic activities were pronounced and which constituted potential targets. The targeted economic activities were also scattered throughout the district, with a good number of them operating at home. In the midst of dearth of information about the actual universe and the sampling frame, the decision was to find people in each targeted economic activity across the district for the purpose of questionnaire administration, interviews and group discussions; and this was successfully undertaken.

From the sample drawn for the questionnaire administration, majority of the respondents in the Bongo District (67.33%) as shown in Table I were female. Conversely, as shown in Table I, majority of the respondents drawn in the Berekum Municipality were male. The sex composition of the sample is a reflection of the representation of the two sex groups in the different economic activities surveyed in the two study districts. While economic activities such as basket weaving and shea butter processing are largely carried out by women, mechanical works like auto repairs are male dominated activities in the study districts and Ghana as a whole.

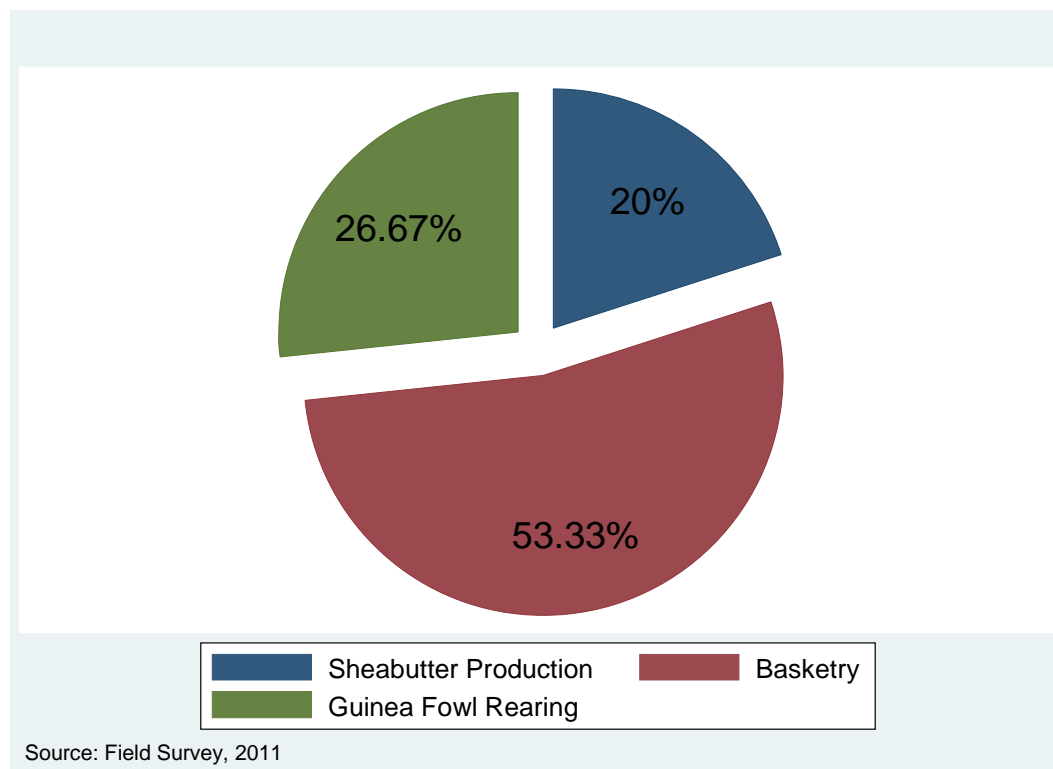
Table I: Sex Distribution of Respondents

Sex	DISTRICT					
	BONGO		BEREKUM		TOTAL	
	N	%	N	%	N	%
Male	49	32.67	146	97.33	195	65.00
Female	101	67.33	4	2.67	105	35.00
Total	150	100	150	100	300	100.00

Source: Field Survey, 2011

Similarly, as shown in Figure I, 53.33%, 26.67%, and 20% of the respondents selected for the questionnaire administration in the Bongo District were basket weavers, guinea fowl farmers, and shea butter processors respectively. The proportions for the various economic groups was also not based on the sampling logic of a representative sample for each group since there was no information regarding the number of people in each LED targeted economic group.

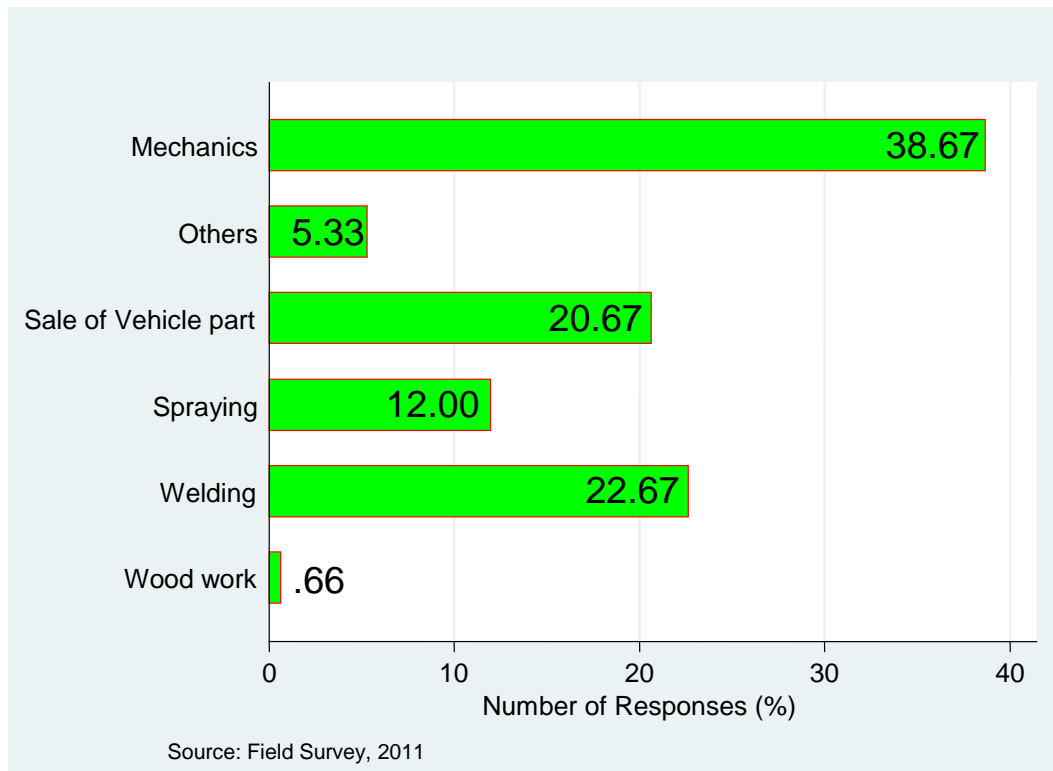
Figure I: Percentage Distribution of Respondents by Economic Activity in Bongo District



Unlike the Bongo District, there was quite some background information on the population/universe in the Berekum Municipal. In the Berekum Municipal, the target individuals, who are operating in the light industrial zone – the LED initiative are largely known.

However, the application of probability sampling techniques here was abandoned because some potential respondents contacted said they were too busy to respond to the questionnaire. In the midst of increasing non-response, a decision was taken to scout around and find people who were willing to spare some time to respond to the questionnaire. An additional important consideration was to try and find people from the different trades in the light industrial zone, which cannot easily be obtained through probability sampling. As shown in Figure II, the different trades – mechanics (38.67%), welding (22.67%), sale of vehicle parts (20.67%), auto body spraying (12%), wood work (.66%), and other artisans (5.33%) constituted the questionnaire respondents in Berekum.

Figure II: Percentage Distribution of Respondents by Economic Activity in Berekum Municipal



The same purposive sampling technique was applied in selecting various kinds of actors at the national, regional, district and enterprise level for interviews. In actual fact, purposive sampling guarantees some level of representativeness. As Denscombe (2010: 35) points out, “a purposive sample can be used in order to ensure that a wide cross-section of items or people is included in the sample.” Aside the practical challenges enumerated above that did not permit the use of probability sampling techniques; the essence of purposive sampling was to enable me select respondents who could provide quality information and valuable insight on the cases or issues being investigated. At the end of the day, a sample of respondents who were willing to

spend some time to respond to the questionnaire or to be interviewed on the subject was drawn.

### Methods of Data Collection

My aim was to collect as much data and information as possible to construct a good account of the cases investigated. In line with this, I relied on two broad categories of data sources: first, data from the cases including data from quantitative surveys, data from direct observation, information from District Medium-Term Development Plans, conference proceedings, various kinds of documents, key statements of interviewees, and various forms of action plans; and second, secondary data from scientific knowledge and propositions on the subject. In view of the nature of the research question and the varied nature of the data required, both quantitative and qualitative data collection methods were used. According to Johnson and Onwuegbuzie (2004: 14) “a key feature of mixed methods research is its methodological pluralism or eclecticism, which frequently results in superior research compared to mono-method research.” The case study research strategy, which is used in this study, encourages the use of multiple methods, including the combination of qualitative and quantitative methods to collect data and information from multiple sources, (Yin, 1984; Scholz and Tietje, 2002).

“The use of multiple sources of evidence in case studies allows an investigator to address a broader range of historical, attitudinal, and observational issues [...] However, the most important advantage presented by using multiple sources of evidence is the development of converging lines of inquiry, a process of triangulation [...] Thus any finding or conclusion in a case study is likely to be much more convincing and accurate if it is based on several different sources of information, following a corroboratory mode”, (Yin, 1984: 91).

Employing both qualitative and quantitative data collection methods, it was possible to collect various kinds of data on the cases. Data for this study were collected during a field research in various locations in Ghana, particularly in Berekum, Bongo, Sunyani, Bolgatanga and Accra using various methods.

### Unstructured and Semi-Structured Interviews

Unstructured and semi-structured interviews were first used as methods of field entry. They were used to identify cases, actors and to get a fair idea regarding the task involved. In the first month of my research, unstructured and semi-structured interviews were conducted with a number of actors including officials of the Regional Economic Development Offices in Bolgatanga and Sunyani, officials of the National Board for Small Scale Industries, officials of District Assemblies in Bolgatanga, Tamale, Navrongo, and Bongo, as well as selected local

enterprises in Bongo and Berekum. The use of semi-structured interviews went beyond the preliminary investigation. Semi-structured interviews were used in various forms throughout the research, including group discussions. A checklist containing key issues for investigation was developed and used as interview guide for the semi-structured interviews. In view of the fact that the issues were not pre-defined by a formulated set of questions, the amount of information and value of the information obtained depended crucially on the skills of the interviewer. In view of this, I conducted all the semi-structured interviews myself. This method is particularly useful because of its flexibility and responsiveness to the dynamics of the research or discussion.

### Questionnaire Administration

A questionnaire comprising largely of closed questions was designed and administered on 300 local micro and small enterprise operators in Bongo and Berekum. The questionnaire administration was carried out by six research assistants in the two study districts. The research assistants were given training on how to administer the questionnaire, particularly on how to pose the questions and how to record the answers as well as ethical considerations. They were taken through each question in the questionnaire to ensure a common understanding of the content and aim of each question. A pre-test was undertaken at each site, followed by a discussion to identify and deal with emerging challenges. The administered questionnaire were reviewed at the end of each day's work to ensure that they were fully and well completed. The questionnaire was used to generate a wide range of information including the type and nature of business activity, kinds of interventions and perceptions on these interventions, and their perceptions of the Assemblies or agencies supporting their development among other things. The initial questions in each questionnaire dealt with background issues of the respondents such as education, family size and so on. Basically, the questionnaire was intended to help get a picture of the respondents' economic activities.

### Document Analysis

Document analysis constituted an important data collection method to this study. The research also involved the collection and review of relevant documents relating to local economic development promotion and related programmes in the country. Document analysis was carried out on District Medium-Term Development Plans, conference proceedings, some organisational documents, national development policy framework, other national policy documents like the Ghana Industrial Policy, and the new decentralisation policy as well as the national LED policy document.

## In-depth Interviews

This is a structured interview method used to obtain information from people who are well versed on issues concerning local economic development promotion in the districts or country as a whole. In-depth interviews were conducted with officials of the Ministry of Local Government and Rural Development, Regional Economic Planning Officers, officials of the National Development Planning Commission, District Planning Officers, Heads of Decentralised Departments and Agencies, key staff of the National Board for Small Scale Industries and some donor agencies at the Regional and national level, particularly GIZ and UNDP. The in-depth interviews covered a wide range of issues, including the role of the various organisational actors, policy issues, activities undertaken so far, institutional arrangements, planning and implementation of LED initiatives, financing and related issues regarding LED promotion as well as micro and small enterprise development.

## Direct/Participant Observation

Direct/participant observation was one of the methods used occasionally during the research period. Although surveys, interviews and documents are indispensable methods for understanding a case, they are not substitutes for direct or participant observation which guarantees a direct encounter with the case under investigation (Scholz and Tietje, 2002). Despite its limited use in this research, direct/participant observation proved to be a valuable data collection method. Participation in LED planning workshops and field observation on the activities of the various local enterprises generated a wealth of information for this research. The use of participant observation in this study was not systematic. I did not attempt to gain membership or an attachment to any group in the two study districts. Similarly, observation was not a regular or constant exercise in my research; it was employed as and when it was necessary. For instance, although participation in LED planning sessions was very useful and insightful, these LED planning sessions were not regular events to be systematically observed. In another vein, although the activities of local enterprise operators were observed, it was not part of the plan of this research to do a systematic observation on the daily live events or activities of the local enterprise operators. This was to avoid the tendency of focusing more on one subunit at the expense of others. However, although limited, the few observations made, particularly participation in LED planning sessions, and participation in district budget hearings were very insightful and informative.

## Data Presentation and Analysis

Both qualitative and quantitative analysis was performed on the data collected. In line with the research objective, the aim of doing the data analysis was to establish how and why things happened or are happening, as well as who is involved. The administered questionnaire were



prepared and processed for analysis. The preparation of the quantitative data basically entailed the checking and categorisation of the data for coding and processing. The data was then processed using a software package known as the Statistical Package for Social Sciences (SPSS). With the aid of this software package, the data obtained from the questionnaire was used to generate tables and charts for analysis. Tables and charts were constructed in simple form to reduce complexity and for easy analysis or inferences. The analysis performed on the quantitative data basically entailed identifying patterns and a written interpretation of the statistical findings presented in the tables and charts. The quantitative data analysis was done in a simple manner in order to fit into the largely qualitative-oriented analysis.

Content analysis was carried out on the qualitative data. In line with the objective of the research, the analysis sought to identify the main themes associated with local economic development, how these themes appear, how they are interpreted; and also to attempt an explanation as to why certain things happened or did not happen, as well as in the manner they happened or did not happen. In other words, the analysis sought to discover the unknown or hidden aspects of the concept of local economic development and its promotion as it is being communicated in text or in word (see Denscombe, 2010). The qualitative data was first organised to facilitate the identification of recurrent themes on the data. Short notes were written on each theme to capture appropriately the key idea(s) in each theme. The next step was to compare the initial themes identified and to further identify a concept that encapsulates a number of themes. This resulted in the merging of themes and formulation of new themes. This was followed by an analysis of how the themes developed over time in specific contexts such as in national development policy frameworks or in district development plans. From the content analysis, I aimed at constructing a narrative to adequately capture the ambiguity and complexity involved in the conceptualisation and promotion of local economic development in Ghana. The construction of a case 'narratology' here is intended to give a detailed account of events connected with local economic development promotion as they actually happened in the form of a coherent 'story'. It gives an account about the emergence and changing meaning of local economic development, how it is being pursued, the actors behind it, and the implications of some LED actions. More importantly, it is a narrative that captures the expectations, and experiences of the local implementing actors. In short, it is a simple narrative of the state of local economic development promotion in Ghana.

### Ethical Considerations

Ethical issues arise in every form of research activity, whether small or large; whether in urban setting or in rural setting, whether involving only women or involving only men. In some settings, certain actions of the researcher may be considered normal or ethical, but in other settings, the same actions may be considered unethical. As such, it is easy to take for granted

that there are no ethical issues in some settings or in some types of research activity. For instance, during my field research, I noticed that while the local artisans in Bongo happily accepted to be photographed or have their activities photographed, I was frequently asked by their counterparts in Berekum about what I was going to use the pictures for, and in some instances I was asked how much I was going to pay them for photographing them or their activities. While it was easy to ignore or take ethical issues like this for granted in the Bongo District, it could not have been so in the Berekum Municipal, at least with the artisans.

In my field research, I took a number of ethical issues into consideration. I tried to avoid misrepresentation of myself and the research. This was done in two ways: first, I fully introduced myself to every respondent or interviewee or the target organisation as a whole. I carried copies of my introductory letters along with me to the field all the time and did not hesitate to present a copy to the contact person; second, each personal introduction was followed by a statement about my mission or the objective and purpose of my research. Seeking consent was another ethical consideration in my research. After introducing myself and stating my mission, I sought the consent of the organisation or agency first, and then the consent of each respondent or interviewee. I came across instances where some individuals excused themselves for being very busy with other assignments. In some cases, some individuals rescheduled interview dates, while others referred me to some of their colleagues. All these views or arrangements were respected.

Confidentiality is another area that received attention in my research. I tried as much as possible to hide the identity of my respondents. In the first place, names of respondents were not recorded during the questionnaire administration or in the interview session. Secondly, I avoided using names of interviewees in statements that I cite in my thesis, except in one instance where the respondent wanted to be named as a way of sending a clear message on the subject. Admittedly, the issue of confidentiality remains a challenge. Although, the names of the respondents or interviewees were not used in cited statements, the work titles or position of some of the interviewees, and names of some organisations have unavoidably been used. Nonetheless, a high degree of anonymity is still guaranteed in those instances. The final consideration is the subject of consequentiality. I also tried to ensure that my research work did not visit negative consequences on the individuals and organisations studied, by way of affecting their public image, funding, position, and so on. Nonetheless, as an empirical development research, the activities or conduct of individuals or organisations studied could not go unquestioned under the guise of consequentiality. In this respect, I tried to strike a balance – questioning while respecting the values of individuals and organisations.

## Conclusion

This study made use of the case study research strategy to investigate and analyse local economic development in two districts in Ghana. The case study design made it possible to focus on local economic development practices in two locations in the country. Using both quantitative and qualitative methods, the embedded case study design was a useful strategy to focus on the various aspects of the cases investigated. The challenge was how to maintain a balance in the study of the various subunits of each case. It was also challenging in trying to phase the data collection methods. The most challenging task was how to identify an analytical method to analyse both quantitative and qualitative data. But these challenges created an opportunity for me to explore, learn and act creatively.

## Appendix II

### Micro and Small Enterprise Survey Questionnaire

Organising and Implementing Local Economic Development Initiatives at the District Level  
in Ghana

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*The Researcher is a PhD student at the Bonn Interdisciplinary Graduate School for Development Research (BiGS-DR), Center for Development Research (ZEF), University of Bonn. This research is undertaken for academic purpose, and the data generated from you shall be used for only academic purposes. The discussion with you, and the data generated thereof shall be treated with confidentiality. Your kind cooperation and support would be much appreciated.*

#### Micro and Small Enterprise Survey

1. Sex of respondent.

Male	
Female	

2. Marital status

Single	
Married	
Divorced	
Widowed	

3. Number of children

None	
1	
2	
3	
More than 3	

4. Level of education

Primary	
JHS/Middle School	
Secondary	
Training College	
Tertiary	
Uneducated	

5. What kind of business activity are you engaged in?

Sheabutter Production	
Basketry	
Guinea Fowl Rearing	
Others, specify	

6. What else do you do for living?

Crop Production	
Trading	
Public Sector Employment	
Others, specify	
None	

7. Indicate the organisational form of your enterprise

Sole Proprietorship	
Partnership	
Community Organised Group	

8. What are the main products of your business?

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.....

.....

9. How long has your business been in active production/service?

B/n 1 – 5 years	
B/n 6 – 10 years	
More than 10 years	

10. Where do you currently carry out your production activities?

At Home	
In a private shed/facility	
In a shed/facility provided by World Vision	
In a shed/facility provided by European Union/Bongo District Assembly	

11. What motivated or challenged you to start this business venture?

.....

.....

.....

12. Indicate the percentage of your products/services that are sold:

Within Bongo District	
Within the Upper East Region	
Within Ghana	
Outside Ghana	

13. How many people does your business currently employ?

0	
B/n 1 -5	
B/n 6 – 10	
More than 10	

14. Do you intend expanding your business?

Yes	
No	

15. State the main factors that hinder you from expanding your business.

.....

.....

.....

.....

.....

.....

16. What is your view about the future growth of your business?

Optimistic	
Pessimistic	

17. Give reason(s) for your answer.

.....

.....

.....

18. Have you ever received training in entrepreneurship or business management?

Yes	
No	

19. If yes, from which organisation(s)?

.....

.....

.....

.....

20. Which of these areas of skill training does your staff need? Rank each skills area from 1 to 5 according to priority, with 1 being the highest and 5 being the lowest.

Business Management	
Marketing and Sales	
Branding and Packaging	
Record Keeping and Financial management	
Technical operations	

21. Where do you encounter fierce competition for your products/services? Using a scale of 1 – 4, with 1 being the highest and 4 being the lowest, rank the order of the competition.

From other businesses within the Bongo District	
From other businesses within the Upper East Region	
From other businesses in the country	
From foreign businesses	

22. In your opinion, can business associations contribute to the development of your business?

Yes	
No	

23. Do you belong to any business association?

Yes	
No	

24. If yes, what is the name of the association?

.....

25. With respect to its contribution towards micro and small enterprise development, how would you rate the performance of the Bongo District Assembly in the following areas?

Item	Poor	Fair	Good	Excellent
Entrepreneurial and Managerial Training for MSE Operators				
Provision of Road Infrastructure				
Business Licensing or granting of operating permits				
Electricity supply				
Water supply				
Telecommunication				
Disposal of industrial solid waste				
Establishment of industrial zones or business				



centres				
Provision of market infrastructure				
Promoting dialogue with the business community				
Provision of financial services to MSEs				
Tax administration				

26. With respect to District Development Planning and Management, how would you rate the involvement or participation of MSE Operators in the following areas?

Activity	Poor	Fair	Good	Excellent
Community Diagnosis				
Preparation of community action plans				
Public Hearing on Draft District Development Plan				
Fee-Fixing Resolution				
Local Economic Development Platforms				
Local Economic Development Action Planning Session				
Implementation of Local Economic Development Action Plans				

27. Please rate the contribution of the following departments or organisations to the growth and development of micro and small enterprises in your district.

Organisation/Department	Poor	Fair	Good	Excellent
Bongo District Assembly				
National Board for Small-Scale Industries				
World Vision				
APED				
Department of Community Development				
Department of Cooperative				
Ministry of Food and Agriculture				
The European Union				

28. What socio-cultural factors enable or constrain business development in your community?

.....

.....

.....

.....

29. How does each of these socio-cultural factors enable or constrain business development in your community?

.....  
.....  
.....  
.....  
.....  
.....

With your experience in business, assess the general environment for doing business in your district.

Poor	
Fair	
Favourable	

30. State three enabling factors for local enterprise growth and development in the District.

.....  
.....  
.....  
.....

31. State three key factors that constrain local enterprise growth and development in the District.

.....  
.....  
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.....

**Thank You!**