

**The Role of Local Government in Local Economic Development Promotion at the District  
Level in Ghana**

*A Study of the Ejisu-Juaben Municipal Assembly*

By

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**A thesis submitted in partial fulfilment of the requirements for the degree of a Doctor  
rerum politicarum awarded by the Faculty of Spatial Planning, Technical University of  
Dortmund**

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**October 2011**

**Dortmund, Germany**

## Acknowledgements

*To God be the glory for the great things He has done.*

I wish to express my sincere gratitude and appreciation to all individuals and institutions who in diverse ways contributed to the successful completion of this piece of work.

My foremost appreciation goes to my advisors, Prof. Gunter Kroes of the University of Dortmund, Dortmund and Dr. Imoro Braimah of the Kwame Nkrumah University of Science and Technology, Kumasi who accepted me as their student and showed great interest in this study and provided the needed intellectual stimulation to its successful completion. I am very grateful for your support, advice, intellectual inspiration and guidance throughout this work and my stay in Dortmund.

I am again grateful to Prof. Samuel Afrane and the late Prof. Jonas Y. Kokor all of the Kwame Nkrumah University of Science and Technology for assisting me in initiating this process and coming to a fruitful completion. I would like also to thank Prof. Einhard Schmidt-Kallert, Head of the SPRING Programme, University of Dortmund and Frau Eva Gehrman, secretary of the programme for their assistance during my stay in Dortmund.

I am highly indebted to all the officials and staff of the Ejisu-Juaben Municipal Assembly and all individuals who invested considerable time and efforts in helping me obtain the needed information and data. I am again grateful to all the Assembly members and the councillors who helped me in diverse ways.

I have not enough words to express my sincere and heartfelt gratitude to Deacon Fredrick Nimako, Mrs Bernice Nimako and their entire family for the support they gave me and my entire family during our stay in Dortmund. I am grateful to you for your guidance, provisions and prayers. Really you made our stay in Germany a very wonderful, happy and a successful one. To Papa Rescke, Mrs. Mary Rescke and Madam Cecilia Agyeman, I am sincerely thankful to you for all your support and guidance. Words may not be able to express my appreciation. To the entire congregation of the Assemblies of God Church in Dortmund, I appreciate your support and love for me and my family. To Mr. and Mrs Oteng and family, Mr. Amoateng (Seke), Papa Paul and sister Mavis, Mama Emy, Uncles Frank and Paddy, I am grateful. To all of you in the church, I am thankful. You made life comfortable materially, emotionally and spiritually for us. Equally deserving mention is Rev. Seth Baah, Head of the Assemblies of God Church in Germany. Reverend, we are grateful to you.

To brother Kwadwo Britchum, I want to say thank you for everything. You really made our stay in Germany a memorable one.

This appreciation would not have been complete without mentioning Madam Christiana Gutt, Mr. Duah and their entire family for their kind support. In fact, words alone cannot convey all our appreciation to you. We are thankful to you.

This work was financed through a scholarship by the Deutscher Akademische Austauschdiest (DAAD). Words would not be enough to express my sincere thanks and gratitude to the DAAD. The DAAD together with all my contact persons made this study, my stay and that of my family in Germany a very fruitful one. I am grateful.

To my brother Stephen Kwasi Ofori, I am grateful.

Mr. Ibrahim Anwer also deserves special thanks for his love towards my family and I. I am also thankful to Dr. And Mrs Abazaami for hosting me for two months in their home. Finally, I am thankful to all my Phd. colleagues at the Faculty of Spatial Planning, University of Dortmund for their support.

## **Dedication**

This piece of work is dedicated to:

My dear wife : Dokuah Adwoa,

Our children: John and Samuel,

My parents

and

In-laws

## **Abstract**

This study investigated the role of local government in local economic development (LED). Local governments in the developed world have been promoting the LED of areas under their control for decades unlike their counterparts in the developing world. With the advent of decentralisation in many countries of the developing world, many of their local governments have also gotten involved in promoting LED. Despite this, their contributions have been negligible if not totally absent. As the implementation and practice of decentralisation deepens in Ghana, local governments, locally called District Assemblies have the responsibility of ensuring the total development of the areas under their jurisdiction. Despite the ample evidence indicating their increasing effectiveness in delivering social services, they have not been able to effectively promote LED. This study therefore set out to find out why these local governments are not able to effectively promote LED at the local level in Ghana. This study was necessitated by the fact there exist few and less comprehensive studies in LED with regards to the involvement of local governments in the country. There is also the need to examine the persistent ineffectiveness of local governments in LED, their challenges, basic conditionalities, and the critical way forward to mitigate these. The Ejisu-Juaben Municipal Assembly (local government) of the Ejisu-Juaben Municipality of the republic of Ghana was the case studied. The study analysed how the local government carried out its LED promotional drive, its capacity, the involvement of other stakeholders and other factors influencing its involvement in the process. It employed the use of mainly qualitative research methodology. The case study approach was adopted as the research strategy. Both primary and secondary sources of data were used and a variety of methods including interviews, documentary analysis, observations, group discussions and questionnaire administration were employed to ensure triangulation and the quality of data collected and analysed.

The study revealed that, though the local government played several roles in LED, these were mainly traditional and not directly effective to rapidly address the LED needs of the municipality. The various strategies and tools applied were also limited in scope. The local government was also less committed to the implementation of programmes and projects stated in its development plans that were of direct benefit to economic entities in municipality. More so, it had inadequate capacity in terms of funds, logistics and human resources. In addition, it depended to a larger extent on the central government for most of its capacity needs. It also had a weak institutional set-up for LED promotion which affected negatively the coordination of LED initiatives. The LED process was also not well integrated into the local government's development planning process. Moreover, the local government's involvement of other stakeholders in its LED process was limited to informing and consulting. It maintained a weak relationship with local stakeholders and a higher one with external stakeholders. There was also the absence of a clear platform for stakeholder engagement by the local government in its LED process. Other external factors influencing its performance in the LED process included the absence of a national policy framework to guide its involvement in LED, hindered access to the utilisation and control of certain local resources and the inadequate capacity of local economic entities in the municipality. The study therefore recommends that for the local government to be effective in the process of LED, it must put in pragmatic and relevant strategies and tools, have the needed capacity, a strong institutional set-up and should consciously involve all the necessary and potential stakeholders in all the stages of the LED process. This should also be complemented by efforts of the central government to strengthen the local government in the process of LED.

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## **Acronyms**

ARB	Association of Rural Banks
BAC	Business Advisory Centre
BEDC	Business and Economic Development Corporation
BRI	Building and Road Research Institute
CAP	Town and Country Planning Ordinance
CBOs	Community Based Organizations
CBRDP	Community Based Rural Development Programme
CRI	Crop Research Institute
CSIR	Centre for Scientific and Industrial Research
DA	District Assembly
DACF	District Assembly Common Fund
DANIDA	Danish International Development Agency
DCE	District Chief Executive
DFID	Department for International Development
DPCU	District Planning Coordinating Unit
ECOLOG	l'Economie Locale
EJMA	Ejisu-Juaben Municipal Assembly
EU	European Union
FORIG	Forest Research Institute of Ghana
GDCWP	Ghana Decent Work Country Programme
GDP	Gross Domestic Product
GDWPP	Ghana Decent Work Pilot Programme
GHCT	Ghana Heritage Conservation Trust
GNI	Gross National Income
GNP	Gross National Product
GoG	Government of Ghana
GPRSI	Ghana Poverty Reduction Strategy I
GPRSI	Growth and Poverty Reduction Strategy
GSGDA	Ghana Shared Growth and Development Agenda
GSS	Ghana Statistical Service

GTZ	German Technical Cooperation
GWooP	Ghana Working out of Poverty
ICT	Information and Communication Technology
IDA	International Development Authority
IDRC	International Development Research Centre
IGF	Internally Generated Funds
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
KFW	German Development Cooperation
LAP	Land Administration Project
LED	Local Economic Development
LEDA	Local Economic Development Agency
LRED	Local Regional Economic Development
LI	Legislative Instrument
MADU	Municipal Agricultural Development Unit
MASLOC	Micro Finance and Small Loans Centre
MDPs	Municipal Development Programmes
MiDA	Millennium Development Authority
MSMEs	Micro, Small, and Medium Enterprises
NBSSI	National Board for Small Scale Industries
NDPC	National Development Planning Commission
NEA	Nuclear Energy Agency
NGOs	Non-Government Organizations
NIE	New Institutional Economics
NLC	National Liberation Council
NPM	New Public Management
NPP	Netherlands Partnership Programme
NRCD	National Redemption Council Degree
NYEP	National Youth Employment Programme
OECD	Organisation for Economic Cooperation and Development
OFY	Operation Feed Yourself

PACA	Participatory Appraisal of Competitive Advantage
PNDC	Provisional National Defence Council
PNDCCL	Provisional National Defence Council Degree
PSI	Presidential Special Initiative
SADA	Savannah Accelerated Development Authority
SHEP	Self Help Electrification Project
SMCD	Supreme Military Council Degree
SMMEs	Small Medium and Micro-Enterprises
SWOC	Strengths, Weaknesses, Opportunities, and Constraints
UN	United Nations
UNCTAD	United Nations Council on Trade and Development
UNDP	United Nations Development Programme
UN-Habitat	United Nations Habitat for Humanity
URADEP	Upper Region Development Authority
USAID	United States Agency for International Development
USD	United States Dollar
VIP	Village Infrastructure Project
VNG	Association of Netherlands Municipalities

# **1 An introduction to the role of local government in local economic development**

## **1.1 Introduction**

The complex multi-dimensional concept of economic development involving improvements in human well-being has been solely the prerogative of many central governments in developing countries for a longer period of time. Decisions concerning this were taken by central governments and their allied ministries, departments and agencies over the years with little involvement of local level actors and for that matter, local governments which are closer to the action spots of local development. But current political and economic reforms and the renewed interest in decentralization policies and its implementation in many developing countries provide local governments with increased opportunities to become actively involved in local economic development (Edralin,1996:3). The involvement of local governments in local economic development in recent times has been a major issue of discussion in many countries in sub Saharan Africa and in Ghana. From South Africa to Uganda and to Senegal, sub-national levels of government are getting involved in the business of economic development at the local level.

In Ghana where this study was conducted, the thrust towards decentralization and local government (locally called metropolitan/municipal/district assemblies) with trends towards greater district and local action in development is very high on its development agenda. The country has been pursuing the policy of decentralization and created and continues to create local governments to administer local spatial units called districts since 1987. These local governments have upon their shoulders the responsibility of promoting local level development of their various jurisdictions including economic development. They are to formulate consensus-based development strategies to promote productivity in specific economic sub-sectors through a range of measures involving local actors. They are also to link up with other actors through lobbying and resource mobilization in order to achieve these development objectives. But little is known about their actual roles in promoting local economic development and how they do it at the district level in Ghana.

There are preliminary questions that tickle the mind when the involvement of local governments in local economic development is mentioned. These are: why economic development at the local level and why should local governments be involved in it? What are the relationships between these concepts and what has been happening within these realms? This first chapter of the report provides an introduction to the entire study and explores to find answers to the above questions. It again brings to the fore the problem under study which is defined against the background of reviewed literature. It further discusses the relevance of the study and sets out the objectives and scope.

## **1.2 Local economic development in the context of development**

Though this study is on economic development at the local level, this concept falls within a broader concept of development which includes other important dimensions. It is therefore appropriate to give an overview of the broad concept of development, its various faces and dimensions.

### **1.2.1 Definitions of development**

The definition of this concept varies across various spectrums. It is perceived as encompassing different interventions with a specific content relating to the context within which it is discussed. The concept could be seen to imply a favourable change, a movement from worse to better (Coetzee and Graaff, 1996:139). According to Kotze (1997:1), it can be defined as a positive social, economic and political change in a country or community. It is also a process whereby the members of a society increase their potentials and institutional capacities to mobilize and manage resources to produce sustainable and justly distributed improvements in their quality of life consistent with their own aspirations (Korten and Klaus, 1984 cited in Deyana, 2006:20). But development in all its forms, notwithstanding the limitations in its explanations, may denote some noticeable change and may be utilised normatively (expressing a desirable process or state) or empirically (expressing a process or state without any explicit value connotation). Therefore in this study, the concept of development shall be seen as a process which tends to improve the quality of life of all members of society in that they attain more complete satisfaction of their collective basic necessities.

### **1.2.2 Changing paradigms and strategies of development**

The concept of development involving that of countries across the globe has seen significant shifts over the years since the end of the Second World War. Several ideas, concepts and strategies have been developed and implemented to bring countries closer to what can be called 'developed state'. The process of development in the 1950s and 1960s was viewed strictly in economic terms. It has traditionally meant the capacity of a national economy whose initial economic condition has been more or less static for a long time to generate and sustain an annual increase in its Gross National Income (GNI) at rates of between 5% to 7% or more. The level of development was also measured in terms of per capita income of the nation. The rates of growth of real per capita GNI are normally used to measure the overall economic well-being of a population- how much of real goods and services is available to the average citizen for consumption and investment (Todaro and Smith, 2006:15). Economic development in the past has also been typically seen in terms of the planned alteration of the structure of production and employment so that agriculture's share of both declines and that of the manufacturing and service industries increases. Development strategies have therefore focused on rapid industrialization often at the expense of agriculture and rural development. Theorists of this era, i.e. the 1950s and 1960s, viewed the process of development as a series of successive stages of economic growth through which all countries must pass. It was primarily an economic theory. To enable countries, especially those of the developing world to be on the right path of development, there was the need for the right mix of savings, investments and foreign aid for them to achieve this form of development. Development at this point was therefore seen in the light of rapid, aggregate economic growth. The most influential development model of the time was the Stages of Growth Model pioneered by American economist, Walt W. Rostow. He was of the view that it was possible to identify all societies in their economic dimensions as lying within one of five stages. These stages were the traditional society, the pre-condition for takeoff into self-sustaining growth, the take off stage, the drive to maturity and the age of high mass consumption (Todaro and Smith, 2006:104) . Countries were therefore classified within these categories. It was therefore necessary for countries at the various stages to walk their way out to the topmost stage of a high mass consumption society. This period saw heavy industrialization on the development agenda of many developing nations of the time. With this form of

development, many nations did attain high economic growth targets but the living conditions of the masses remained mostly unchanged. Problems of poverty, discrimination, unemployment and inequality in incomes became the trademarks of this form of development. This gave the indication that there was something wrong with this form of development and better ways of development should be adopted. Seers (1969:3) wrote that “the question to ask about a country’s development is therefore what has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If all three have declined from high levels, then beyond doubt this has been a period of development for the country concerned. If one or two of these central problems have been growing worse, especially if all three have, it would be strange to call the result “development”, even if per capita income doubled”. In this way, development came to be redefined in the 1970s in terms of reduction of poverty, inequality and unemployment in the context of growing economy.

A new concept of development therefore emerged in the 1970s and was mainly centred on the well-being of mankind. Development was conceived as a state of human well-being rather than as the state of the national economy. During the United Nations Council on Trade and Development (UNCTAD) and the United Nations Environment Programme conference in Cocoyoc, Mexico in 1974, they declared that “...Our first concern is to redefine the whole purpose of development. This should not be to develop things, but to develop man. Human beings have basic needs: food, shelter, clothing, health, education. Any process of growth that does not lead to their fulfilment - or even worse disrupts them- is a travesty of the idea of development” (Cocoyoc Declaration, quoted from Conyers and Hill 1990:28). This new concept of development was characterized by less concern for the quantity of production or output, material needs or monetary gains, but rather more concerned with the general quality of human life and the natural environment. This brought to the fore the dissatisfaction with the use of indicators such as per capita income, or the rate of growth of national income as targets or measures of development and a corresponding search for alternative additional indicators such as life expectancy, standards of health or literacy, access to various social or public services, freedom of speech, the degree of popular participation in government or decision making and environmental conservation.

This evolution led to the emergence of the basic needs approach to development. The approach was defined in terms of the extent to which the basic needs of the population are met. The basic needs approach can be seen as a logical outgrowth of the new development strategies incorporating many of the ideas found but going beyond them in a number of areas. These extensions included the broadening of the concept of development to include the so-called non-material needs, the concrete specification of poverty in terms of some core basic needs and the overwhelming priority given to the meeting of basic needs. The others included the emphasis on redistribution of incomes and wealth and the creation of egalitarian societies, the key role accorded the public sector in combating poverty and at least some rudimentary analysis of power structures in societies (Ghai, 1977:3-4). The individual’s right to productive employment is also regarded as an essential component partly because it is a means of earning an income which can in turn be used to purchase basic goods and services to give personal satisfaction. Though this approach had shortcomings such as its inability to define conceptually what a basic need is, it provided a useful way of conceptualizing the main components of a new approach to development which had emerged. The concern of this form of development is not only with increasing emphasis on social, political or environmental factors as separate entities, but also on

the concept of integrated development in which interrelationships of economic, social, political and environmental factors are emphasized (Conyers and Hills, 1990:29-30).

Also as part of the development process, there is the need for man's habitat to be included so as to allow them to live, work and ensure the reproduction of material things and people. Therefore, development should include the purpose of ensuring a sustainable environment. The Brundtland Commission (1987:8) emphasized the reciprocity between environment and development. It said that "humanity has the ability to make development sustainable- ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs. The concept of sustainable development does imply limits- not absolute limits but limitations imposed by the present state of technology and social organization on environmental resources and by the ability of the biosphere to absorb the effects of human activities".

Development approaches of the 1980s and 1990s (Todaro and Smith, 2006:103) emphasized the beneficial role of free markets, open economies and the privatization of inefficient public enterprises. The development paradigm of this era was of the view that failure to develop was not due to exploitative external and internal forces, but rather the effects of too much government intervention and regulation of the economy and poor resource allocation. Also, this called for freer markets, dismantling of public ownership, statist planning and government regulation of economic activities. The proponents of this approach were of the view that by permitting competitive free markets to flourish, privatizing state owned enterprises, promoting free trade and export expansions, welcoming investors from the developed world, and eliminating government regulations and price distortions in factor, product and financial markets, both economic efficiency and growth will be stimulated. This development paradigm was categorized into three major approaches namely free market analysis, public-choice theory and market friendly approaches. The Free market analysis postulates that markets alone are efficient and competition is effective if only technology and information are also perfect, freely available and nearly costless to absorb, and obtain. Any government intervention in the economy is therefore viewed as distortion and counterproductive. The Public-choice approach is also of the view that governments can do nothing right as it sees politicians, state and other actors from the perspective of solely self-interest seekers and using their power to obtain benefit from government policies. The result of this can be the misallocation of resources. It therefore advocates for a minimal government involvement. The market friendly approach differs from the above two approaches. It postulates that, there are many imperfections in the product and factor markets and that, governments do have a key role to play in facilitating the operation of markets through non-selective interventions by investing in physical and social infrastructure, educational institutions and by providing a suitable climate for private enterprise development (Todaro and Smith, 2006:120-121). This last bit of the development approaches has given rise to a new form of development paradigm that justifies the role of government in development. The above discussions have brought to light the various meanings as well as dimensions of the concept of development which need to be discussed.

### **1.2.3 Dimensions of the concept of development**

Development from the above discussions indicates that it should encompass human, economic, political, socio-cultural and environmental issues. This is also supported by Burkey (1993) when he stated that, development should be considered as occurring at certain levels including human, political, social and economic.

The human development aspect is a process whereby the individual develops self-respect and becomes self-confident, self-reliant, cooperative and tolerant of others by becoming more aware of the shortcomings and potential for change. This form of development is seen as the beginning of the development process from an individual perspective. The socio-cultural perspective reflects issues that are not primarily concerned with production, output or material things but with the more general well-being of people. It is expressed through indicators such as average life expectancy at birth, child mortality rate, health, school enrolment, and levels of literacy or social security (Burkey, 1993). Social development as well involves investments and services provided for the mutual benefit of society and can include health services and facilities, education, water energy and others. In order to ensure effective social development, there are financial implications. There is therefore the need for strong economic development as an interdependent factor so as to provide a strong resource base. This is believed to be an avenue to provide financial means for all levels of actors in the development process. The economic issues reflect a concern with production or output and related activities with their commercial or monetary aspects. These features reflect income and income related characteristics expressed through indicators such as GDP per capita, income distribution or rate of employment, income, consumer assets (Dale, 2004:2; Conyers and Hill, 1990:28). Also this dimension of development involves the process whereby people, institutions and organizations through their own individual and or group efforts boost production for direct consumption and also a surplus which they may sell for cash. But this requires the availability of production factors such as land, raw materials, labour, capital, energy, management and entrepreneurship skills which are necessary in the process. The political aspect of development concerns itself with the distribution of power between different groups or individuals, particularly the power to control or make decisions about the use of popular participation in governance and decision making (Conyers and Hill, 1990:29). It is also a process of gradual change overtime during which there is an increased awareness of peoples' own capabilities, their rights and responsibilities. This helps those involved to participate in decision making at the local level and to choose their own leaders, plan and share power democratically and create and allocate communal resources equitably and efficiently among individuals and groups (Burkey, 1993:37). The environmental concerns are on the conservation of the environment so that these resources would continually be replenished to serve the needs of today and the future. It is expressed in proper environmental protection and management.

All these dimensions need to be considered to bring about a comprehensive form of development. They are interdependent and human development is seen as the base around which the other levels of development revolve. The other levels serve as a source of empowerment for human or personal development. The economic and political dimensions are also seen as the support pillars of social development (Burkey, 1993:38). Though these levels of development are interrelated, the economic aspect and how it is promoted at the local level has been singled out for study in this research work. This is because while local economic development at the local level focuses on stimulating economic activities, it nevertheless, includes the other vital development components and addresses certain fundamental issues in the process of development and in a way empowers actors involved in the process of development.



### **1.3 Economic development as a local activity**

The promotion of local economic development has been a widely practiced and increasingly important activity and function of many local governments across the globe for decades, especially those of the developed nations of the 'North' (Ward, 1990) and a recent function for their counterparts in the developing countries of the 'South'. Though the concept is not a new phenomenon, what is new is the increasing incidence of such activity, its growing acceptability and the parallel increase in the importance of various locally based development initiatives (Nel, 2001). The attractiveness of the concept in the South in recent times may be attributed to the debt crisis, the effective inability of many of these countries to intervene at the local level, the imposition of structural and a series of national and political shocks which are very common in this part of the globe (ibid). It has also been accelerated based on the enhanced status of the locality in the global economy and the importance of local decision making, democracy and the recent state of decentralisation in the developing world.

In recent times, it has become imperative for many developing countries to adopt and pursue decentralization policies and devolve power to sub national levels of government. Most central governments would also want to reduce overload and congestion at the centre and speed up operational decision-making and implementation by minimizing the bottlenecks associated with over-centralization of powers and functions at just one or two points to boost their efforts at decentralizing. In the light of this, governments are in a way and through various means empowering local government units to carry out economic development activities as they are closer to the action spots and will be in a better position to analyse both the potentials and challenges to economic development at the local level. The creation of a more conducive environment for a successful local development is therefore one of the main rationales making the concept of decentralization very popular in development circles. Local economic development is considered as one of the main policy fields where positive effects of decentralization are supposed to make themselves felt. In consonance with this, traditional top-down approaches of formulating and implementing development activities without consultation and involvement of the local people are gradually being replaced by a holistic approach to local level development. In addition to the already mentioned factors, the concept of local economic development is receiving much attention in recent times as a better alternative for local territorial development for other reasons. According to Cunningham and Meyer-Stamer (2005:4), the Washington Consensus, made up of various multilateral institutions discouraged the discretionary targeted approaches in the promotion of economic development in many developing countries by their governments from the 1980s and rather emphasized on the creation of a stable macro-economic framework and functioning markets by these governments. However as they write, this was not sufficient to unleash entrepreneurial dynamism that was needed to create a satisfactory level of employment and the kind of development expected. Many of these countries experienced increasing levels of unemployment, widening poverty gaps and inequality and there was therefore the need to re-focus on development paradigms that will address these development challenges. Moreover, its prominence across the world can be associated with the weakening of centralized economic management, the attempts by localities to address the effects of economic restructuring across the globe and the new paradigms for local interventions.

Rogerson (1995a: v) asserts that in the context of contemporary global economic restructuring, the nation state is losing much of its capacity to promote the well-being of its citizens.

Accordingly, as economic development has become increasingly a localized phenomenon, significant shifts are occurring in the locus of responsibility for development planning from national to sub regional or local levels. From the point of view of Sengenberger (1993:135) the local level is exerting an increasingly strong attraction on analysts and policy makers today across a wide political spectrum of opinion. Therefore with the decline of the nation state, the region or the locality emerges as the relevant economic space in and for which coordinated efforts to promote wealth creating economic activities can be meaningfully undertaken (Cooke 1995:1 in Rogerson 1995a: v). The local government then becomes a player in line with other actors in this sense.

#### **1.4 A justification for local governments involvement in economic development**

The question of whether local governments should be involved in economic development has been a major issue for many years. It is argued from the point of view of neo-classical theorists (Todaro and Smith 2006:121) that governments and their units can do nothing right. In this view, the market should be made to take charge of economic development. But market friendly approach (ibid) to economic development also stresses on some of the failures of the market and therefore proposes that governments have a role to play through the facilitation of the markets by adopting non-selective interventions. Also modern theories on endogenous development suggests an active role for public policy in promoting economic development through direct and indirect investments in human capital formation and the encouragement of private investments in an area. In this line, governments have a role to play in economic development and for that matter, local governments in local economic development. The justification of the establishment of local governments supports this as they are closer to the people and local development issues and have the responsibilities of local development. Furthermore, they have a key role to play in meeting the social, economic and material needs of their communities and areas under their jurisdiction by structuring and managing their administration, budgeting and integrating their development process to give priority to basic needs and the promotion of social and economic development of their areas. They also play critical role in supporting other stakeholders to promote economic development by building partnerships between local authorities, communities, businesses and other stakeholders which are key to the success of local economic development.

Panganiban (1996:25-26) is also of the view that local governments have the right to get involved in local economic development as important factors of development in a community can be largely controlled by virtue of the local government's broadly defined policy making, administrative and regulatory process over a large spectrum of activities. Local government ethos requires the satisfaction of public good which is also a goal of economic development no matter how secondary it is. As a general purpose unit, the multiplicity and latitude of its functions give elbow room for economic oriented activities. It is responsible for the provision of services which have economic influence. Again, the spatial dimension of economic development is best served by local governments with their coverage of legally defined geographic jurisdiction. They also possess powers which are based on and reinforced by certain characteristics of its physical jurisdictions. Similarly, there are factors of development which are dependent on, or peculiar to specific regime areas or localities.

With this general competence as the rule, there is no doubt that present trends indicate the growing significance and omniscience of economic development as a logical part of the

functions and mandate of local government. This makes local government a potential strong candidate for economic development as they are permanent structures that can ensure stability over time to support local economic development which is a long term on-going process than a single project.

Across a spectrum of countries, local economic development is or, not an obligatory function of local governments. In the situation where the ultra vires rule provides that they can perform these functions in relation to economic development, it is definitely a great advantage. However, the large majority of local councillors and mayors feel responsible not only for services which the law prescribes they should deliver, but also for the overall being of local communities. This is also in line with the competence principle which allows local governments to do anything perceived to be in the public interest. This then coerces them to get involved. Such an understanding of the role of local governments has been increasing over the past two decades and beyond. This has been seen as a move from traditional local government to a modern form of local governance (Hambleton, 1998 and 2001). This trend includes also an increasing attention placed by local governments at attempts to stimulate local economic development. What local governments can do in trying to influence local economic development has been prescribed in a number of manuals and training materials. But in all these, have local governments been able to effectively promote local economic development? What has been the trend and major issues of concern?

### **1.5 The problem necessitating the study**

In many countries of the south, as decentralization deepens, sub national levels of government and for that matter local government become the leader in local level development. They are charged with a lot of responsibilities for the development of the areas within their jurisdictions as they are closer to the action spots of many development issues as have been discussed earlier. Part of the responsibilities of these local governments in some countries is the promotion of local economic development in their various areas of jurisdiction. Local economic development promotion drive is either an implied or clearly stated responsibility in the legal frameworks establishing them. When successful at this task, local governments should play a strategic role, provide guidance to other local economic development “*Promoters*” and should actively coordinate and consolidate their actions towards achieving a locality's strategic economic development objectives. They should also intervene to enhance regulatory environments and also invest strategically in a manner that accurately responds to the strategic growth needs of their local economies. They should intervene to promote the development of responsive business development and financial services sectors that address the intricate needs of a locality's economic sectors, clusters and value chains (Shawa 2008:9). Evidence indicates that though local governments have done well in the area of social development by providing schools, health facilities, water, sewage and many more, they have not been able to improve drastically the overall economic well-being of their peoples and areas. They have failed in many ways to improve upon the overall livelihoods of their local people and communities. Poverty levels are high in many cases, unemployment keeps on fluctuating and income disparities still exist if not widening. They have not been able to mobilize and utilize the economic potentials available in their areas to their advantage and that of their peoples. Moreover, they have not been able to support and strengthen economic entities in their jurisdictions, though these form a chunk source of their tax and revenue base. Some local governments in their own right through conscious and

or unconscious efforts have put impediments in the way of these economic entities through various ways including double and over taxation, harsh policies and the ineffective and inadequate supply of important local infrastructure for their effective development and functioning. In addition, many local governments in the developing world have not been very successful at making their areas competitive enough to attract the needed investments, both within and without their areas. They have also not been able to effectively market their areas very well to the outside world to make known the inherent potentials in their areas. Some local governments have also not been able to put together and implement elaborate economic development strategies as done by many of their counterparts in the north. Where this is done, they at times contain only a shopping list of projects and programmes without the needed marching resources.

From the above, it can be said that local governments see themselves as mainly administrative local governments and not as both administrative and entrepreneurial local governments. Their attention is more focused on the day to day running of the local administrative mechanism and to satisfy political whims and caprices than supporting economic activities, gainful employment and local socio-economic development of their areas which is a likely base of their financial well-being. In sum the major issue that this study seeks to find out is *why local governments are less effective in promoting local economic development in their areas of jurisdictions to ensure the well-being of their people*. Can this be attributed to how local governments consider this sector (their awareness and knowledge level of the sector and its likely benefits or deliberate refusal to promote the sector), the kind of roles they play, their competence levels, the environment and lapses within the legal framework within which they carry out their activities? Also in many of these countries, what they do; how they do it; the influence of the internal and external environment and conditions on these; the challenges they face in this activities; and how these influence what they do and how they do it; and how other actors are involved are major issues that need to be unravelled and the needed measures put in place to support the active involvement of local governments in the business of local economic development for the benefit of local people and the state as a whole. The less effectiveness of local governments in this field as discussed has its manifestations at the local level in Ghana.

### **1.5 1 Level of development at the local level in Ghana**

Ghana was a country that was hailed to be one of the economic power houses of Africa after it attained independence in 1957 from British colonial rule. It was expected that with emancipation from the political tutelage of the colonial power, plans for social and economic development could be taken more forcefully. The implementation of these plans as was believed would result in the economy moving into a phase of self-sustaining economic growth, while the achievement of such growth would in turn lead to a release of national creative energy which would not only consolidate the hard won political freedom but also ensure that all Ghanaians would be provided with the basic necessities of life and could live in freedom, dignity and equality with all other free persons on the planet. But the experience in the country over the last decades proves otherwise. The pace of development has been disappointing just as in other African countries (Okonjo,1986:1). Fifty-four years along the path of freedom, high levels of poverty, unemployment, insufficient growth, inappropriate wealth distribution and inequity in spatial development have been some of the critical problems still confronting the country and especially

at the district or local level. These therefore put great pressure on the central government to find innovative ways of addressing these pressing development challenges.

Moreover, centralized planning seemed to be the concept with a very high moral value during the early independence era of countries in sub-Saharan Africa. As a result many newly independent countries adopted this style. This also had a serious influence on development in Ghana. In consonance with this, post-independence development policies of the country up to the time of the overthrow of the first post independent government led by Kwame Nkrumah for a long time bordered on macro-economic central planning. Policies were guided by central analysis of the most profitable applications of funds to a planned use of resources, a planned expansion of skilled manpower, increase of export earnings and sources of foreign loans with a high degree of central control and management. The basic assumption of this post-independence centralized planning was that, growth would be accelerated and once emphasized, economic growth and development would be a way to eradicate poverty. Besides, government intervention would spread benefits downwards. Economic development led by massive industrialization was to be the basis for rendering functions and activities within the Ghanaian space economy. The net effect of this style of planning for development was poor. Programmes for poor and depressed local areas did not lead to any active involvement of local actors namely communities, and local administrative units, hence these programmes became meaningless and of little value to the local areas and their inhabitants. This led to the emergence of few centres with monopoly over central resources and decision making powers. This also made large areas of the country to play a dependency role. Furthermore, development activities were planned by government administrators, officials and technicians who rarely had knowledge of the particular districts, their grassroots societies and cultures which were mainly affected by the development process. This form of development policy making showed a great deal of inflexibility and lack of understanding of the vast local regions. The results of this were the tremendous simplicity with which the districts have been viewed in terms of policy thinking and development and without any linkages to and feedback at all from the district level. The consequence of this was the failure to detect and address the actual economic and social development needs of these local areas (Diaw, 1994:15-16).

Again the country's development policies after the Nkrumah era left the large majority of the population outside the mainstream of development action. The growing cost of this form of state led development process and the failure to carry out effective development with the involvement of local actors and units was the dependency role played by most local areas and their people in development action. A careful look at development trends in the country indicate that much of the problems associated with Ghana's peculiar situation arises out of the very choice of development styles whereby decision making marginalized several important groups and spatial levels by denying the interchange of views and ideas and thereby improving attitudes which are favourably disposed towards local level development.

In line with these developments in the country, local regions became only recipients of development handouts from the central government. But these so called development handouts by the centre failed to demonstrate any flexibility in promoting a self-sustaining process of development on their own. This is attributable to undue interferences and political conditions which were attached to them. Local areas also regarded these as one of the roles of the central

government, which included the provision of social services, infrastructure and employment avenues for the local people (Diaw, 1994:3). This then created a form of dependency whereby citizens at the local level had to look at the centre to provide avenues for them in promoting their own economic development and that of their localities. Others also include the deep misconceptions of the idea of development at the local level and the attributes derived thereof, a situation which can be attributed to a persistent top-down planning. All these help raise new thoughts which emphasize that fundamental shift in policy needs to take place in programmes of development since the problems are bound to have fundamental effects on socio-economic changes in Ghana. These together with the less effectiveness of past efforts at district development led to the conclusion that there was the need for new approaches to be devised in the attempt to overcome poverty and economic backwardness in the districts and also to ensure an all-inclusive and bottom up development. In line with this, the country implemented its decentralization policy in the late 1980s and created local government structures called district assemblies to manage and promote the socio-economic development of areas under their jurisdiction.

The Act establishing Ghana's Local Government System (Local Government Act 462, 1993: Section 10, subsection 3c) puts forward a number of functions and roles to be performed by local governments at the local level. These include the responsibilities to promote and support productive activity and social development in the district and remove any obstacles to initiative and development. This is to support local economic activities, help create employment and reduce poverty in these areas. In line with these functions and responsibilities, many local governments called District, Municipal or Metropolitan Assemblies in the country are supposed to implement various measures to better the lives of their populace. But within the period of their existence during the past two decades, local socio-economic problems of overcoming the multiple obstacles of low skills level, low entrepreneurial culture, inappropriate or weak support mechanisms, lack of access to financial and business development services, challenges confronting the availability of space, local inertia, despondency and numerous other barriers that lead to high unemployment, low income and thus widespread poverty in some of them are very prevalent at the local level. This then calls for an investigation into the situation to find out what local governments in the country have actually been doing in the area of economic development and why their ineffectiveness in the process.

### **1.5.2 Manifestation of development challenges in the Ejisu-Juaben Municipality (the study area)**

The above discussed issues have their manifestations in the Ejisu-Juaben Municipality being the spatial unit of the study. The dependence of the municipality and its inhabitants on the central government for basic infrastructure, services and the creation of jobs, business and other economic activities is high. The Municipal Assembly<sup>1</sup> depends to a larger extent on the central government for its funds and the provision of the necessary logistics for its activities.

Poverty and unemployment are also very common as a result of inadequate jobs resulting from and contributing to the low level of economic activities. The proportion of the people employed and unemployed in the municipality is 71.3 and 29.7 percent respectively (EJMA, 2006). The rate of female unemployment is 62.5 percent as against a male unemployment figure of 37.5

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<sup>1</sup> Here after referred to as local government

percent. Unemployment in the study area is high due to the fact that, there are low industrial activities, few non-farm activities, low skills among the youth, high demand for white collar jobs by the youth, inability to attract investors due to inadequate facilities such as electric power. A socio-economic survey conducted in September, 2005, by the local government in the municipality, revealed that, the average monthly income for the municipality is Gh¢<sup>2</sup>41.6 (about 40 US Dollars). In all, about 49.3 percent of the municipality's population is considered not to be poor<sup>3</sup>, 15.6 percent are poor and 35.1 percent are very poor. This means that about five out of every ten people in the municipality are poor/very poor. This is slightly higher than the regional<sup>4</sup> figures where 30 percent or three out of every ten people are poor/very poor (Government of Ghana, 2003). Moreover, the various challenges confronting the private sector and business enterprises at the national level also manifest at the local or district level in the country. Business enterprises in the Municipality also face several challenges. Most of the business units are of micro size, access to credit and business development services is very difficult; product marketing is also a great challenge and other business support infrastructure is also inadequate. The Agri-business sector also faces the problems of inadequate access to land due to unfavourable land tenure systems, high cost of farm inputs, lack of standardized pricing system for farm produce, insufficient credit and loan facilities for farmers, inadequate storage and processing facilities and the over dependence on rain-fed agriculture. These factors render the private business sector very weak to create the expected impact anticipated in the municipality (EJMA, 2006:23-33).

There is also the challenge of inadequate infrastructure development. Road conditions are poor while the supply of potable water and electricity is also inadequate. There is also poor physical development in most towns in the district due to poor physical development management and control and lack of layouts to guide development resulting in disorderliness in physical development. Moreover there is the challenge of a lack of collaboration, coordination and cooperation of and between actors involved in local economic development in the municipality. All the above issues enumerated are influencing negatively, the rate and level of the development of businesses and other economic activities in the municipality which also result in high unemployment and poverty. These developments therefore bring to focus certain unanswered questions such as:

- how does the local government promote local economic development at the local level,
- what factors and how do these influence the role of the local government in carrying out its local economic development mandate and
- how can the roles of local government be enhanced to further stimulate local economic development in the municipality?

This research aspires to study and find answers to the above questions by examining the involvement of the local government in local economic development in the municipality which is located in the Ashanti Region of the republic of Ghana.

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<sup>2</sup> Ghana cedis- name of monetary currency used in Ghana

<sup>3</sup> The poverty line is the consumption expenditure needed to achieve minimum nutritional needs. Overall poverty is based on an upper poverty line of Gh¢90 cedis per adult per year. Extreme poverty is based on a poverty line of Gh¢70 cedis per adult per year. Source (Government of Ghana 2003: p. 13)

<sup>4</sup> Regional refers to the Ashanti Region within which the municipality is located.

## **1.6 Objectives of the study**

The study begins with the assertion that the involvement of local governments in local level development and for that matter local economic development is paramount as they are closer to the challenges confronting development at the local level and will be in a better position to address them. They are also closer to other actors both at the local and national levels in the development process and will be able to play a key role in rallying them together for local level economic development. These have the potential of leading to the realization of an enduring and sustainable development at the local level in the country. Thus following from the above, the assumption and propositions underlying the research include following:

Assumption:

- Local governments are well positioned to promote local economic development in areas under their jurisdiction

Propositions:

- i. that to achieve the goal and outcomes of local economic development, local governments need to put in specific and pragmatic measures that are effective and conducive in stimulating the local economic development process
- ii. that the goal of local economic development are unlikely to be achieved without the active involvement of the necessary actors in the process
- iii. that both internal and external factors have the ability of influencing the active involvement of local governments in local economic development

Based on the above, the broad objectives that guide the study are as follows:

- i. To identify and examine the roles, fields and tools of the local government in promoting local economic development
- ii. To examine the local government's local economic development process, competence and the institutional set-up for local economic development in the municipality
- iii. To explore, identify and examine the involvement of other actors by the local government in its local economic development activities
- iv. To assess the nature of both external and internal factors and how they influence the active involvement of the local government in effectively promoting local economic development and
- v. To propose measures in enhancing the involvement of the local government in stimulating local economic development

## **1.7 Relevance of the study**

The forms of involvement of local governments and the factors that influence their abysmal performance and effectiveness in local economic development in the context of Ghana remains largely unclear. There is then the need to examine the persistent ineffectiveness of local



governments in the country in local economic development, their challenges, basic conditionalities, and the critical way forward to mitigate these. Also, many previous researches in this area have been very descriptive and less explanatory and failed to identify and analyse critically the underlying causes and determinants of these repeated failures and less impact of local government involvement in local economic development promotion, especially in sub-Saharan Africa in general and Ghana in particular. This study therefore aspires to go beyond the descriptive aspects of the involvement of local governments in the business of local economic development to include the above issues enumerated. Also, there exist few and less comprehensive quantitative studies in local economic development with regards to the involvement of local governments in the country. This study will again be of benefit in providing strategies to assist in strengthening the competitive positions of local governments, realizing the opportunities for endogenous development and improving the environment for economic development activities. Also, as the thrust towards decentralization and local government (in the form of district assemblies) in Ghana with trends towards greater district and local action in development is very high on the country's development agenda, there is therefore the need to identify and analyse the level and forms of involvement and measures put in place by local governments in promoting local economic development as this is imperative to tackling local socio-economic challenges. This will help raise new thoughts of approaches in local economic development by the local governments at the local level in an attempt to overcome poverty and socio-economic backwardness and to ensure that many of the developmental problems are addressed and decentralization efforts become successful and achieve its purpose.

### **1.8 Scope and limitations to the study**

The scope of this study is defined in terms of the concepts and theories underlying the study, and the spatial coverage in line with research philosophy. In terms of major concepts, the study focused on local government and local economic development and linked these two major concepts through other minor concepts in the study such as roles, stakeholders and stakeholder involvement and relationships. Local governments and their perceived role in local development are also presented. The various aspects and components of local economic development are also discussed. These include the various actors that interact within the local economic development playing field, their expected roles, approaches and the tools emanating from the various approaches. The relationships between all these concepts and their components are presented. Generally, the study was conducted within the frame of the endogenous development approach and strategies. The specific spatial focus of the study is the Ejisu-Juaben Municipality of Ghana. It was created in 1988 and it is one of the 26 administrative and political districts in the Ashanti Region of Ghana. The municipality is one of the old districts in the country and is doing much to improve the living conditions of its people. It lies close to a major metropolitan area, the Kumasi Metropolis and has a lot of opportunities to promote its local economic development. The municipality is known nationwide for its rich cultural heritage and tourists attractions notably, the booming kente<sup>5</sup> weaving and oil palm industry. The municipality stretches over an area of 637.2 km<sup>2</sup> constituting about 10 percent of the entire Ashanti Region and with Ejisu as its capital. All these are extensively discussed in subsequent sections of the report.

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<sup>5</sup> A traditional cloth cherished in the southern part of Ghana

The following were the limitations encountered in the study. Generally, there exist no specific theories that comprehensively discuss the concept of local economic development and the involvement of local governments in the process. There was therefore the need to weave through a series of theories deemed necessary to find out their relevance and how they can influence and be applied in the study. Also, due to the nature of the study, the resources available and the time frame within which the study was carried out, only one district was used as case study. Moreover, there was the challenge of unavailability and hindered access to data from the public institutions contacted in the study. The change of government after the 2008 general elections in the country also resulted in the transfers of staff and new appointments which saw some staff members of the Assembly being transferred during the period of the data collection. Some of the new staff felt insecure to release information and to grant interviews. This notwithstanding, they were cooperative and helped with the data collection. In view of this, the researcher was able to go through the entire research process and has documented the study results and conclusions in this report.

## **1.9 Organization of the report**

The output of the study is organized into twelve chapters. This first chapter provided an introduction to the entire study. The second chapter covers issues bothering on local governments and local economic development in Ghana. It presents decentralization and the emergence of local governments in the country's development process and provides a brief review of local governments in local economic development at the local level. In the third chapter, the concept and nature of local governments and local economic development are discussed while the fourth links local governments and local economic development promotion through a theoretical inquiry and sets out the conceptual and analytical frameworks. The research methodology which deals with the method and instruments used in the study is presented in the fifth chapter. Chapter six contains the general characteristics of the Ejisu-Juaben Municipality and Municipal Assembly. The Roles, Approaches and Initiatives of the local government in local economic development promotion in the municipality are discussed in the seventh chapter. Chapters eight and nine cover discussions on capacity and process of the local government in local economic development promotion; and actors or stakeholder involvement by the local government in local economic development promotion process respectively. The tenth chapter presents the discussions of the findings of the study while the eleventh captures the proposed means of enhancing the role of the local government in local economic development promotion. Issues concerning future research activities and contributions to the scientific world from the study conclude the study in the final chapter of the report.

## **1.10 Summary**

The concept of local economic development is achieving popularity in the developing world as the focus of economic development shifts to the local level with the involvement of local governments as part of on-going democratization and decentralization process. Local economic development has the potential of strengthening the competitive position of localities by developing otherwise underutilized capacities in terms of human and natural resources, realizing opportunities for endogenous economic growth and development. It again has the ability to improve the physical and social environment as a necessary component of improving the climate for business development and enhancing employment levels for the local populace. This chapter consequently served as an opener to the entire study on the role of local government in the

promotion of local economic development. It set out the tone for further discussions and analysis to be carried out in subsequent chapters of this report. It again provided an overview of economic development being a local activity and provided a guide to the actual study in terms of the problem, objectives, scope and limitations. The immediate chapter following provides a contextual discussions on local government and local economic development in Ghana.

## **2.0 Local government and local economic development in Ghana: A contextual review**

### **2.1 Introduction**

The chapter provides a contextual review of the study and focuses on local government, their development and involvement in local economic development in Ghana. It provides the characteristics of Ghana, the development of local governments in the country and how they have influenced and been involved in local economic development over the years. It does well in the absence of well documented data to trace their involvement in local economic development from the period of Ghana's independence in 1957 to date. It again discusses the various levels at which local economic development is carried out in the country by various actors and ends with a summary of the various discussions.

### **2.2 Brief characteristics of the republic of Ghana**

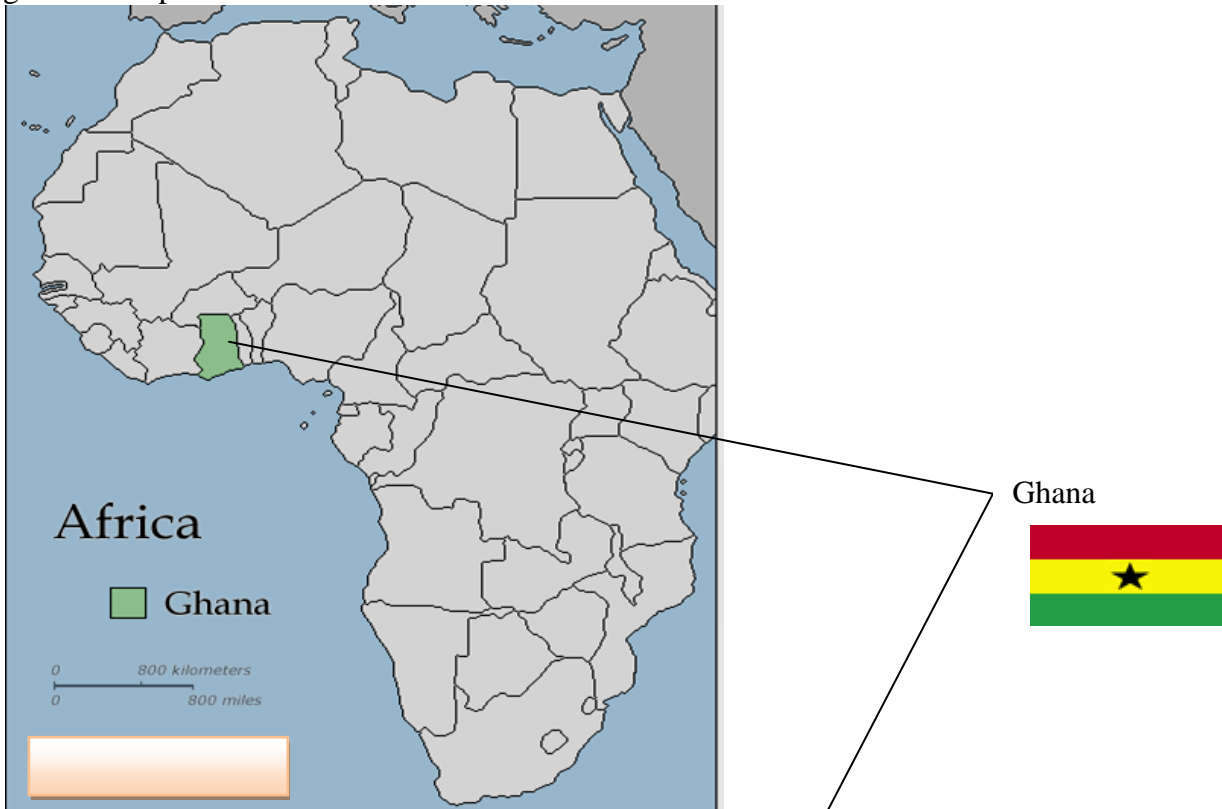
Ghana is a country in the western part of Africa. It is located between latitudes 4<sup>0</sup> and 12<sup>0</sup> N and longitude 4<sup>0</sup> W and 2<sup>0</sup> E. It shares boundaries with Togo to the east, La Cote d'Ivoire to the west, Burkina Faso to the north and the Gulf of Guinea to the south. Figures 2.1 and 2.2 indicate the location of Ghana in the context of Africa and West Africa respectively. It has a total surface area of about 239,460 km<sup>2</sup>. It has Accra as its capital city and seat of government. The country is drained by major rivers including the Volta which has been dammed for the generation of electric power for both domestic and industrial use across the length and breadth of the country. The other major rivers include the Pra, Oti, Ankobra, Offin and Afram. The country is made up of flat plains and fairly low highlands. The coastal area is mainly low with sandy shores while the northern parts of the country have fairly high plains. The middle belt is made up of undulating uplands and plateaus. The highest point in the country is Afadjato, about 885m high and located on the Akuapem-Togo mountain ranges in the eastern part of the country.

The country has a tropical equatorial climate with the eastern coastal belt being warm and fairly dry while the southwest coastal region is warm and humid. The middle belt is very humid and warm while the extreme northern part is hot and fairly dry. The country has two major climatic seasons namely, the wet and the dry seasons. The wet season is mainly from the end of March to mid-November and the period from November to March characterises the dry season. The country experiences a double maxima rainfall with the northern part of Ghana experiencing its rainy season from March to November while the south experiences the season from April to mid-November. The country has both savannah and forest vegetation. While the middle belt consists of semi deciduous forests, the northern and coastal areas have high and low savannah vegetation respectively.

The country has a population of about 24,223,431 people (Ghana Statistical Service, 2011). The country's economy is dominated by the extraction and export of raw materials and agricultural products. Some of these products include cocoa, gold, diamond, shea butter and timber. The country discovered crude oil in 2007 and joined the oil producing countries of the world in 2010. This new find is hoped to propel and transform the country's development for the better in the next few years. The country's economy continues to rely heavily on agriculture which accounts for 37.3% of GDP and provides employment for about 56% of the work force, mainly small

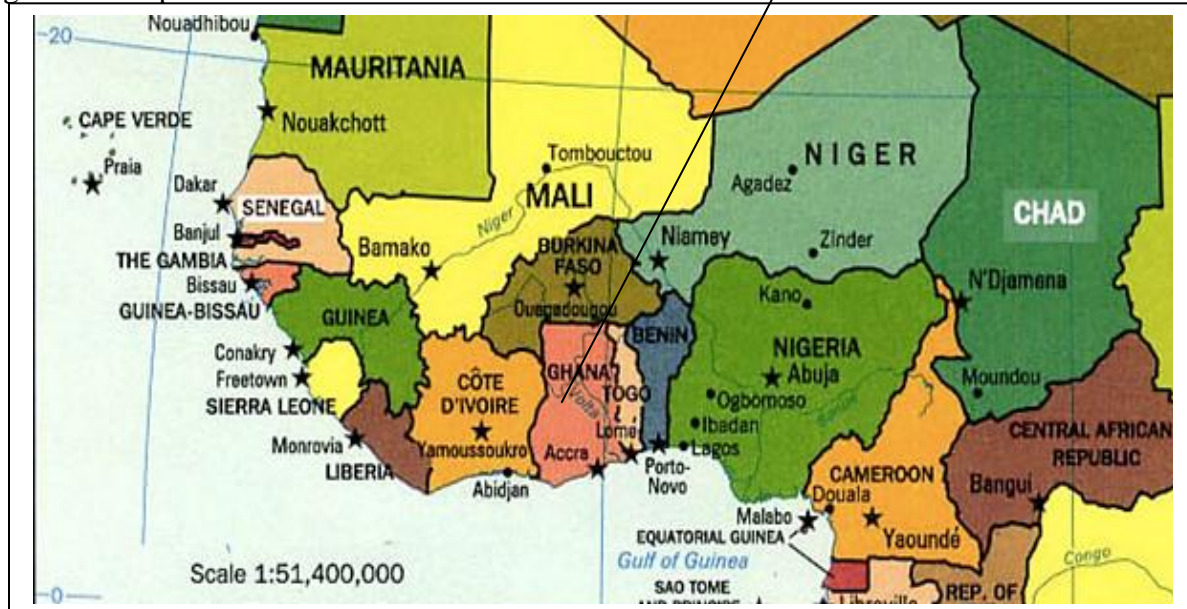
landholders. Manufacturing forms only a small part of the Ghanaian economy totalling 7.9% of Gross Domestic Product in 2007.

Figure 2.1 Map of Ghana in the context of Africa



Source: Retrieved on 11.01.2011 from [web.pickatrail.com/jupiter/location/africa/map/ghana.gif](http://web.pickatrail.com/jupiter/location/africa/map/ghana.gif)

Figure 2.2 Map of Ghana in the context of West Africa



Source: Retrieved on 11.08.2011 from [web.awfcon.org/Map.html](http://web.awfcon.org/Map.html)

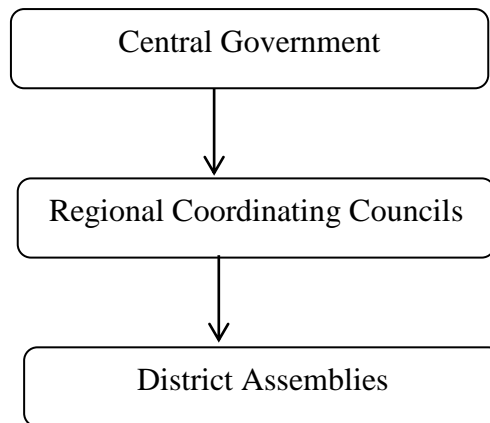
Ghana is a unitary state and currently practices decentralised democratic form of governance. It was created as a parliamentary democracy at independence in 1957 from British colonial rule. From the mid-1960s to the end of 1992, the country followed a process of alternating military and civilian rule until it ushered in its fourth republic after presidential and parliamentary elections in late 1992. The 1992 constitution which currently governs the country divides powers among the various arms of government namely, the executive, parliament and the judiciary. The government is elected by universal adult suffrage every four years. Political, administrative and decision making power is distributed across several spatial levels in the country. Administratively, the country is divided into ten political and administrative regions and one hundred and seventy administrative districts as at the end of the year 2010. Figure 2.3 presents these political and administrative regions of the country while figure 2.4 indicates the administrative system in the country. A detailed presentation of the government system pertaining currently in the country is captured under the discussions on the current decentralisation system in the country.

Figure 2.3: Political and Administrative map of Ghana



Source: Retrieved on 11.01.2011 from [web.lib.utexas.edu/maps/ghana.html](http://web.lib.utexas.edu/maps/ghana.html)

Figure 2.4 Levels of government in Ghana



Author's own construct

### **2.3 Decentralization and the establishment of local governments in Ghana**

The history of decentralization and local governments in Ghana can be traced back to the introduction of indirect rule by the British colonial authorities in 1878, lasting until 1951 (Ayee 2000:48). During the colonial period, decentralization was characterized by mere de-concentration of central administrative structure. In this way, the colonial government consolidated its control over the entire nation. There was no conscious effort at devolution of power and involvement of the local people in the decision-making process. The colonial administration ruled indirectly through the native political institution (i.e. the chiefs), by constituting the chief and elders in a given district as the local authority, with powers “to establish treasuries, appoint staff and perform local government functions” (Nkrumah, 2000:55). In the post-independence period from 1957 onwards, local government was generally weak and subject to the centralization of power that was typical of the post-colonial state in Africa. In this era, development activities were mostly initiated and implemented by the centre with little involvement of the local units. Large scale industrial activities were planned and executed by the centre with little involvement of the people. In this way, local units’ ability to encourage development from within was weakened thereby ensuring a form of dependency syndrome on the centre. Attempts at decentralization reforms were introduced at different times, for instance in 1974 and this was generally characterized by de-concentration, and aimed at strengthening central government control at the local level (Nkrumah, 2000:58). Ghana’s current decentralization reforms started in the late 1980s with the objectives of devolving political and state power in order to promote participatory democracy through local level institutions, devolving administration, development planning and implementation to local government units, promoting transparency and accountability and incorporate economic, social and environmental issues into the development planning process in an integrated and comprehensive manner. The others were to introduce an effective system of fiscal decentralization which gives district assemblies control over a substantial portion of their revenues and create access to the communal resources of the country for all communities and every individual.

### **2.3.1 Legal framework for the current decentralization and local government system**

The main legal frameworks supporting the creation and implementation of the current decentralization process in the country are the 1992 Constitution of Ghana and the Local Government Act, Act 462 (formerly, PNDC Law 207). The 1992 constitution of the country states under article 240(1, 2 and 3) that, Ghana shall have a system of local government and administration which shall, as far as practicable, be decentralized and the system of decentralized local government shall have the following features- Parliament shall enact appropriate laws to ensure that functions, powers, responsibilities and resources are at all times transferred from the Central Government to local government units in a coordinated manner; and shall by law provide for the taking of such measures as are necessary to enhance the capacity of local government authorities to plan, initiate, co-ordinate, manage and execute policies in respect of all matters affecting the people within their areas, with a view to ultimately achieving localization of those activities. Again, article 241 section 3 of the constitution stipulates that, the District Assembly shall be the highest political authority in the district, and shall have deliberative, legislative and executive powers. The Local Government Act, Act 462 (formerly the PNDC Law 207) sets the tone for the current decentralization process in the country. It clearly states the roles and functions of the various local government units.

### **2.3.2 Structure of the new local government system**

In 1988, a three-tier structure of sub-national government was created at regional, district and sub-district levels. This comprises Regional Co-ordinating Councils, District Assemblies and structures below the district. The District Assembly remains the key focus of this study as it is the main local government institution and the highest political authority in the district, with deliberative, legislative and executive powers. There are ten regional coordinating councils, one for each of the ten political regions in the country. The regional coordinating council is an administrative and coordinating rather than a policy-making body. Its functions are to monitor, coordinate and evaluate the performance of the District Assemblies in the region. It again monitors the use of all monies allocated to the District Assemblies by any agency of the central government and review and coordinate public services generally in the region. It is also mandated to perform such other functions as may be assigned to it by or under any enactment. A Regional Coordinating Council is headed by a Regional Minister, who is appointed by the President of the republic. The district assemblies in Ghana are either metropolitan (with population over 250,000), municipal (one town assemblies with populations over 95,000) or district (population 75,000 and over.). The structure started with three metropolitan assemblies, four municipal assemblies and 103 district assemblies in 1988. There are currently, six metropolitan assemblies, 40 municipal assemblies and 124 district assemblies as at 2010. A metropolitan/municipal/district assembly is created as the pivot of administrative and developmental decision-making in the district and is the basic unit of government administration. The Assembly is headed by a Chief Executive, appointed by the President and approved by at least two-thirds of the membership of the general assembly

### **2.3.3 Functions of the District Assemblies**

District Assemblies are accorded wide-ranging powers by the 1992 Constitution and the Local Government Act of 1993 within their designated geographical areas. They are the highest political and administrative authorities; planning authorities; development authorities; budgeting authorities; and rating authorities. The powers and functions of District Assemblies, as laid out in



the 1992 Constitution and the Local Government Act (Act 462) of 1993, are extensive. The 1992 Constitution and Section 10(3) of the Local Government Act of 1993 delineate the following functions of the district assemblies. They are to be responsible for:

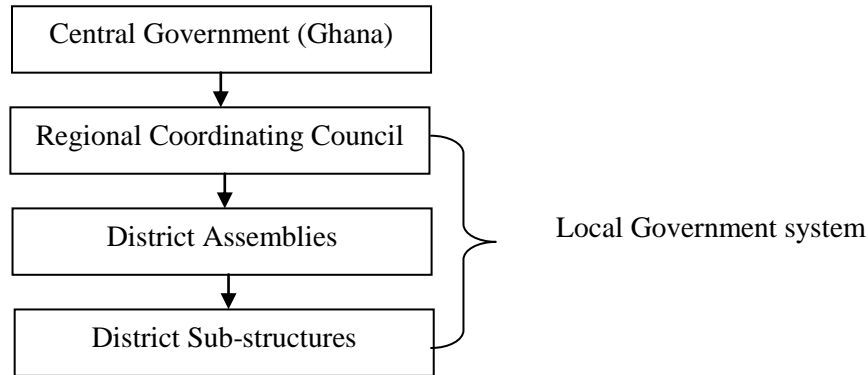
- the overall development of the district and ensure the preparation and submission through the Regional Coordinating Council for approval of the development plan and budgets by the National Development Planning Commission of Ghana and the minister of Finance respectively for the district,
- formulate and execute plans, programmes and strategies for the effective mobilisation of the resources necessary for the overall development of the district,
- promote and support productive activity and social development in the district and remove any obstacles to initiative and development and initiate programmes for the development of basic infrastructure and provide municipal works and services in the district.
- the development, improvement and management of human settlements and the environment in the district and in cooperation with appropriate national and local security agencies, the maintenance of security and public safety in the district.
- ensuring ready access to the courts and public tribunals in the district for the promotion of justice, initiate, sponsor or carry out such studies as may be necessary for the discharge of any of the functions conferred by this Law or any other enactment and perform such other functions as may be provided under any other enactment.

#### **2.3.4 Sub-district political/administrative structures**

These are subordinate bodies of the District Assemblies. They perform functions assigned to them by the instruments setting them up and by the assemblies or delegated to them by the assemblies. These sub-district structures are the sub-metropolitan assemblies, urban/town/zonal/area councils, and unit committees. The sub-metropolitan district council structures are immediately below the metropolitan assemblies. This arrangement has been dictated by the complex and peculiar socio-economic, urbanisation and management problems which confront the metropolitan areas. The urban councils are peculiar to settlements of “ordinary” districts. They are created for settlements with populations above 15,000 and which are cosmopolitan in character, with urbanisation and management problems, though not of the scale associated with the metropolitan areas of the country. The zonal councils are in the “one-town” municipal assemblies for which the establishment of town/area councils will raise problems of parallel administrative structures. They are based on the following criteria: commonality of interest, population of 3,000 and identifiable streets and other land marks as boundaries. The town councils are found in the metropolitan and district assemblies. In the District assemblies, town councils are established for settlements with populations between 5,000 and 15,000. Area councils exist for a number of settlements/villages which are grouped together but whose individual settlements have populations of less than 5,000 in the districts. They cover areas with predominantly rural populations and in some cases can be identified with spheres of influence of a particular traditional authority. They are essentially rallying points of local enthusiasm in support of a new local government system. A unit is normally a settlement or a group of settlements with population of between 500 and 1,000 in the rural areas, and a higher population (1,500) for the urban areas. Unit committees being in close touch with the people play the important roles of education, organisation of communal labour, revenue-raising and ensuring environmental cleanliness, registration of births and deaths, implementation and monitoring of

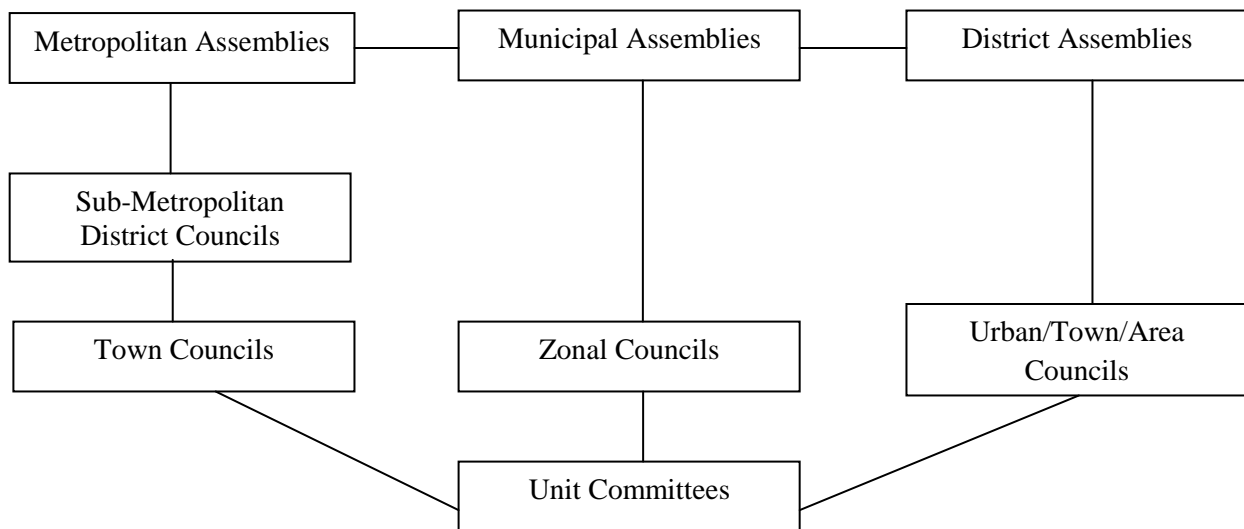
self-help projects, among others. Figures 2.5 and 2.6 summarise the arrangements of the local government system and structure in Ghana respectively.

Figure 2.5 Local government system in Ghana



Source: Author’s own construct (with data from the Local Government Act, Act 462 of Ghana)

Figure 2.6 Ghana’s local government structure



Source: Author’s own construct

### 2.3.5 Achievements and challenges of the current local government system in Ghana

Decentralized planning has been integrative and a bit participatory in the current local government system as it tries to ensure the active involvement of the population and service providers in the provision of services and the implementation of development programmes. The system is supposed to promote the development of service centres based on rational settlement patterns in the district and to ensure sustainable environmental resource development (Ahwoi, 2000:15-21). The challenges still confronting decentralized planning are the inadequate

methodology, technology and skills for operationalizing participatory, bottom-up planning and resource mobilization by District Assemblies, inadequate numbers of qualified and experienced personnel to operationalize the designated roles of the District Planning Co-ordinating Units (DPCU). The Area, Town, Zonal and Urban Councils are relatively ill-equipped for undertaking the bottom-up process of democratic decision making involved in participatory and integrated development planning and community governance. Sector departments in the districts still get their programmes prepared, approved and financed by their national and regional office, thereby making integration of programmes difficult for the DPCUs. There is also non availability of reliable District Assembly data base for planning and resource mobilization at the District and sub-district level.

Also in line with decentralized management of public-private partnerships, the district assemblies are also to create the enabling environment that promotes public-private partnerships and establishes the private sector as the engine of growth and development at the local level. Their activities cover investment promotion, removal of obstacles to private sector development, the provision of services and the preparation and implementation of private sector-friendly economic development programmes. In line with this, the assemblies were to set aside 20 percent of the District Assembly Common Fund as a revolving fund to promote private sector development and through mechanisms such as contracting out and franchising of services (ibid). This is also confronted by the following challenges. There is the absence of a clear-cut policy on the roles of Non-Governmental Organizations (NGOs) and an institutional framework for the operations of NGOs and civil society in the local government system and no clear procedures to facilitate the involvement of civil society in the processes of development and governance in the country. Moreover, there is the absence of a national policy framework to guide these local governments in promoting the economic development of their local areas. There is also the lack of confidence between the public and private sector actors as partners in development, owing to the history of their frosty relationship before the policy on decentralization was institutionalized and before the liberalization of the economy and an inadequate understanding among the public sector personnel that the private sector is a partner in development processes whose needs have to be supported and facilitated. Another challenge is the ineffectiveness of private sector organizations to partner with public sector institutions and also advocate for private sector interest in policy and programmes formulation and implementation (Ahwoi, 2000). Another major challenge hampering the process is the ineffectiveness of local government structures below the District Assemblies. These zonal, urban, town and area councils which have responsibility for delivery of administration, development and maintenance and operation in the townships and the unit committees which have responsibility for community mobilization are less functional.

Despite the challenges and problems confronting the decentralization process, it has made great strides in the country as it has led to the democratization of governance at the local level and participation of the people in decision making processes, increased access by people to political decision makers through the creation of manageable local governments, the promulgation of legislation to facilitate the decentralization processes and qualitative and quantitative improvement in service delivery at the local level. It has also ensured increased access to technical expertise at the local level, a more equitable development of the country and more visible efforts to redress the development imbalance between urban and rural areas, between

regions and between districts through development activities funded with the District Assemblies Common Fund. Moreover there is the steady promotion of forging a new partnership between District Assemblies and donor agencies in the provision of infrastructure and the building of capacity to create an environment conducive for implementing decentralized local government and development management. It has also brought about the establishment of a local Government Service to enhance the personnel needs of the local Governments and the establishment of the Institute of Local Governments Studies to meet the capacity building needs of local government functionaries. Though the above achievements can be lauded, can same be said of the role of local governments, a creation of the decentralization process, in local economic development?

## **2.4 Local economic development in Ghana**

The literature on the practice of local economic development promotion in Ghana is scanty and scattered as few documentary resources have been provided in this area. This does not mean that the promotion of economic development at the local level in the country is not happening. It is, although academics have not taken so much interest in this area. Also research in this arena in the country is in its infant stages. In view of this, the researcher sought for bits of literature from various sources to compile this section of the report.

### **2.4.1 Local economic development in context of Ghana's development policy frameworks**

Traces of the practice of the concept of local economic development promotion can be seen in many past and present development policies and strategies embarked upon by the various governments of the country, both past and present. In the current dispensation from the late 1980s to the present, the various governments of the country have endeavoured to introduce policies that seek to encourage and promote economic development at the local level. The introduction and implementation of the decentralization policy as discussed above is one in this direction. The various policy frameworks including the Ghana vision 2020, the Ghana Poverty Reduction Strategy I (2002-2004), the Growth and Poverty Reduction Strategy II (2006-2009) and the current Ghana Shared Growth and Development Agenda (GSGDA 2010-2013) all give indication of ensuring economic development at the local level in the country. Though none of these mentioned documents actually made detailed provision for the promotion of local economic development, most of their thematic areas, objectives and strategies have a clear bearing on the economic development of local areas of the country. Some of these themes include human resource development, production and gainful employment, private sector development and many others. All these themes, their goals, objectives and detailed out activities have the likely ability of promoting local economic development in the country.

### **2.4.2 Levels of local economic development promotion initiatives in Ghana**

There are about four levels and variants of local economic development promotion initiatives in the country at the moment. These are formal government initiatives, local government initiatives; local organizations and Non-Governmental Organizations initiatives; and individual, small and medium scale enterprise level initiatives.

#### *Formal Government initiatives (top-down initiatives)*

These are initiatives in the form of policies, programmes and projects implemented by the central government which are in line with local economic development promotion. Some of these

projects are sectoral while others cut across all sectors and areas. These projects are geared towards the provision of infrastructure in the area of economic and social development across the country, the provision of skills training in various areas to the unemployed and provision of micro-credits and loans to would-be entrepreneurs. It has also been providing extension services through its departments and agencies across the country to help in economic development at various levels. It has also been granting tax reliefs to economic entities that will locate outside certain prime areas so as to promote the development of certain neglected and less concentrated areas with economic activities. Moreover, it has been implementing transportation programmes to ensure free interaction among all locations and entities in the country. These are a few of the initiatives that can be mentioned. In all these, ministries, departments and agencies implement them on behalf of the central government. Over the years, ministries such as that of Trade and Industry, Food and Agriculture, Tourism and their allied agencies and local governments have implemented several programmes and projects on behalf of the central government. In all these, the central government tries to create economic development capacity at the local level, build a favourable economic development environment and ensure that disadvantaged communities and areas have access to these programmes and also ensure that economic development is sustainable. In many cases the implementation of such programmes and projects are fraught with corrupt practices where resources find their way into other hands than actual targeted areas and beneficiaries. More so, some of these programmes and projects are less targeted and fail to achieve the objectives for which they were intended. Their sustainability are also called to question many times. Some selected projects and programmes implemented in line with this are discussed later in this chapter.

#### *Local government initiatives*

Local governments across the country have been implementing several programmes and projects in their areas to support economic development. Various integrated development plans are prepared periodically and these are supposed to include policies programmes and projects which are geared towards the entire development of these areas. These plans and programmes range from infrastructure to capacity development and they cut across all sectors of the various local economies. In general, it can be said that many of these plans are over ambitious and they fail to achieve their expected outcomes and results due to certain weaknesses and challenges in the implementing process. Also, many of their activities are less targeted to address the needs of the local people. Politicisation of discussions and decisions at the local government also influences decisions on the kind of local economic activity to be done. Joint implementation of local economic development initiatives among local governments sharing common boundaries is also not common. This may attributed to the lack of insight of local governments into the likely benefits of carrying out joint development activities and the challenges of harmonising their interest on these would-be activities.

#### *Local and foreign organisations' initiatives*

These organisations at this level operate on a far broader plain and are less restricted in terms of their areas of operation. In many cases faith based organizations and other responsible social organizations and non-governmental organizations are very active in destitute communities to support citizens in economic development initiatives. They provide capacity building and encourage micro level savings to enable the local people to obtain credit for their economic activities. Some are also into direct micro-credit schemes. Their activities cut across a wide range

of areas including education, agriculture and crafts across the entire country. Foreign development partners are also into this area of local economic development promotion. For instance the German Technical Cooperation (GTZ) in collaboration with certain local actors in the country is implementing certain programmes in the area of local regional economic development in some districts across the country. Certain corporate institutions such as mining companies including AngloGold-Ashanti and Newmont Companies operating in certain parts of the country are also into the promotion of economic development of their areas of operation.

#### *Individual, small and medium scale enterprises' initiatives*

In Ghana, local economic activity is dominated by individuals and small and medium scale enterprises. In spite of this, their interests are hardly reflected in development strategies, thus, leaving out their potential for economic growth and poverty reduction. Many of these individuals engage themselves in these activities across the country as a means of earning a living and a survival strategy. With the implementation of the structural adjustment programme in the country in the 1980s, many people were subsequently retrenched from public corporations and entities. These people had no option than to find ways and means of survival by venturing into individual economic ventures. The informal sector is a thriving one across the country that supports local economic development to a very large extent. These groups control a greater part of economic activities in the country. Some of their activities are in the area of agro-processing, retailing and wholesaling, agri-business, communication services retailing and basic manufacturing activities. There are also private entities that provide capacity building and the provision of other business development services and financial resources to these individuals and small and medium scale enterprises across the country. These notwithstanding, they are neglected in most decisions concerning economic development promotion at the local level. They have inadequate capacities and mostly produce on small scale.

### **2.4.3 Actors in local economic development in Ghana**

From the above discussions, it could be realised that there exists various actors in the local economic development arena in the country. They can be categorised into three main levels of actors. These are international level actors, national level actors and local level actors.

#### *International and foreign level actors:*

These actors include international non-governmental organisations such as CARE International, Action Aid International and World Vision International; agencies of foreign countries including the German Technical Cooperation (GTZ), Department for International Development (DFID) of the United Kingdom, the United States Agency for International Development (USAID) and other well renowned organizations such as the UN-Habitat for Humanity and the International Labour Organisation. The International Labour Organization (ILO) has developed local economic development initiatives at the district level under its “Ghana Decent Work Country Programme” (GDCWP) in several districts in the Central Region. The local economic development initiative involves the public, private and civic sectors with emphasis on informal economy operators to raise their productivity and incomes and ultimately reduce poverty. The project is supervised by a National Steering Committee made up of partners from the government, employers, organized labour, as well as individuals with experience in local economic development (Retrieved on 13.12.2010 from [web.lred-ghana.org/index.php/overview](http://web.lred-ghana.org/index.php/overview)).

The GTZ is also involved in several local regional economic development (LRED) in several regions and districts in close cooperation with District Assemblies, Regional Coordinating Councils, and representatives from the private sector. A public-private platform at the national level periodically addresses local regional economic development issues and develops policy recommendations. It is also into sustainable economic development programmes at the local level in the country. (Retrieved on 13.12.2010 from [web.gtz.de/de/dokumente/en-gtz-in-ghana-sustainable-development.pdf](http://web.gtz.de/de/dokumente/en-gtz-in-ghana-sustainable-development.pdf))

From 1993-2001, the USAID provided substantial project support to a tourism based, local economic development initiative in the Central Region of Ghana. These included the rehabilitation of World Heritage Monuments--inclusive of a new museum; development of Ghana's newest national park--inclusive of a Visitors Centre and Canopy Walkway; strengthening of the Central Region Hoteliers Association and formation of a Ghana Heritage Conservation Trust (GHCT) to sustain these improvements. By almost any measure, the Central Region initiative was extremely successful, leading to the creation of West Africa's newest tourist destination, Kakum Park. It is one of the most visited Ghanaian national park, with a canopy walkway gate fees proceeds amounting to US \$88,500 in 2002. Cape Coast and Elmina Castles received 15,800 visitors in 1990 and 81,500 in 2002. The Ghana Heritage Conservation Trust (GHCT) has a US \$2 million Endowment Fund and an international fund raising programme. Most 117 poor quality rooms at 7 hotels in 1993 grew to 718 rooms at 72 hotels by the end of 2002. Total private investment in hotel facilities is estimated at US \$55 million. Approximately 1,200 kilos of vegetables and 1,000 kilos of seafood are purchased monthly by area hotels and restaurants. The 300 tourism receptive facility workers and management staff employed in 1990 has grown to 5,000.

(Retrieved on 13.12.2010 from [web.urban.org/UploadedPDF/411087\\_LED\\_initiative.pdf](http://web.urban.org/UploadedPDF/411087_LED_initiative.pdf))

In general this level of actors assist in policy formulation, the provision of needed financial resources and capacities which are needed at both the national and local levels for local economic development promotion.

#### *National level actors:*

This level of actors include the central government as the originator, formulator and implementer of all national development policies, programmes and projects along with its allied ministries, institutions, departments and agencies. The central government also provides the needed capacities and financial resources to support these units and sectors in this area of local economic development promotion. Over the years, the Government of Ghana through its various ministries and with the support of its development partners has implemented many programmes and projects that are geared towards the development of local areas through local economic and other development initiatives. A few of these projects are discussed in this part of the report. They include the Community Based Rural Development Project, the Rural Enterprise Projects, the Presidential Special Initiatives and the Ghana Decent Work Programme.

#### *Community Based Rural Development Project (CBRDP):*

The project was a major intervention by the Government of Ghana to alleviate rural poverty and improve upon income levels of the productive poor. It was funded by the International

Development Agency (IDA) together with the government of Ghana. The project was implemented between July 2004 and September 2008. The project had the objectives of:

- providing support to strengthen capacities of local government institutions in furtherance of the Ghana Poverty Reduction Strategy;
- providing facilities and resources to enhance farm and non-farm activities to increase the income of beneficiaries;
- developing skills and for employment in rural communities by assisting rural enterprises to properly manage and provide ready market for agricultural produce through processing for value addition and provide a congenial environment for learning

The sponsors spent about US \$ 16,518,469.98 on the project. Some of the achievements of the project included the following:

i. Under institutional strengthening and capacity building, staff of about 138 districts were trained in procurement planning and cash flow projections and they were able to apply these skills acquired to prepare and implement their 2005/2006 work plans and budgets. The training also covered staff of 450 Area Councils to make them functional. They were to receive c150 million each to execute projects they have prioritized as part of the plans they prepared through a learning-by doing process.

ii. Under infrastructure provision for agricultural development, about 346 km of feeder roads and farm tracks were rehabilitated to ease transportation in the rural areas. The provision of wind pumps to pump underground water for small irrigation schemes in the rural areas was encouraged and about 7 have so far been installed in the Greater Accra, Central, Northern, Upper East and Upper West Regions.

iii. As part of infrastructure provision for social and human development, 1,137 boreholes were drilled and 909 were successful in the provision of potable water for about 350,000 people in 754 rural communities in the Upper West, Upper East, Ashanti, Brong-Ahafo and Central Regions.

iv. Under the rural enterprises development and learning centres programme, 120 rural/community banks have been accredited by Association of Rural Banks'(ARB) Apex bank to participate in the CBRDP micro credit scheme. Accreditation is still on-going. Ninety-nine rural banks signed subsidiary Loan Agreement with ARB Bank following their accreditation. Some of these institutions have started receiving and processing loan applications.

#### *Rural Enterprise Project in Ghana:*

The project was identified in October 1992, and approved by the International Fund for Agricultural Development (IFAD) Executive Board in December 1993. The IFAD loan became effective in February 1995. The Ministry of Environment, Science and Technology, was the responsible ministry in Ghana and the project was implemented by a Project Coordination and Monitoring Unit based in Kumasi. The Ghana Regional Appropriate Technology Industrial Service, the National Board for Small Scale Industries, the Department of Feeder Roads, the Bank of Ghana, the Association of Rural Banks and fifteen participating rural banks worked together as implementing agencies in the project. The total cost of the project was estimated to be USD 9.3 million of which USD 7.68 million was funded by IFAD, USD 1.18 million by the



Government of Ghana and USD 0.45 million by the participating banks. The objective of the project was to increase rural production, employment and income in order to alleviate poverty through the increased output of small off-farm enterprises. This was carried out by facilitating access to new technology and business advice; promoting easier access to financial services; improving the efficiency of existing small rural enterprises, supporting the creation of new enterprises, and removing communication constraints through feeder road rehabilitation. The project was designed to build on the Government of Ghana's economic reforms and to encourage individuals and other private sector actors in rural areas to take advantage of opportunities created by the opening up of the economy.

#### *Presidential Special Initiatives (PSI)*

The government of Ghana launched the Presidential Special Initiatives (PSI) in 2001 to play a key role in the revival of the private sector and in the development of the rural sector, particularly in agribusiness. The initiatives sought to help diversify the economy, show where opportunities exist in both agriculture and industry, and help organize resources, management and technical support. These initiatives were launched in five (5) areas of activity. These included accelerated export development for garment and textiles, salt mining, cotton production, oil palm production, cassava starch production and distance learning. These initiatives were intended to spearhead the expansion and deepening of the economy; create jobs and reduce poverty (especially in the rural sector) through agribusiness and export in Ghana. These initiatives were not devoid of political influences and interference and this made them to fail. Though the model was good and some few jobs were created, these results were short lived as many aspects of the initiatives run out of funds.

#### *Ghana Decent Work Programme*

The Ghana Decent Work Programme is an initiative of the International Labour Organization and the Government of Ghana. It aims at contributing to the achievement of the nation's goal of poverty reduction through the promotion of decent work in the informal economy (Grooten, 2005). The programme started in 2003 and since March 2004 received support from the ILO, Ghana Working out of Poverty (GWooP), and with funds from the Netherlands Partnership Programme (NPP). The programme had two related components. The first is policy oriented and seeks to promote the incorporation of decent work into the Ghana Poverty Reduction Strategy. It sought to build the capacity of social partners to influence policy environment so that decent work and poverty reduction are addressed through integrated social and economic policies at the national level. The second component was intended to develop and test an integrated approach to poverty reduction in the informal sector at the district level. To help ascertain this, it identified two partner districts where it was implemented (ibid). At the local level, the programme aimed to build the capacity of key stakeholders in the local economy to design and implement a local economic and social development strategy. This approach was to encourage partnership arrangements between the main private and public stakeholders of the defined territory with the objective of creating decent jobs and stimulating economic activity. The approach again was to enable the joint design and implementation of common development strategy by making use of local resources and competitive advantage in a global context. The programme helped to establish local private forums which are called Sub-committees for Productive and Gainful Employment. These have become statutory committees of the respective local governments and serve as rallying units for all stakeholders in the local and social economic development in the

selected districts. It also implemented specific activities in the area of creating business information centres, upgrading work and production techniques with special attention to safety and health issues and increasing productive quality and services in identified priority sub-sectors, developing training manuals and reinforcing basic management skills of entrepreneurs through training programmes. It has also strengthened the democratic management, organization and service delivery of Small Business Associations. This project has provided many lessons for involving local governments in local economic development promotion in the selected district of the country.

These programmes and projects discussed indicate some of the direct efforts of the central government in conjunction with its development partners in promoting economic development at the local level in Ghana.

*Local level actors:*

The local level actors in local economic development can be categorized into about three levels. These are at the local government level, the corporate level and local entrepreneurs and individual levels. The local governments together with their line departments and agencies are also putting in certain measures to promote local level development. Several projects ranging from social, infrastructure to economic have been implemented. They continue to support these sectors with their meagre resources and try to woo other actors to come into their areas to support their developmental activities. They also work together with other actors to implement development programmes and projects especially on behalf of the central government and its agencies and other actors in the process.

The corporate bodies include mining companies, mobile telecommunication companies and others operating in the country. These companies as part of their social and community responsibilities implement programmes and projects that are geared towards poverty reduction and job creation for the local people. An example is the Newmont Company, an international mining company operating in Ghana. The company embarked on community development initiatives including the Ahafo Linkages Programme in the Brong Ahafo Region of Ghana. The linkages programmes were designed around selected anchored investments to increase the participation of local business in the project and bring additional benefits to the surrounding communities. At the same time, these programmes allowed for the provision of increased value-added services to its clients not only to improve their business but also increase the developmental impact of its investment. The three-year linkages program had three primary goals to:

- support the development of local businesses and to develop potential suppliers and providers of goods and services to the mine;
- improve the competitiveness of local non-mining related businesses to help develop a diversified local economy outside the mining sector; and to
- develop and improve the capacity of local business associations and institutions that can provide long-term sustainable business support, training and other services to the local business community.

The programme also placed a special emphasis on supporting women and other entrepreneurs (Newmont 2009:3-4). In all these, the programme focused on business development at the local level to help sustain these livelihoods.

The other actors at this level are the local entrepreneurs and business entities. These actors are very critical in the process because they form the core of both initiators of most economic activities and the receivers of the actions of all the other actors. In a country where the informal sector and its activities make huge contributions to economic outputs, they should be given the necessary recognition and enhancing facilities to increase their presence and production capacities.

All these actors, though at varying levels based on my categorizations, nevertheless work hand in hand to advance local level economic development. The most important issue of note here is that they vary in the level of power, resource availability, the scale and the area of their activities and interventions. The forms of relations between them also vary from one level to the other. Those with more resources and power dominate the arena and at times neglect the others. It therefore behoves on all these actors to coordinate their activities to enhance effective local economic development in the country.

## **2.5 Local government involvement in local economic development promotion in Ghana**

Local governments did not act more extensively in local economic development as issues of economic development, unemployment and job creation were seen to be the activities and functions of the central government until recent times when the new local government system in the country was implemented. During the first republic (1957-1966) of Ghana, the Nkrumah government capitalized on the already established central control on local councils to its advantage. The local government was dealt a strong blow when the government introduced a one-party state with its centralized planning system. Commissions were appointed to represent the head of state at the local level with obvious reasons of central control. The local councils could not oppose centrally determined policies. It had no role in decision making as everything came from the centre. State corporation and agencies were established to provide services to the local level. This further strengthened the control of affairs by the centre. This policy made local councils functionally redundant in terms of initiating and promoting local level development and for that matter local economic development. These developments pushed them to look at the centre to solve local problems (Kessey, 1995:60).

After the overthrow of the Nkrumah led Convention People's Party government in 1966, the National Liberation Council (NLC) led by the military took over power and introduced some measures with the view of restoring the image of the local government institution to enable it play an effective role in local and national level development. The Council introduced a four-tier system of local government. This system was left completely in the hands of civil servants to operate. It is argued that there was no local government but local rule of bureaucracy. This era also focused on the interest of the centre without adequately charting the course of local level development (ibid. 61). The NLC led military government handed over power to a civilian government in 1969. The second republican government ruled the country from 1969 until 1971 when it was overthrown. This government also operated the system of local government introduced by the NLC and prepared and put before parliament a bill on local government. This was the local government Act of 1971. During this era, the centre was still in firm control of local areas directing their affairs through bureaucratic and appointed management committees. The state corporations and agencies continued to plan at their headquarters and implemented the

outputs locally, without the active involvement of local governments. Also, the local administrations were supported by the central government grants with local resource mobilization becoming a matter of secondary importance. However, the Act of 1971 was not fully carried out before the government was overthrown by the military.

After the overthrow, the local government Act of 1971 was amended by the National Redemption Council decree of 1972 (NRCD 138) and NRCD 258 of 1978. The four tier system introduced by the previous government was abolished. The local councils were non-elected with two-thirds of the members appointed by the government and one-third by traditional authorities. District Administrative officers were put in charge of entire administration of districts. These local governments continue to represent the interest of the central government and partially that of the local area. The public corporations continued to operate and implement development programmes at the local level. This continued to operate till 1979 when the military government was overthrown by another military regime which ushered in the third republic from 1979 to 1981.

The brief review indicates that the local councils or local governments from the first republic to the end of the third republic were under the control of the central government, with their heads and membership determined mostly by the centre. They also had inadequate capacity for local activities. Most local level development activities were carried out by public corporations and agencies that planned in their headquarters and implemented them at the local level. For most of the period under review, the local governments had no policy frameworks for local level development. They were only administrative ones seeing to the whims and caprices of the central government. Local level development and for that matter local economic development was not a matter of concern to these local councils. It can therefore be concluded that until recently when local governments were established across the length and breadth of the country, most programmes addressing local economic development undertaken with public resources were under the control of central government ministries, corporations and agencies and in most cases with reduced access to local actors. Less participatory approaches prevailed, often using de-concentrated state institutions, projects and lately at times through the collaboration of local governments. There were also serious competitions between ministries, departments and agencies concerning projects in line with local economic development as these had huge budgets allocated to them. Many aspects of local economic development were therefore underestimated, inter-sectoral cooperation and partnership approaches and local capacity building were overlooked. But in recent times and with the creation of the current local governments in the country, they are urged to get involved in the process as they have the greatest mandate among all local government institutions to ensure local level development in the country.

The current local government system introduced in 1987 therefore gave local governments the mandate to promote the development of their areas of jurisdiction. The Act (Act 462) establishing the system states clearly the functions. It also encourages the support and promotion of local economic development activities. But how this is carried out and the roles they play is a matter of concern in this study.

## **2.6 Legal context of local government involvement in local economic development in Ghana**

The fourth republican constitution of Ghana puts local governments in-charge of the development of their local areas. Section 240 of the constitution outlines measures affecting local governments. Section 245 also states that the functions of District Assemblies shall include the formulation and execution of plans, programmes and strategies for the effective mobilization of the resources necessary for the overall development of the district. This puts the local governments in a position to promote the development of all sectors and their areas including economic development. The main legal framework that emphasizes the involvement of local governments in promoting the economic development of their areas is the Local Government Act, Act 462 of the republic of Ghana. It states that they are to promote and support productive activities and social development in their districts and take steps to remove any obstacles to initiative and development. This function therefore puts them in a position to ensure that economic and social development of their areas are really supported and promoted through diverse ways and means. Though these legal frameworks support the local governments in local economic development promotion, they fail to critically stipulate specifically what they are supposed to do and how they are to do it. They also fail to provide sanctions to local governments which fail to actively get involve in local economic development. These then have the ability of allowing local governments to do whatever they think is appropriate in this direction.

## **2.7 Summary**

The chapter has discussed local economic development and local government in the context of Ghana. It has discussed the decentralization programme in Ghana, the emergence of local governments and their involvement in local economic development in the country. The chapter concludes that there have been several attempts at decentralization in the country. Its history is traced back to the British colonial rule era. But the most elaborate and effective of all these in the country is the current policy implemented since the late 1980s to date. It has brought about the establishment of a long lasting local government across the country with several responsibilities for local level development and also the creation of sub-structures at the local level for organizing effective development.

From the immediate period after independence in 1957 to the mid-1980s, economic development at the local level was the preserve of the central government. Government agencies planned these without the active involvement of local level actors and implemented them at the local level. Ownership of these programmes and projects was far away from these local actors. Local governments were also not very active in local economic development during this era. They were seen as extensions of the central government at the local level. They were only administrative ones seeing to the whims and caprices of the central government. Local level development and for that matter local economic development was not a matter of concern to these local administrative units. With the creation of the current local governments in the country, they have been urged to get involved in the process of promoting and supporting economic development in the jurisdictions as they have the greatest mandate among all government institutions to ensure local level development in the country.

From the analysis and discussions above, it came to light that local economic development promotion is carried out at about four levels in the country. These are at the central government level, local government level, local organizations level and local individuals, small and medium scale entrepreneurs' level. All these throw light on how local economic development is organized in the country. There also exist various levels of actors in the process. These include international development level actors including development partners and non-governmental organizations, national level actors involving the central government and its ministries, departments and agencies, and local level actors including local governments and other stakeholders at the local level.

Having provided this contextual review of the study, the next chapter of the report dives into the discussion of the major concepts of local government and local economic development as provided in the literature.

### **3. An inquiry into the concept and nature of local government and local economic development:**

#### **3.1 Introduction**

This chapter provides an overview of and insight into the major concepts under study in this research work. It discusses the nature and concepts of local government and local economic development from the perspective of various writers and practitioners as provided in literature. The first part covers the concept of local government while the second discusses that of local economic development. The third tries to bring these two concepts together and review the practice of local economic development from two countries, one representing the developed 'north' and the other, the developing 'south'.

#### **3.2 The nature and concept of local government**

The section starts with a discussion on the concepts of governance and government before narrowing down on local government. Governance 'is the exercise of power or authority—political, economic, administrative or otherwise – to manage a country's resources and affairs. It comprises the mechanisms, processes and institutions, through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences' UNDP (1997). It is also 'a process of managing public affairs at all levels in which power and authority are exercised in a collective manner' (Adhikari, 2006:66). In sum, governance is the process of decision-making and the process by which decisions are implemented or not implemented. Governance can be used in several contexts such as corporate governance, international governance, national governance and local governance. In this study, the mention of governance refers to national and local governance. There are several actors involved in the process of governance and government is one of the actors in this process. Other actors involved vary depending on the level of government under consideration. Government according to the Sills (1968:215) is a group of individuals exercising legitimate authority and protecting and adopting the community by making and carrying out decisions. This group of individuals shares a defined responsibility for exercising power. This government can be at various levels including the national, regional, federal and local levels, local indicating a level below the first three levels mentioned. This study however is concerned mainly with local government, an actor in the local governance process.

Despite the fact that the local government discourse has been in the limelight for a long period of time, it has defied a common definition. Turbulent currents have made its appearance to resemble what can be described as a quiet stagnant pool. Though practitioners, authors and academics alike have given different forms of definitions for this concept, they all agree to a point on some basic common concepts that help explain what local government is and entails. The term can refer to a lot of units including a county, municipality, district, town, a school district, township, a local public authority and regional or interstate government entities. Though it makes reference to all the above units, the local government discussions in this study will centre on local public authorities that are mandated for the overall development of a specific geographic unit and its population.

In literature, two basic approaches have been identified to aid in defining the concept. The first approach tries to define or explain it by considering the various levels of government. This approach views it as the type of government unit beneath a central government. It regards all sub-national forms of government structures as local government. This approach uses administrative and political decentralization as a criterion in explaining local government. This form of local government definition therefore ranges from the regional level to include district authorities and local community councils and excludes decentralized departments of the central government. The second approach attempts to define local government by certain identified characteristics. These include – legal personality, specified powers to perform a range of functions, effective citizen participation and a substantial budgeting and staffing autonomy subject to limited central control (Olowu, 1988:12). In this case, any institution that has these characteristics can be classified as a form of local government. These two approaches therefore call for a careful analysis of some definitions given by various authors to the concept, the purpose and rationale for local government.

### **3.2.1 Definition of local government**

The UN defines local government as “a political sub-division of a nation....which is constituted by law and has substantial control of local affairs including the powers to impose taxes or to exact labour for prescribed purposes. The governing body of such an entity is elected or otherwise locally” (quoted by Sady, 1962 in Khan 2006:58). Also, local government is viewed as “a system of territorial unit with defined boundaries, a legal identity, an institutional structure, powers and duties laid down in general and special statutes and a degree of financial and other autonomy” (Hill, 1974). Roberts and Benjamin (1996:4) also sees local government as “ the authority constitutionally empowered to raise and spend money for local purposes and which has responsibility for government at the grassroots or local level, especially on matters within its jurisdiction”.

All these definitions considered so far combine the two approaches discussed earlier in their definitions. From the foregoing discussions, local government in this study is considered as *all sub-national units of government below the central government that have legal personality, specified powers to perform certain specified functions, involves effective citizen participation, and having a substantial budgeting and staffing autonomy in the promotion of the development of its area of jurisdiction.* This definition therefore prepares the platform for a discussion on the characteristics of a local government as stated by Olowu (1988).

### **3.2.2 Characteristics of local governments**

A prospective local government from the above definitions should have the following characteristics:

*i. be at the sub-national level:* For a form of government to be referred to as local government, it should be below the national or central level of government. This level of government can be at the regional, district or at the community level. This unit should not be a unit of a central government ministry or department at the local level, but a unit that has all the powers in resemblance to a form of government.

*ii. A legal personality:* Local government as a specific institution or entity should be created by national constitutions or state constitutions or by ordinary legislation of a higher level of central government or by provincial or state legislation or by an executive order to deliver a range of



specified services to a relatively small geographically delineated area. The legal backing depends on the forms of government being practiced in a particular country. This indicates that there should be a legal or constitutional provision and laws establishing and sanctioning this form of government. It should also have the power to sue and be sued and enter into contracts.

*iii. Weld specific powers:* Local government is identified by the specified powers that established and enabled it to undertake and carry out public functions and activities that lead to the development of the local area under its jurisdiction. It should also have the power to employ and fire its own staff, mobilize revenue in a manner that is accountable and should be subject to limited central control.

*iv. Specific geographic area and population:* A local government should have a defined spatial jurisdiction under its control and authority. It should also have charge over the population of this space where it operates.

*v. Elected/ selected representative:* Finally, a local government should be composed of elected and or appointed representative of local people to ensure effective citizen participation in that local government.

### **3.2.3 Responsibilities of local governments**

Local governments are seen as the handmaidens of a higher government order (Shah and Shah 2006:6). They are seen to be extensions of state or national governments and act on behalf of these higher levels of government. In many cases, especially in a unitary state system, policy development, standards of service and policy performance are determined at the national level. The local governments are then to carry out oversight implementation at the local level. In the promotion of local economic development, local government within this style are seen to implement policies, programmes and projects on behalf of these higher orders of government. From this, it could be deduced that local governments are not autonomous and only exist to advance the interest and wishes of higher levels of government. This may affect adversely the participation of the local people and local institutions in local decision making and issues directly influencing the development of the local area. Also, programmes and projects that may be implemented may not be in the interest of the local people as their needs may not be captured in the process and adequately catered for. This notwithstanding, the standards of service and policy performance determined by the centre may serve as a check on the activities of the local governments. This can help keep the local governments to pursue agenda not outside the national interest.

Again, local governments have the responsibility as independent facilitators of creating public value (Shah and Shah 2006:6). This places significant emphasis on the government as an agent of the people to serve public interest and create public value which indicates measurable improvements in social outcomes or quality of life. This concept is directly relevant to local and municipal services, for which it is feasible to measure such improvements and have some sense of attribution. This is useful in evaluating conflicting and perplexing choices in the use of local resources and in defining the role of local governments. The role of public managers in local governments in this direction is to tap local free resources and push the frontiers of improved social outcomes beyond what may be possible with meagre local revenues. Thus, public managers create value by mobilizing and facilitating a network of service providers beyond local

government. This responsibility makes it mandatory for local governments to seek the interest and welfare of the local people. It has the right to use resources at its disposal for the good of all. This has the potential of improving bottom-up decision making. In this sense, local leaders can be held more accountable for the development of local areas and the use of resources. Despite this, individual capture of these institutions disallows them to function within this frame. A few elite within the local governments in many cases manipulate the use of these resources to their advantage neglecting the mass majority. Also the use of these resources to create public value is fraught with corrupt practices. Again, measurable improvements in social outcomes may be minimal as local governments have inadequate capacity to provide adequate services. This then calls for the facilitation of stakeholder involvement in the development process by the local government.

The local governments are again expected to facilitate network forms of local governance (Shah and Shah, 2006:19-20). They have the opportunity to play a catalytic role in facilitating the roles of both interest-based and hope-based networks in improving social outcomes for local residents. To play such a role, local governments must develop a strategic vision of how such partnerships can be formed and sustained. In doing this, they should separate policy advice from programme implementation and assume a role as purchasers of public services but not necessarily as providers. Local government may have to outsource services with higher provision costs and subject in-house providers to competitive pressures from outside providers to lower transaction costs for citizens. The question one needs to ask is that, are local governments really doing this? They assert themselves to an extent that other players are not willing to join hands together with them in local level development. These other stakeholders see them as institutions filled with bureaucracy, corrupt practices and lack of transparency. This then may influence negatively, the ability of local governments in caring out this responsibility. Though this responsibility advocates that the local government should be a purchaser only of public goods, it may be suicidal in certain cases where local areas lack the kind of resources which may be attractive to private service providers. It is therefore necessary for local governments to consider their peculiar situations and advice themselves. Moreover, the local governments are to advance their self-interest (ibid: 17-18). This is because as institutions involved in policy formulation and implementation, it is expected to use opportunities and resources to advance itself. This should lead to the good of the local area it oversees. But on several occasions, this interest of local governments has overshadowed that of their local areas whereby local leaders have captured these institutions to their benefit. Also, local governments tend to exploit local people through high levels of taxation leading to the collapse of economic entities. Though these responsibilities seem to be separate and distinct, local governments carry out a mixture of them. This then leads to the discussion on the rationale for the creation of local governments.

### **3.2.4 Rationale for local governments**

According to Shah with Shah (2006:3-4), decentralized decision making and a strong role for local governments in local development is supported by many accepted theories on the grounds of efficiency, accountability, manageability, and autonomy. In the first place, Stigler (1957:213-219) identifies two principles of jurisdictional design. He states that the closer a representative government is to the people, the better it works. Also, people should have the right to vote for the kind and amount of public services they want. In the light of these principles, decision making should occur at the lowest level of government consistent with the goal of allocative efficiency

(ibid.). Furthermore, the decentralization theorem advanced by Oates (1972:55), proposes that “each public service should be provided by the jurisdiction having control over the minimum geographic area that would internalize benefits and costs of such provision,” because local governments understand the concerns of local residents, local decision making is responsive to the people for whom the services are intended, thus encouraging fiscal responsibility and efficiency, especially if financing of services is also decentralized. It is also of the view that unnecessary layers of jurisdiction are eliminated while inter-jurisdictional competition and innovation is enhanced (ibid.). An ideal decentralized system ensures a level and combination of public services consistent with local people’s preferences while providing incentives for the efficient provision of such services. The final theoretical support in the discussion is based on the subsidiarity principle. By this principle, taxing, spending, and regulatory functions should be exercised by lower levels of government unless a convincing case can be made for assigning them to higher levels of government. This principle evolved from the social teachings of the Roman Catholic Church and was first proposed by Pope Leo XIII in 1891. Subsequently, Pope Pius XI highlighted the principle of subsidiarity as a third way between dictatorship and a laissez-faire approach to governance. This principle is the polar opposite of the residuality principle typically applied in a unitary country, where local governments are assigned functions that the central government is unwilling or thinks it is unable to perform (ibid.).

The above supports the view of Laski (1960:411) that “all problems are not central problems and that the results of the problems not central in their incidence require decision at the place where the incidence is most deeply felt”. This suggests that local governments are established to help solve local problems where the impacts of these problems are heavily felt. It is also envisaged to manage local affairs and ensure that the basic needs of local people are met. Local government also provides the framework within which local human and material resources could be mobilized for development at the local level. It also exists to promote the delivery of effective and efficient public goods and services at the local level. To the central government, it serves as a bridge against excessive centralization of government and helps to decongest issues that are essentially local and to facilitate local governance at the local level.

Maddick (1983), supported local governments by indicating that to achieve a social and general economic growth requires a spreading of effort so that local communities and individuals can participate to bring under ideal conditions, energy, enthusiasm and most important of all, local initiatives to the working out of opportunities for local development activities. In this sense local authorities provide the opportunity for local people to participate in local decisions and local schemes within the general national policies and to act above all as local centres of initiative and activity conducive for development. From these, local governments should ensure local development within the frame of social, economic and environmental development and better local governance.

Historically, local government institutions have played a critical role in the transformation of countries the world over and continue to play important roles in the economic development of both developed and developing countries. They have the potential in raising agricultural and industrial production in developing countries in the collective action of managing scarce resources and other local institutions and the informal sector to organize themselves for effective economic activities. They play an important role in meeting the needs of the informal and private sectors by creating the enabling environment for them to operate and create jobs for the local

people which in a way lead to a reduction in the poverty levels of the local people. Some local governments are also into the direct provisions of services that create jobs and income for the local people (Olowu, 1988:22-23). This supports this study which is on the roles of local governments in local economic development promotion.

### **3.3 The nature and concept of local economic development**

Though the concept of local economic development is gaining increasing popularity and acceptance as a tool for economic restructuring and regeneration across the globe, it is yet to be clearly defined. The concept has multiples of definitions as a result of the lack of a clearly defined theoretical model and the fact that the main sources of its inspiration are experiences and imitation. Therefore the definitions of the concept have tended to revolve around its basic content leading to widely accepted definitions. In this view, some definitions of the concept will be considered to bring out some of their basic issues and characteristics.

According to the World Bank (World Bank, 2003a:1), local economic development is the process by which public, business and non-governmental sectors partners work collectively to create better conditions for economic growth and employment generation. Blakely (1994:49) also defines it as “ a new process by which local governments, along with local corporate firms, join forces and resources to enter into new partnership arrangements with the private sector or each other in order to create new jobs and stimulate economic activity in a well-defined economic zone”. It is also seen as a process in which local governments, community based organizations and the private sector administer their resources and come into partnership or networking arrangements with each other to generate employment and encourage economic activity in a specific area (Zaaijer and Sara, 1993). Trousdale (2003a:1) is also of the view that it is a participatory process where local people from all sectors work together to stimulate local commercial activity resulting in a resilient and sustainable economy.

The term *local* in the concept “refers to a process of valuing the endogenous potentials and making optimal use of already existing local capacities”. The term *economic* is “directed towards the identification of investment opportunities, supporting entrepreneurial activities and facilitating access to new markets” and finally *development* as used here “refers to the process aimed at promoting an improvement in the living and working conditions of the local area through the creation of new jobs, the retention of existing jobs and the generation of income” (USAID, undated:1).

From these definitions and explanations to the concept, the emphasis of the concept of local economic development is on endogenous development policies which make use of potentials and existing local resources including human, institutional and physical. Also, it is identified as a participatory process which involves various stakeholders within a spatial unit committing their efforts together to achieve progress. White and Gasser (2001) established four requirements or characteristics of local economic development namely: participation and social dialogue, based on territory, entail the mobilization of local resources and competitive advantages and they are locally owned. The concept therefore has a process, involves stakeholders’ participation, makes use of existing and potential resources, manifests in a spatial unit and has a purpose.

In this study therefore, local economic development is viewed as *a process whereby stakeholders engage themselves and or with each other to encourage and stimulate activities*

*that have a bearing on economic outcomes through the utilization, though not exclusive of potentials and resources available locally in a particular locality.*

### **3.3.1 Rationale for local economic development (LED)**

The purposes of local economic development are varying and many but they include the following: It aims at enabling the local economy to respond to national and global processes of economic restructuring, improve its capacity to grow and generate more employment to enhance the capacity of enterprises for innovation so as to make use of new economic opportunities. It also assesses a local area's competitive advantages, identifies new or existing market opportunities for business and reduces obstacles to business expansion and creation. It focuses on a local area's potentials and existing resources and identifies specific local stakeholder's needs and what they can do to ensure that the local area reaches its potentials. Finally, its main expected output is to create new jobs, help local areas retain existing jobs, help businesses access capital so that they can take advantage of new market opportunities and to contribute to a broader geographical balanced national framework to increase a country's global competitiveness ( USAID, undated:2). For local economic development to be able to achieve these aims and objectives there is the need to look at the processes, the varying stakeholders/actors, their roles and forms of participation. As a process it involves the formation of new institutions, the development of alternative industries, the improvement of the capacity of existing firms and economic institutions to function better, identify new markets, transfer knowledge, and create new enterprises through the adoption and use of local resources (Blakely, 1994:50). This process uses various inputs to help achieve its intended purpose. These inputs are the potentials and resources that are of need. These include natural resources, available labour, capital investments, entrepreneurship, transport and communication networks, industrial composition, available technology, institutions and institutional capacity, national and local policies and spending and other forms of development support. These inputs are utilized through the various approaches, techniques and initiatives within the process to achieve the expected purposes.

### **3.3.2 Brief history and trajectory of local economic development**

The concept of local economic development (LED) has passed through three major stages of development since the 1960s (World Bank, 2004). Along this long trajectory, practitioners have come to understand better successful and unsuccessful programmes in line with the local economic development concept. Currently the period from the mid-1990s till now is experiencing the third wave. The first wave was from the 1960s to the early 1980s while the second wave was from the 1980s to the mid-1990s. The various waves, the period, the approaches and tools are presented in table 3.1 below.

Table 3.1 Waves of Local Economic Development

Wave	Focus	Tools
<b>First:</b>  <b>1960s to early 1980s</b>	During the first wave the focus was on the attraction of: <ul style="list-style-type: none"> <li>• mobile manufacturing investment, attracting outside investment, especially the attraction of foreign direct investment</li> <li>• hard infrastructure investments</li> </ul>	To achieve this cities used: <ul style="list-style-type: none"> <li>• massive grants</li> <li>• subsidized loans usually aimed at inward investing manufacturers</li> <li>• tax breaks</li> <li>• subsidized hard infrastructure investment</li> </ul>
<b>Second:</b>  <b>1980s to mid-1990s</b>	During the second wave the focus moved towards: <ul style="list-style-type: none"> <li>• the retention and growing of existing local businesses</li> <li>• still with an emphasis on inward investment attraction, but usually this was becoming more targeted to specific sectors or from certain geographic areas</li> </ul>	To achieve this cities provided: <ul style="list-style-type: none"> <li>• direct payments to individual businesses</li> <li>• business incubators/workspace</li> <li>• advice and training for small- and medium-sized firms</li> <li>• technical support</li> <li>• business start-up support</li> <li>• some hard and soft infrastructure investment</li> </ul>
<b>Third :</b>  <b>Late 1990s onwards</b>	The focus then shifted from individual direct firm financial transfers to making the entire business environment more conducive to business.  During this third (and current) wave of LED, more focus is placed on: <ul style="list-style-type: none"> <li>• soft infrastructure investments</li> <li>• public/private partnerships</li> <li>• networking and the leveraging of private sector investments for the public good</li> <li>• highly targeted inward investment attraction to add to the competitive advantages of local areas</li> </ul>	To achieve this cities are: <ul style="list-style-type: none"> <li>• developing a holistic strategy aimed at growing local firms</li> <li>• providing a competitive local investment climate</li> <li>• supporting and encouraging networking and collaboration</li> <li>• encouraging the development of business clusters</li> <li>• encouraging workforce development and education</li> <li>• closely targeting inward investment to support cluster growth</li> <li>• supporting quality of life improvements</li> </ul>

Source: World Bank, 2004

Although local economic development has moved through each of these waves, elements of each wave are still practiced today. Most of the tools within the various waves are identical. These include improvement in institutional relationships, infrastructure, business and human resource development. These waves form the bases for the various approaches and tools adopted so far in local economic development. There are consistent elements overtime to the evolution of local economic development. Key among these are the roles of local government, the private sector, the not-for-profit sectors and the local community in creating opportunities and working together to improve the local economy (Davis and Rylance, 2005:4). Within all these waves, the concept focuses on enhancing competitiveness, increasing sustainable growth and ensuring inclusive growth. In order for the developing world to also derive some of the benefits of local economic development, various approaches were implemented in the course of time as put forward by Grimm (1999). The various approaches and their main features are summarized on table 3.2.

Table 3.2 Local economic development approaches and main features in the developing world

<b>Approach</b>	<b>Main features</b>
Central Places	Theory aimed at widening service provision to certain centres but cutting costs
Integration Strategies	Attempts by the state to allow markets to work more effectively by financial analyses to increase information regarding low wage areas and access to markets
Growth Poles and Growth Centres	Attempts to stimulate broad based growth by identifying certain sectors and targeting usually small and intermediate urban centres
Spatially Oriented Regional Development	Stimulating growth by interlinking farm and non-farm enterprises, usually targeting basic needs and specific groups (e.g. women)
Locally Integrated Economic Circuits	Improving conditions for growth in rural areas through market access, resources, technology (green revolution), population structure, raising incomes, access to services

Source: Grimm 1999 in Davis J and Rylance C, 2005

An assessment of these approaches by Davis and Rylance (2005:5) revealed the following:

i. Common to all these approaches was a top-down, macro-level perspective, which experience has shown to be largely ineffective in causing growth (de Janvry and Sadoulet, 2003, Satterthwaite and Tacoli, 2003, Grimm, 1999, Pedersen 2003). The reasons for this are varied. Firstly, it is thought that the multitude of specific factors related to each target area was overlooked and investment in growth poles or centres did not stimulate the surrounding areas as had been expected; a knock-on effect was not achieved. Satterthwaite and Tacoli (2003) refer to cases in which policies did not address issues of land tenure and security, specific to a particular region. The failure of growth pole or growth centre policies was partly due to a lack of recognition concerning the spatial influences of macro policies. Strengthening linkages was not a priority and small-medium and micro-enterprises (SMMEs) were not specifically targeted.

ii. Also inconsistencies between macro and micro level policies have also contributed to failures. Many micro policies were to stem migration to large urban centres while macro policies undermined these efforts. Regional governments were limited in their efforts to improve infrastructure necessary to support local level programmes.

These approaches of local economic development discussed above have influenced the practice of the concept across the globe within time. Some of the various approaches adopted in local economic development according to literature are discussed below.

### **3.3.3 Approaches to local economic development**

Blakely (1994: 137-139) categorizes the broad approaches of local economic development to include business development, human resource development, locality development and community-based economic and employment development. These approaches are considered in the discussions following.

#### *Business development approach*

This involves the creation of an enabling environment or a good business climate for business development. This is an important approach to local economic development as the attraction, the creation and retention of business enterprises help maintain a strong and vibrant local economy. It is intended to redress the balance between community as a social construct and business as an instrument for growth and wealth creation. It helps mobilize essential community resources for the generation of shared wealth. The major components of this approach include the encouragement of new business start-ups, the attraction of new firms or business entities into the local area, the sustenance and expansion of existing business entities and an increase in innovation and entrepreneurship. These components propel this approach to create the needed environment and the development of the business sector as the engine of growth within any local spatial unit. The tools within this approach and for the various components include the creation of start-up venture financing institutions and one stop centres, the establishment of assistance or development centres, setting up of micro enterprises, technology and business parks, group marketing systems and entrepreneurial and research development programmes (Manuel, 1997:14 and Blakely, 1994:179).

#### *Human resource development*

This approach is geared towards linking employment needs of the business sector and the job formation process. Swack and Mason (1987:343) write that one of the most valuable resources in a community is its people. Community and for that matter local economic development provides them with the tools and knowledge to control their resources as a function of providing technical skills and knowledge to people already working in a local area so that they can carry on the efforts of development. This attest to the fact, that human resources are essential to the economic development process. This approach has mainly four categories namely: vocational training and education, job placement, client oriented job creation and job maintenance (Blakely, 1994:208). It uses tools such as customized training, targeted placement and local employment programmes. The customized training and employment services to the unemployed are beneficial to employers within the local area. The skill bank provides information about unemployed persons in the local area and this serves as a skills inventory. It provides the unemployment needs and makes available the level of skills of the unemployed people in a local area. This can also aid local authorities to device employment activities that are linked to the needs of the unemployed. The



local employment programmes seek to provide skills to the needed people in the local area. This includes offering training schemes such as group apprenticeship schemes, adult training, offering business support services that increase employment, development of shared facilities for training activities, operating general literacy and community education projects and developing on the job training and work experience activities for young adults. This approach also sees the need to initiate self-employment activities that are supposed to help the unemployed to establish employment ventures for themselves using their own primary resources. This initiative provides training and loans to the unemployed to initiate a new independent and community servicing businesses.

#### *Locality development*

The approach is concerned with land and image management. Land is one of the most important components of any form of development and measures should be put in place to ensure easy access to it. Land management tries to ensure the prudent use of land and improvement in existing land use practices. The image management aspect of this approach is geared towards improving the image and aesthetic features and the appearance of settlements. The components of this approach include land use planning, the development of visual themes that create a sense of identity, improves the amenity base or liveability of the community or local area, improves the attractiveness of the civic centre in an effort to improve local business. The mostly used development tools in this approach include land banking, infrastructure provision, incentive zoning, regulation improvement, town scaping, housing and neighbourhood improvement and the provision of community services.

#### *Community based economic and employment development*

The community based economic and employment development approach seeks to create employment opportunities and stimulate inward investments to a particular local area through the implementation of a range of activities. The approach cuts across all the other approaches within the concept. It combines strategies and tools from the other three approaches. The focus is on a particular territory or local area to ensure its local economic development. This approach involves the development of financing scheme institutions which will supply start-up capital for community projects and activities, provision of technical assistance and work spaces for localities to initiate their own economic activities. It also focuses on the provision of facilities and the facilitation of small community based enterprises and integrates community based initiatives into the overall local economic development process (Manuel 1997:14). The specific tools of this approach include the establishment of community development corporations, community cooperatives, local enterprise agencies, Employee/worker ownership and community employment and training boards.

Gravingholt et al (2006:31-32) also provide similar approaches to local economic development. They are of the view that these approaches to local economic development can be very simple as providing a variety of services for local businesses or as complex as attracting foreign direct investments. But they caution that the approaches to be adopted should be based on local circumstances. The various approaches as they are presented include the following:

#### *Encouraging local business growth:*

This approach provides advice, support and resources to enable existing local businesses to grow. The tools used in this approach include visits and surveys and local meetings organized by

local government officials to make available and provide information that will aid business development. It also provides financial assistance programmes to the provision of sites and premises by local authorities to aid business development.

*Encouraging new enterprises:*

The instruments for this approach include the provision of advice, technical support and information and resources to help individuals or groups of local people to set up their own businesses. Micro-financing schemes or the establishment of business networks are typical examples for new enterprise support (Gravingholt et al, 2006:31-32).

*Promotion of inward investments:*

This involves the attraction of businesses from other parts of the region, country or even from abroad to invest in a local area. The tools used include marketing the local area through brochures, advertisements through various media and organizing trade fairs. Through this, the potentials and resources of the area can be made known to the outside world.

*Investments in hard and soft infrastructure:*

The technical infrastructure (hard infrastructure) available for business has influence on the attraction and retention of businesses. These include the provision of roads, sewerage systems, electricity, water and commercial sites and buildings for businesses. The tools for the soft infrastructure include the establishment of facilities and institutions which improve the social and commercial environment for business such as education with special focus on professional skills training, business advisory services, social inclusion strategies and crime prevention measures (ibid).

*Sector and business cluster development:*

This approach also supports inter-firm collaboration and encourages people engaged in same or similar clusters to meet and exchange ideas on business development opportunities. Small business clusters are also encouraged to ensure that their full potentials are utilized to the fullest.

Vazquez-Barquero (1999) in Rodriguez-Pose (2001:9) also categorizes the approaches of local economic development into three broad areas. These are the hardware, software and the 'orgware' schemes. The hardware scheme involves factors which are very common to traditional development policies. This scheme gives consideration to the provision of basic infrastructure such as providing and improving transport and communication networks, industrial spaces, educational, health and cultural facilities that promote human resource development. The software scheme involves the design and implementation of comprehensive local development strategies. He writes that based on the scanning and analysis of the comparative advantages and of resources, challenges of each spatial unit, the local stakeholders define and set up a comprehensive strategy to fulfil its potentials. These strategies are usually around four axes namely the improvement of competitiveness of the local firm, the attraction of inward investment, the upgrading of human capital or labour skills and the building of infrastructure (ibid). The basic nature of these issues is to help create a comprehensive and balanced local development strategy that will root economic activity to a territory. The achievement of this motive is only possible when there is a conscious and systematic involvement of local economic, social, political and environmental actors in the planning and development process.

The ‘Orgware’ scheme refers to the improvement of the organizational and institutional capacity to design, implement and monitor the whole development strategy. It involves the coordination of difficult levels of government and the local public and private sectors and the empowerment of local communities to have greater say in its own development (Vazquez-Barquero, 1999; in Rodriguez-Pose, 2001:10-11). Table 3.3 juxtaposes the various approaches for easy comparison.

Table 3.3 Summary of the various approaches

<b>According to Blakely (1994: 137-139)</b>	<b>According to Gravingholt et al (2006:31-32)</b>	<b>According to Vazquez-Barquero (1999) in Rodriguez-Pose (2001:9)</b>
Locality development	Encouraging local business growth	<i>Hardware</i> : Provision of basic infrastructure
Business development,	Encouraging new enterprises	<i>Software</i> : design and implementation of comprehensive strategies
Human development	Promotion of inward investments	<i>‘Orgware’</i> : Improvement of organizational and institutional capacity to design, implement and monitor development strategies
Community-based economic and employment development	Investments in hard and soft infrastructure	
	Sector and business cluster development	

Source: Author’s construct

All the approaches considered so far, have similar components and focus. They all involve the development of the business sector, provision of infrastructure, human resources and institutional development. These classifications are very important within any form of local economic development framework. The presence of institutions, infrastructure and the processes are very paramount to its success. These approaches if carefully planned and executed can influence the achievement of the stated purposes of local economic development.

### **3.3.4 Categories of actors/stakeholders in local economic development**

In order to ensure a proper and effective institutional framework, the various actors/stakeholders involved in local economic development activities should be given consideration in the light of the roles they play, their influence levels, their location in space and the functions they can perform. As concerning local economic development, actors from three major sectors are of interest. These are the private, public and community/voluntary sectors. These sectors have a number of actors/stakeholders that influence local economic development.

### *The public sector*

The involvement of the public sector in local economic development is based on various arguments. The public good argument justifies government's involvement in view of the fact that consumers cannot be charged for particular goods and services. This is because the benefits obtained from them are collective and impossible to measure how much each individual has utilized. The other argument centres on market failure. It states that government action is needed especially in conditions where the market is not able to operate efficiently due to monopolistic behaviour, risk and uncertainty and both positive and negative externalities. The final argument is based on the commitment of governments to providing access to certain goods and services regardless of people's ability and willingness to pay (Manuel, 1997:9). Some of the stakeholders within this sector include national and local governments and their institutions/departments/agencies/sub-units.

### *The private sector*

The Private Sector is generally the part of the economy which is run privately and for profit. This sector is able to generate investments, creates jobs and produce tradable goods. It has a range of resources including technical and managerial skills and financial provisions. Some of the key actors/stakeholders include private companies, firms and other business entities of various sizes.

### *The community/voluntary sector*

This sector includes community based and other Non-Governmental Organizations. These Non-Governmental Organizations may be local or international which are into development work in a particular locality and may be for-profit or not-for-profit organization. This can also be expanded to include traditional government systems and institutions. In the context of Ghana, a key stakeholder within this sector is the traditional authority. The authority own and control most of the land across the length and breadth of the country. This sector has the ability to experiment with, innovate and pioneer development approaches which the other sectors may fail to do or have never attempted. Also, many of these organizations have deep commitments to a clearly defined mission which will be helpful for local economic development. It also practices bottom up development approaches which are relevant for participatory developmental activities and local economic development.

### **3.3.5 Actors/Stakeholder participation**

Actors/Stakeholder participation in local economic development can take various forms at various stages of the process. They can be involved in the planning, implementation, running and maintenance phases of all or most local economic development initiatives and activities. Different stakeholders may be involved at various stages depending on their mandate and stated functions. They may participate in the process by providing financial resources, information and data, taking planning, implementation and management responsibilities to physical and the direct production of goods and services and the provision of institutional support. Also, the relationship between stakeholders which can be described as a network of influences which they are likely to have with one another is very essential for the success of local economic development. This relationship can contribute insight, knowledge and support to the process as well as supporting its execution. The relationships can be in the form of partnerships, where all partners are deemed as *principals* and are capable of acting on their own and able to make a stable organizational commitment (Peters, 1998). This kind of relationships is an effective instrument for improving relationships among public agencies, levels of government and private sector organizations and

for combining human and financial resources from a variety of sources for achieving objectives of development policies (OECD, 1990). It can also be in the form of collaboration where all stakeholders have a positive agenda. This does not mean the sub-contracting of placid stakeholders, but a genuine arrangement between them to work on a problem facing the local area based on mutual respect, acceptance of autonomy, independence, and pluralism of all opinions and positions. When all stakeholders see that their involvement in the process is not competing alternatives but as complementary contributions, the possibility for a genuine collaboration is opened.

### **3.3.6 Expected roles of actors/ stakeholders in local economic development**

In promoting the approaches and components of local economic development, stakeholders may take on several roles which they deem appropriate. These roles will shape the particular stakeholder's participation in the process and the tools it can apply. Also, one stakeholder may play or have many roles to play than others based on its mandate. Blakely (1994:69), writes that there are mainly four major roles that these stakeholders can play in any local economic development process. These are as an entrepreneur or developer, coordinator, facilitator and or stimulator (these roles do not followed any particular order).

*i. Entrepreneurship or developer role:*

With this role, stakeholders take full responsibility of implementing and operating business entities or enter into joint ventures or partnerships with other sector stakeholders to create jobs for the locality. Stakeholders take full responsibility or shares in the risk of operating commercial activities by making available resources under its control for economic purposes.

*ii. Coordination role:*

This role ensures that the necessary stakeholders put their hands on deck and make sure the best is achieved. It ensures that activities are likened to initiatives of most stakeholders. Some of the tools include the collection and evaluation of economic information, evolving economic objectives, plans and strategies so that all sectors within the process focus their approaches and resources on achieving similar goals in an effective manner. This could also include networking with key role players to create partnerships and projects.

*iii. Facilitation role:*

The role of facilitation involves the improvement of the attitudinal environment in a local area that suits development. It provides the necessary enabling policy environment by streamlining the development procedures as well as improving planning procedures and zoning regulations. It also advocates for local concerns by bringing economic problems to the attention of higher levels of government. The provision of clear policies and the adherence to a clear development process in an integrated development strategy can aid local economic development. It also involves the use of the planning powers to establish employment or development zones and standards that encourage a particular class, scale or character of development (Blakely 1994:72). Moreover, it also involves improving access to resources both financial and others which are needed by any business entity. It again seeks to provide entrepreneurship training for interested groups and others, promotes inter spatial unit dialogue and provides the capacity for activities. Finally, it motivates and supports individuals and community groups to initiate and sustain economic initiatives.

*iv. Stimulation role:*

This involves actions that are geared towards the inducement and attraction of economic entities and the creation and or expansion of economic activities into a particular locality. This can be done through a number of incentives including the development and making available brochures that provide adequate information on the potentials of the locality. Other strategies also involve the construction of buildings and other facilities and forms of infrastructure such as good roads, water and electricity and industrial estates or workshops that are attractive to would be investors. Making land available can also be a stimulating factor in areas where access to it is impeded. It also involves the control of rents for both land and facilities which are beneficial to investors. In sum this role entails putting in place the necessary conditions to attract investors in an area.

### **3.3.7 Institutional aspects of local economic development**

In order for local economic development to be carried out successfully and the purposes achieved, there is the need to give due consideration to the institutional framework and arrangements which will propel it. This involves the organizations, institutions, structures and networks through which it can be coordinated, implemented, managed and monitored. The structure of these institutions, networks and structures vary depending on the level at which the activity is to be carried out. Local economic development is an institutional building process and requires the establishment of planning systems and institutions that can manage the process over extended periods of time. Therefore institutions to coordinate local economic development require fiscal resources, technical expertise, leadership and imagination. Locally based institutions which are fully staffed must be available to provide guidance in identifying and mobilizing resources needed for the implementation and management of initiatives.

Due to the importance of the institutional framework for local economic development, the International Labour Organization proposes the establishment of Local Economic Development Agencies (LEDA) to be responsible for all the activities and initiatives in the process (ILO et al, undated:20) in a particular local area. It is of the view that the Agency should be made up of all the major stakeholders in the local area. The agency established should have its own legal structure and functional autonomy. It should be recognized and its legal form should permit the participation of local actors from the public, private and voluntary spheres. The agency is supposed to be non-profit oriented. Its autonomy is to enable it execute roles in local and national political picture and a contractual entity with independent access to funding and to sub-contract and render services. It should be able to implement projects and provide services and credit in a simple non-bureaucratic manner (Cunningham and Meyer-Stammer, 2005:7). It notes that the participation of the private and public sectors and also civil society in this agency provides factors for success. The involvement of the public sector institutions and administrative units gives the agency political, institutional and programmatic links with various institutional expressions of the state at all levels. Civic Society enables the institution to respond in a practical and adequate fashion to the needs of the population (ibid).

### **3.3.8 Model and stages of the local economic development process**

There have been varying planning processes proposed and adopted by many institutions involved in local economic development for its promotion. Though they vary in approach, these models have similar components leading to similar ends. In this study, the models adopted by five

renowned world institutions are discussed. These are the World Bank, the International Labour Organization (ILO), ECOLOC, UN-Habitat and the German Technical Cooperation (GTZ).

*The World Bank's model:*

The World Bank's Primer on local economic development makes it clear that "good practices" indicate that local economic development should always begin with the formulation of a strategy. This strategy is a critical component of any community's planning process (World Bank 2003a:10, Swinburn et al, 2006:4). The Bank further suggests a five stage planning process for local economic development. These are organizing the effort, doing the local economic assessment, creating the strategy, implementing the strategy and reviewing the strategy (ibid). The first stage involves the creation of institutional arrangements by mobilizing stakeholders and creating a partnership or a working relationship among them. The second stage elicits data on the economy with a review of existing economic relationships. Also the strengths, weaknesses, opportunities and threats to local economic development in the local area are identified. The third stage involves the development of the strategy itself. Its activities include designing the vision, goals, objectives, programmes, projects and action plans of the strategy. The fourth stage lays out the budgeting, human resource, institutional and procedural implications for the strategy's implementation. The action plans provides the hierarchy of tasks, responsible partners, a realistic timetable and other necessary issues that affect implementation. The final stage involves the review of the document annually. It considers the availability of resources for the delivery of the strategy and establishes agreed monitoring and evaluation indicators of the local economy. This model by the World Bank- provided a generic model which has influenced the practice of local economic development by other major practitioners to a certain degree. This particular model targets communities and businesses in declining areas and focuses on locality, community and business development. This model sees local governments as the main drivers of local economic development and they are to be drivers in partnership with businesses and communities. The business sector and community organizations are supposed to be partners with the local government and at times drivers for some programmes.

*The International Labour Organization's model:*

The ILO has been in the business of local economic development since the early 1990s and implemented several programmes across the globe in countries such as Angola, South Africa, and others in Asia, Eastern Europe and Latin America (Rodriguez-Pose A., 2001 and Hindson, 2007:6). The organization also follows a six step planning process in pursuing local economic development (Salzano, 2002:14). These are: territorial diagnosis and institutional structures, sensitizing, creation of a local forum, design of the strategy, coordination/creation of implementation structures and the implementation of the strategy. The distinguishing features of this process from that of the World Bank is the creation of implementation structures. This structure involves the setting up of a specific institution or agency to be responsible for local economic development. This model also targets local governments, businesses, peasant farmers and communities. It focuses on interventions such as locality, micro, small to medium scale enterprises and peasant farming. It sees technical assistants working with local and regional governments to be the key drivers and these two groups are to hand over activities to local economic development agencies in the future. In this model, the local government plays the role of partnering with regional governments and local economic development agencies to promote local economic development. The private sector including businesses are also supposed to

partner with local governments and local economic development agencies which the community organizations are seen as partners in the process with strengthened roles overtime.

*The ECOLOC model:*

ECOLOC is a programme developed by OECD's Club du Sahel and the Municipal Development Programmes (MDPs) of West and Central Africa. The word ECOLOC is an abbreviation of the French term for local economy, namely "l'Economie Locale". This initiative was set up in 1997, mainly in localities within francophone countries in West and Central Africa. The programme focuses on rural regions, their main urban centres, small towns and agricultural hinterlands (Hindson, 2007:4-6 ). The model has mainly three phases or stages. These are the study, dissemination and construction or implementation phases (ibid). The study phase involves a thorough diagnosis of the area earmarked for development. The research conducted at this stage is very thorough and may last up to about six months. It involves several steps such as the analysis of the local economy, demographic, institutional, spatial and environmental dimensions of the locality. This provides adequate information which feeds into the second stage of dissemination. This second stage disseminates the research findings to the necessary stakeholders for the needed consensus and action. This phase has a widened level of participation to ensure the acceptance and sustainability of outputs and outcomes. The final stage usually referred to as construction phase gives much attention to the implementation of the outputs and outcomes of the other phases. It usually focuses on the construction and rehabilitation of physical infrastructure as part of improving the environment for business within localities. This model targets local governments, businesses and the entire population in general and focuses on the provision of economic infrastructure which is to be followed by business development. The drivers in this model are the leaders of localities supported by technical experts in the field. The local government is here seen as the main driving institutions with support from experts while the business sector is seen as fairly a minor partner. The community organizations are described as potential partners in the process.

*The UN-Habitat model:*

The UN-Habitat, founded in 1978, is the lead UN Programme for implementation of the Habitat Agenda, a global action plan seeking to achieve adequate shelter for all and sustainable urban development. The mission of UN-Habitat is to "promote sustainable urbanization through policy formulation, institutional reform, capacity-building, technical cooperation and advocacy, and to monitor and improve the state of human settlements worldwide. It is really a new comer in the arena of local economic development promotion (Hindson, 2007:11). Its approach is deeply rooted in strategic planning. The model has four main stages translated into the following: Preparatory and Stakeholder Mobilization Phase, Issue Prioritization and Stakeholder Commitment, Strategy Formulation and Implementation and Follow-up and Consolidation Phases (Beyer et al, 2003:19). The first phase entails mobilizing stakeholders, profiling or identifying issues affecting the local environment and identifying key concerns while the second stage translates into visioning, elaborating and prioritizing issues- building collaboration and forging consensus- the setting of objectives and formalizing commitment on ways forward. The third phase involves identifying priority strategies; negotiating and agreeing on action plans; designing and implementing the demonstration projects; and integrating these projects/plans into strategic approaches. The final stage continues with Implementation all the way through it and has four aspects: implementing action plans; monitoring and evaluation; up scaling and replication; and institutionalization. This model targets government, businesses, community



based organizations and the general population in the process. Its main areas of intervention are locality including the business environment and micro small and medium scale enterprises. It also sees the local government to play the lead role but involve other key stakeholders who are central to the process. The local government is therefore at the centre of local economic development in this model and it is supposed to work with other stakeholders such the business sector- and communities and their organizations. The community organizations are also seen to play a strong role in the process.

*The Gesellschaft für Technische Zusammenarbeit' (GTZ) model:*

The last model considered in this study is that of the German Development Cooperation (GTZ). The GTZ framework for local economic development centres on the relationship between the national government and the state/local level. At the national level they work to support decentralization so that local government has the responsibility and authority needed to respond to the local context. At the state or local level, GTZ works to strengthen local governments and their provision of services. In the model, there is no proscribed, chronological process. GTZ instead translates economic concepts into analytical tools that can be used and understood by practitioners and politicians. Thus, they establish more of an *analytical framework* than a specific *process model* ((Beyer et al 2003:21). In some countries such as Ghana, South Africa and Uganda, the organization applied the participatory appraisal of competitive advantage (PACA) model. This model is made up of three phases namely the build-up phase; the PACA exercise; and the actions that follow (Hindson, 2007:8-10). In the first phase, a consultant team trained in the tool interacts with local champions to help gather initial information on the area and prepare local stakeholders for the PACA exercise in the next stage using brochures and flyers of the approach to provide an initial description of the approach. The PACA exercise combines a diagnosis, participation and action planning in a tightly structured and carefully facilitated process. Actions are then taken after the PACA exercise. The PACA model used by the GTZ targets businesses, mainly small and medium scale enterprises and the focus of intervention are on small and medium scale enterprise and locality development. With this model, the business sector or local business champions are to be the main drivers of the process while local governments serve as a partner supporting the business driven process. Community organizations are however marginal players in this business oriented local economic development process.

Though these models have various strengths and weaknesses, the emphasis in this discussion is on the similarities in the stages of the process of engaging in local economic development. Following from the review of these models, the process of promoting local economic development entails some clear stages such as locality assessment, identification of the necessary stakeholders, their relationships and roles, designing of a strategy and the implementation and management of the strategy. These issues are therefore very critical in any local economic development process. Also the various stakeholders in the various models have particular roles and functions to play. In most of these approaches, the key driver of the process was the local government which is supposed to promote local economic development in conjunction with all other relevant stakeholders in the locality. In this light it is therefore necessary to discuss why local governments should be involved in the business of local economic development.

### **3.4 Supposed role of local governments in local economic development**

Many writers have identified the roles to be played by local governments in local economic development promotion. Goetz and Clarke (1993) in Kokor (2000:27) proposed four major roles to be played by them. These are participation, facilitation, regulatory and adjustive roles. The Participatory role of local governments include the ownership of productive assets, participation in equity positions and partnership arrangements which make purposeful use of local public resources directly available to the local economy. The Facilitation role allows local governments to use instruments such as subsidies and other forms of incentives to encourage economic activities including the delivery of local public services. The local governments' Regulatory role involves the usage of its rating systems and by-laws to monitor the local private market. The Adjustive role is a social one. It involves the provision of local public services that mitigate the negative effects of the market especially of disadvantaged groups, thereby reducing the effects of market forces on the population (Kokor 2000:27).

According to the VNG (Association of Netherlands Municipalities) International manual on the role of local governments' in local economic development, it states that local governments are supposed to play basically three major roles namely: as a Service Provider, Regulator and as a Catalyst. The service provider role includes routine operational functions and responsibilities for capital investment with regard to the provision, upgrading and maintenance of services. The regulatory aspect puts the local governments in a position to monitor and streamline the activities of other stakeholders participating in the process. The local governments' Catalyst role is the main proactive responsibilities. It involves moving the local area forward and creating the appropriate environment for economic development.

As has also been discussed earlier in this chapter, and attributed to Blakely (1994), local governments are generally supposed to play four major roles with regard to local economic development. These are facilitation, enabling/developer, stimulation and coordination. The explanations of these roles are related to the other two sources discussed so far. From the various interpretation and components of these roles, it could be deduced that the roles of facilitation and as a catalyst are similar and can be put together. The participatory and enabling or developer roles are also related and can be viewed as one. From this, it could be said generally that local governments can play about six roles in local economic development promotion. These are Facilitation, Enabling/as a Developer, Stimulation, Coordination, Adjustive and Regulatory roles. These roles will therefore form the basis for analyzing the roles of local governments in local economic development promotion in the study area.

### **3.5 Examples of cases of local government involvement in local economic development promotion**

There exist many cases across both the developed and developing world that can be assessed to evaluate the roles of local governments in local economic development. Due to the lack of space, only two cases, one from the Federal republic of Germany representing the developed north and the other from South Africa representing the developing south are discussed.

### **3.5.1 Local government involvement in local economic development in the Federal Republic of Germany**

Local self-government in Germany is said to have originated from economic roots. This was inspired by the local government reforms of the Freiherr von Stein at the beginning of the 19<sup>th</sup> century in Prussia. He recognized that excessive bureaucracy affected negatively economic development and therefore letting property owners take part in the administration of cities and localities was very necessary. By so doing, administration was brought closer to real life and economic requirements (Lange, 1981:34 in Lötzer, undated:411). This was the beginning of self-government and the foundation for economic growth, generating taxes and thus income for the state and the effective industrialization of Germany. From this, it is evident that local economic development is the epitome of local self-government in Germany. Contemporary local economic development can be said to be part of the basic tasks of local authorities (gemeinden and lankreise) to create and or improve the location advantages and investment climate for trade and industry by means of promoting, maintaining, advising and thereby securing or improving the economic base and social welfare of the population of a given local authority area (von der Heide and Cholewa, 1992:11 in Lötzer, undated:415). Local self-government is guaranteed by the constitution of the federal republic. Also the formulation of regional economic policy strategies and implementation of regional development measures are closely interwoven with the stimulation of economic development at both the regional and local levels.

According to Lange,(1981:9 in Lötzer, undated:421) the degree of promotional means and measures by local governments depend on whether they are aimed directly or indirectly at businesses. These measures range from mere information to advice and counselling, as well as financial policy instruments and the prohibition of certain actions. More so, direct instruments are aimed at the business owners, whereas the indirect instruments attempt to influence the economic landscape in a way that induces certain actions of the individual economic actors. The administrative arrangements of how the various local authorities organize local economic promotion and the means applied are different. Depending on the size of the local authority, they operate an office for economic promotion. In larger locations, the establishment of privately operated consulting companies, so-called business development corporations, is on the rise. Often the office of the local government and the consulting company cooperate closely, as well as the chambers of commerce and industry.

For instance local governments in cities such as Hamburg and Frankfurt am Main have made great strides in changing their image through the promotion of certain local economic development strategies. The city of Hamburg carried out a two-fold business promotional service drive. Through these, it has been able to help in restructuring the technology orientation of its local industry and it is now also a centre for the media. It is now Germany's second largest location for banks and banking facilities after Frankfurt a.M., the country's insurance metropolis, a popular shopping centre and destination for city-based tourism, the trading and logistics centre for the Northern German region, the gateway to Northern, Western and after the fall of the iron curtain, Central and Eastern Europe (ibid.:423). The city of Frankfurt am Main has established a Business and Economic Development Corporation (BEDC). Its services include conducting development-related research, facilitating and coordinating contacts and providing active support to projects. The Corporation is a highly active advocate of development and change in Frankfurt. Another responsibility is to serve as a link between Frankfurt's business community and municipal authorities. The BEDC's ultimate aim is to reduce administrative processing times and

formalities to a bare minimum and to help wherever required, be it in the securing of residence, work and building permits or in the acquisition of sites for construction. The corporation offer promotional services in the form of assisting and guiding companies already located or considering locating in Frankfurt, providing information and helping companies getting started and promoting Frankfurt and its business community (ibid.:425-426).

These local governments are however prohibited from implementing measures that hamper the policies of higher levels of government. They should promote economic activities that complement that of the federal government and the various regions. Local governments also face the challenge of increasing scarce financial resources as well as resource development depending on the provision of funds. This in a way limits them from discharging their duties independently (ibid. : 417).

### **3.5.2 Local government involvement in local economic development in the Republic of South Africa**

The involvement of local governments in the promotion of local economic development in the Republic of South Africa can be traced to the apartheid era where cities pursued a limited degree of local economic development largely in the form of place-marketing (Rogerson, 1999b in Nel 2001:1013). But this has assumed increased momentum after the fall of apartheid. The increase in the involvement of local governments in this activity is as a result of several legal provisions compelling them to get involved. The local economic development role of South African local governments is guaranteed by the nation's constitution of 1996, the White paper on Local Government of 1998 and the Local Government Municipal Systems Act of 2000. The constitution provides for the promotion of local economic development by local governments and delegates functions to them in the following manner. According to Sections 152(c) and 153(a) of the country's constitution, local government must promote social and economic development (RSA, 1996a, sec. 152c) and it must structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community (RSA, 1996a, sec. 153a, Nel, 2001:1009-1010).

Also, the Local Government Transition Act of 1993 and its 1996 Amendment are the major post-apartheid local government enactments which require municipalities to promote economic and social development. The Act obliges local governments to draw up Integrated Development Plans that address spatial and transport planning, infrastructure and the promotion of economic development. Under this legislation, metropolitan areas are empowered to promote integrated economic development and reference is made to tourism and street trading amongst other issues (ibid.). Again, in section 86 of the Local Government Municipal Systems Act is stated that a municipality must develop and adopt a policy framework for the establishment, regulation and management of an internal municipal service district, where such a policy framework must at least reflect the extent to which the establishment of one or more internal municipal service districts will promote the total economic development of the municipality as a whole and contribute to enhancing the social, economic and spatial integration of the municipality (Davids, 2007:6).

Nel (2001:1011) again states that the South African government's White Paper on Local Government released in 1998 and the 1997 Green Paper on the same topic, which both laid a

basis for the aforementioned Municipal Systems Bill, clearly stress the new role that local governments are now expected to play: Local Government should be developmental. It should exercise its powers and functions in a way which maximizes the social development and economic growth of communities. These papers call on local governments to provide vision and leadership in development and to adopt new approaches such as buying local, encouraging social responsibility, speeding up planning and forming partnerships. Strategies recommended include: marketing the local area, investment support, assistance to small firms, setting up 'one-stop shop facilities', land release, public works, local procurement, promotion of labour based programmes, linkage development and research and training.

There are examples of many large cities in South Africa which have in collaboration with their city councils and governments implemented and promoted local economic development activities in the country (Rogerson, 1995b in Nel, 2001:1013). The city of Johannesburg has purposefully sought to 're-image' and promote itself as a 'global city' through various marketing strategies, extensive lead projects, infrastructural investment, property development and the promotion of the city through the use of its sporting facilities. The hosting of the All Africa Games in 1999 was a key achievement in this regard. It has also implemented property-related projects, mostly in collaboration with the private sector. These include extensive inner-city renewal projects which focus on the upgrading of buildings and facilities, the provision of transport infrastructure and housing improvement. Other activities in the Metropolitan-level plans include the development of Casino Complex at Gold Reef City, the development of the 'Baralink' corridor from Soweto to central Johannesburg, the Sandton City Convention Centre, the Florida Lake Development Project, the establishment of a Business Information Centre and the regulation of informal trading activities (Nel, 2001:1013).

In Durban, property-led redevelopment of the Point area, the development of industrial estates through partnership arrangements and the promotion of business tourism through the construction of the International Convention Centre are key examples of local government-facilitated local economic development in that city. The Durban Metropolitan Council has established an Economic Development Department. The key activities which it has identified are: creating economic development capacity in local government; building a world-class metropolitan economic environment; involving disadvantaged communities in economic activities; and ensuring that economic development is sustainable (ibid.)

In Pretoria, business promotion has clearly become the core local economic development focus. In that city, the Metropolitan Economic Development Chief Directorate has been actively engaged in the promotion of business activity since 1996, through policies of information provision, networking and advice. According to the directorate, it acts as a catalyst for initiating bi-lateral trade agreements between the other regions of the world and the private sector in the Pretoria region; attracting investments to the Pretoria region and opening up new markets for products manufactured in the Pretoria region (ibid). In parallel, there are policies in place to support emerging enterprises, to involve disadvantaged communities, to promote the overall competitiveness of the city, to foster the development of a series of industrial clusters and to develop human resources and tourism. In practical terms, and in addition to place marketing and the provision of various service-related incentives for establishing firms, small business support centres have been established, business incubators are planned and the viability of urban agriculture is being investigated (Nel, 2001:1013).

The response of the city of Cape Town is particularly instructive as to how that local government has responded to the constitutional mandate that it should engage in social and economic development. In 1997, an Economic and Social Development Directorate was established at the metropolitan level to oversee, co-ordinate and assist the six metropolitan local councils in the Cape Town area. The overall goal of the Directorate is to achieve both 'global competitiveness' and 'poverty reduction'. Key foci in terms of achieving global competitiveness are: investing in people; ensuring that there are world-class infrastructure and attractive investment areas; providing world class local government services; facilitating cluster/sector development; and facilitating world-class marketing. Current and planned actions in this regard are: promoting investment and trade; key sector support; tourism development; major events; infrastructure development; improving local government services; and the supply of strategic information.

Key foci in terms of poverty reduction are: ensuring a minimum 'social safety net'; providing efficient basic services and infrastructure; improving spatial integration and environmental quality; promoting job creation and economic empowerment; and supporting community and social development. In this regard it seeks to carry out and provide: community-based job-creation projects; small business support; tourism development; local government procurement; basic services; a poverty grant; and strategic information. In contrast with the aforementioned metropolises where local economic development is highly centralized within the metropolitan authority, in Cape Town, actual implementation is devolved to the six local councils which make up the metropolitan area. These constituent councils focus on the following activities: informal sector promotion, promotion of small and big businesses, tourism, business and community forums, job centres, local industrial parks, property development and development facilitation (Nel, 2001:1014).

These initiatives by these city authorities are clear indications that local governments have a role to play in local economic development promotion. But the way they got involved differed in these two cases whereas in Germany it was economic development and interest at the local level that gave rise to strong local governments, in majority of the countries of the south including South Africa, their involvement was mandated by central governments and various legal instruments. In all these, it is clear that their activities in local economic development are supported by legal provisions such as national constitutions and other legislative instruments. The various central governments also support these local governments in the pursuit of this agenda through various means. Although, it is evident that local governments are involved in local economic development, how each does it and the strategies adopted differ from one local government to the other and from country to country as these reviewed cases indicated.

### **3.6 Summary**

The above discussions have thrown light on the nature and concepts of local government and local economic development which serve as the basis of this research. It is realized that for local government to be actively involved in local economic development promotion, it should perform certain roles and make use of certain tools and techniques within certain fields so as to be able to achieve the purpose of local economic development. It does not also perform this business of local economic development alone, but should also promote the involvement of other actors including the private and community and voluntary sectors to achieve full benefits. There are also certain conditions which influence its ability for effective promotion of local economic development. Should these conditions be favourable, then it will be in good business to help

promote local economic development in its area of jurisdiction. The next chapter discusses these issues of roles, tools, fields; stakeholder involvement and the necessary conditions for enabling local governments to effectively promote local economic development. It situates the study within the conceptual, analytical and theoretical framework.

## **4. Linking local government and local economic development promotion at the district level: A theoretical inquiry, conceptual and analytical frameworks**

### **4.1 Introduction**

The previous chapter discussed the major concepts underlying this study. These included the concepts of local economic development, local government and their various components. This chapter discusses the selected theories within which the study is considered and tries to link the two major concepts of local government and local economic development together to provide the conceptual framework for this study. The first part of the chapter discusses the theoretical frame while the next part links the various concepts together. A summary and conclusion is provided at the end of the chapter.

### **4.2 Development approach guiding the study**

There are basically two major schools of thought when it comes to approaches to local regional development. These are the development from below and development from above schools. These schools have greater relevance for local economic development promotion and the way to approach it. The development from above school views development to emanate from the core and growth centres and then trickle down to the periphery and hinterlands. The development from below school does not dispute the path of development from above but it is of the view that local areas and regions must take control of their own institutions to create the life style and the form of development desired in a particular region or local area. This help tailor development patterns to fit the local or regional character (Bingham and Mier (eds.), 1993:29, 46-48). This form of development involves controlling the backwash effects of development from above and aims to ensure generative growth. A greater proportion of the efforts of this form of development can be coordinated through decentralized local administrative organizations and units supported by local and national governments and by other stakeholders involved in the development process. Endogenous development as an approach from the development from below school of thought is the main approach within which this study is considered.

### **4.3 Theoretical inquiry into local economic development promotion**

A study of the role of local governments in local economic development promotion must be guided by a clear understanding of various theories and strategies underlying the various concepts. Despite the increasing popularity of local economic development as a tool for economic restructuring and regeneration, an overall theory that wholly explains and supports this is yet to be propounded. Though there are no single and specific theories concerning this specific topic, there are bodies of theoretical work that are relevant to and explain the various major concepts and their interrelationships. This part of the study tries to situate this study within the context of endogenous development strategies, endogenous growth theories and the new institutional economic theory.

#### **4.3.1 Endogenous development**

The extensive change in the local economic development literature over the last three decades points clearly to a shift from a functionalist perspective of space as the passive location of economic activities according to the grand logic of global capitalism and exogenous business



decisions. Instead, the literature is pointing to an endogenous approach, one that emphasizes the unique factors of spatial milieu in which the activity occurs, while at the same time recognizing the embeddedness in the larger structures (Wilson, 1995:649). This brings to the fore what other writers have advocated some time ago in the late 1970s in the area of the territorial nature of development activities (Friedman and Weaver, 1979, Stohr and Taylor, 1981). This approach to socio-economic development focusing on localities and their resources, and including the participation of all necessary actors and the use of locally available resources has been gaining acceptance as a more effective way to animate robust development than its sectoral, exogenous counterpart. Endogenous development refers to a number of names given the increasing concerns for regionalism such as “development from below, regional-regional policy and regional identity”. Endogenous development includes aspects of change for self-determination and self-direction. It is perceived as a process which aims at the development of a locally integrated and diversified economy where regional surplus is reinvested in order to generate small-scale and labour intensive local production activities. This approach of development emphasizes the internal potentials of an area and treats these spatial units as integrated and self-governing. It is of the opinion that based on local resources and other forms of potentials, which form the basic strengths and capabilities, the local areas’ needs can be met in a self-reliant way. This form of development draws a conceptual line between local or endogenous potentials and the vast network of relationships external to the local area or regions (Brugger, 1986:39-40). It is considered as having a number of distinguishing characteristics including local determination of development options, local control over the development process and the retention of the benefits of development within the local area.

#### *Characteristics of endogenous development*

i. Endogenous development is territorial: (local in orientation)

It is a territorial approach to development and to the performance of the productive system. The territory is no longer simply a place where resources and economic activities are located, but also an agent of transformation as firms and other actors interact to develop that economy and society (Vazquez-Barquero, 2002:22). This local region within which development takes place is viewed as a network of working relationships, as a territory within which the inhabitants can and do identify themselves and as an area in which and for which developmental decisions can be taken (Brugger, 1986:40). This proposition of the concept being territorial revolves around a central idea that the dynamic transformation of local areas and their economies is necessarily anchored on the forces for change within that local area.

ii. Endogenous development relies on endogenous potentials

The starting point for the development of a local area or region are the resources in the form of economic, human, institutional and cultural which constitute its major potential for development (Vazquez-Barquero 2002:22). It is also of the view that through the identification and utilization of endogenous resources for development, dynamic local development impulses can be created by investing the greater part of any regional surplus created through specialized production patterns for the diversification of the local economy and this will lead to the promotion of integrated economic circuits and the development effects would spread horizontally and upwards. It aims to initiate a locally adapted development process that is based on the resources that are locally available and can be supported by the region's stakeholders (Brugger, 1986:40).

iii. Endogenous development is participatory and involves local institutions and actors. The participation of the local people, local institutions and organizations in the development process, especially in political decisions and processes is an essential feature of this approach (Muhlinghaus and Walty 2001:237). The process allows the local people, their groups and institutions to influence decision-making, the direction, execution and evaluation of developmental activities and the sharing of the benefits of development outputs and outcomes.

iv. Endogenous development does not close itself to the outside environment. Though the concept is about development from within, it does not close itself to outside influence as no territory can survive without locating itself in and interacting with outside environment. But in this, care is needed so as not to allow exogenous forms of development which is seen as the extreme of this form of development approach to overshadow and hijack it.

v. Endogenous development promotes sustainable development. This tenet of the concept tries to ensure a pattern of resource use that aims to meet human needs today, while preserving the environment so that these needs can be met not only in the present, but also for future generations. It is therefore part of its framework to treat environmental, economic and socio-political sustainability equally.

#### *Dimension of endogenous development*

At least three dimensions of the concept can be identified from literature (Vazquez-Barquero 2002:22). These include the institutional, socio-economic and socio-political dimensions. Another dimension of ecological sustainability can also be of relevance in this setting. The socio-political and institutional dimension of the concept integrates economic and social actors into local institutions thus forming a complex system of relations which incorporates social and cultural values into the development process. It provides opportunities for the participation of stakeholders in the planning and management of the development process, pursues and applies principles of democratic good governance, strengthens local autonomy in decision making and enhances the scope and functions of locally based institutions, particularly at the community level and devolves ownership of the development process to the local people. In economic terms, endogenous development is based on local resources which are used efficiently and sustainably, creates intra-regional economic circuits with inter-linked production cycles and includes as many economic sectors and actors as possible. It also has the character of specific production systems that allow local entrepreneurs to use efficiently the productive factors and reach productivity levels which make them competitive in the markets (ibid). It again aims at producing locally required goods and services by using appropriate technology, increasing intra-regional co-operation and providing a differentiated labour market. Socio-culturally, it observes local traditions, mobilizes local knowledge and strengthens local identity. This is considered as an integral process of widening opportunities for individuals, social groups and territorially organised communities at small and intermediate scale, mobilizing the full range of their capabilities and resources for the common benefit in social, economic and political terms.

#### *Conditions for the application of the concept*

For a successful implementation of this approach to development and for the achievements of its goals and intended purposes, there are certain conditions that need to be fulfilled. Though not all

the conditions should and can be in place for its commencement, they are necessary conditions to ensure success in its application and the achievement of its long term goal. These conditions as put forward by Brugger (1986:47-58) include the following:

- i. “Economic, Political, cultural and ecological developmental potential must be present in the area
- ii. External trade relations must be able to be selectively controlled in the interest of its goals
- iii. Decision making structures and processes from below must be to the greatest extent possible underpin the choice of goals for use of endogenous potential and for selective control measures.
- iv. Decisions from below must then be respected and supported financially from above
- v. There must also be an integral understanding within the region of the development process from sectoral territorial and temporal perspectives
- vi. There must be an adequately functioning communication network among groups within the region
- vii. There must be at least a few persons in positions of regional leadership who are devoted to and highly engaged in achieving its goals
- viii. There must also be a development of solidarity and coordination among peripheral regions”

There is also the need for the formulation of policies in the areas of economic, socio-cultural, ecological and political issues at both the national and local levels to help achieve the purposes of this development approach. The economic policies consider the preservation and development of the competitive position of economic and business entities located in the area and putting in measures to attract new firms into the area. It also deems the strengthening of entrepreneurial decision making functions as important in the process. Ecologically, endogenous development brings to bear the relationships between economic activities and the natural environment. Policies in this regard are oriented towards the long term use of local resources. The socio-cultural aspect covers the strengthening of regional circuits through the support of local organizations and institutions and intensifies regional communication networks and the improvement of coordination of various groups of actors to the development of the region or the local area.

#### **4.3.2 Local economic development promotion in the lens of endogenous development**

This form of development strategy has informed and continues to inform the development policies of many countries especially in the developing world. This approach is of relevance to local economic development promotion and the roles of local governments. The local economic development process fits within the frame of this approach. This because its emphasis is on endogenous development policies which make use of potentials and existing local resources including human, institutional and physical, though not solely, to create jobs and promote the development of specific local areas. It is again identified as a participatory process which involves various actors within a spatial unit committing their efforts together to achieve progress. The four requirements to local economic development promotion put forward by White and Gasser (2001) namely: participation and social dialogue, based on territory, the mobilization of

local resources and competitive advantages and local ownership of the process attest to this. The various conditions for the application of endogenous development approach such as the presence of economic, political, cultural and ecological developmental potential, decision making structures and processes from below supported financially from above are also relevant to local economic development promotion. Thus in local economic development, the basic issues of territory, interaction between development actors, space and economic and social entities within and without and the use of locally available potentials and resources are also of greater significance.

### **4.3.3 Endogenous Growth Theory**

The development of endogenous growth theory represents a more radical response to the failures and shortcomings of neoclassical theories of economic development whose hypothesis of diminishing returns led to a recognition that the propellant of economic growth was technological progress as the accumulation of capital would in the long run tend to weaken. The endogenous development theories have gone a long way towards reconciling economic theory with empirical evidence. Technological progress is seen as an endogenous variable in the model by these theories. It introduces increasing returns into the production function in order to determine the long-term growth rate within the model. The increasing returns aspect of the theory is reminiscent of the development theory of Myrdal (1957) and Hirschman (1958) and others which envisaged a tendency toward cumulative causation and divergence and of the demand-led models of cumulative growth and increasing returns described by Kaldor (1985). This theory is relevant in the study of local economic development.

According to Crafts (1996a:745-772), the endogenous growth theory can be classified into two categories. These are endogenous broad capital and innovation models. The broad capital model shows capital investments as generating externalities and also emphasizing human capital and related technological changes to learning by doing and knowledge spillovers. It modifies the neoclassical production function to include externalities to investments. Romer (1986:1002-1037) is of the view that capital stock generates learning by doing and spillovers of knowledge and this make technology to become a public good. Technological advancement therefore turns to be an endogenous factor in the growth process. All the issues are supposed to be shaped by government spending and taxation.

The endogenous development innovation model on the other hand places emphasis on the returns from the technological improvements arising from deliberate and international innovation by producers and other stakeholders involved in the process. This results from intentional research and education and brings aspects of human capital into the production function. Investments in human capital are therefore to generate spill over effects to increase the productivity of both physical capital and the wider labour force. From this, it is assumed that human capital is acquired intentionally by individuals as it leads to higher wages and that each generation of workers assimilate ideas passed on by the preceding generation so that there are no diminishing returns in the long run (Martin and Sunley, 1998: 209).

These growth theories consequently stimulate a debate on the relevance to local regional growth and development and the role of local institutions and state intervention in local regional development. Hence the increase in the income of a region or local area is dependent on the role of the state and its local units and agencies and their capacities to generate the needed outcomes

of the growth theories. Also the theory has a direct bearing on local development as it tries to explain the uneven rates of regional convergence and spatial clustering of high and slow growth regions. These theories have had influence on the orientation of local regional development policies. These policies seek to raise the economic performance of growing and under-performing regions to contribute to the growth of regions and their national economies.

The growth perspective and the perspective of endogenous development share the vision that productive systems consist of a group of material and non-material factors which allow local and regional economies to adopt differentiated paths towards growth in the function of clear potential for development, and that there is a space for regional and industrial policies. The rates of economic growth in different areas and therefore differences in the levels of income and production are due to differences not only in the stocks of capital-work but also in educational levels, in the capacity to generate research and development, and definitively in the economic progress generated by public enterprises and administrations.

Accordingly, economic development would be a process of growth and structural change in which the forms of organization, the system of relations and the dynamics of learning play strategically important roles. It is also characterized by its territorial dimension, not only because of the spatial effect of the organizational and technological processes involved, but also because each place or region is the result of a history in which the institutional, economic and organizational system was set up. Also from the endogenous development perspective, social development is integrated into the economic dimension. Within the context of endogenous development, the distribution of income and wealth on the one hand and economic growth on the other acquire a common dynamic trend due to the fact that public and private actors take investment decisions oriented to resolving the problems that local society and firms face. The local area therefore becomes the space in which the initiatives of the different sectors of organized society become real (Casanova, 2004:27-28).

From the above, it is evident that the endogenous development strategy and the new endogenous growth theory have a number of practical implications for the design of programmes to stimulate economic growth at both the national and local levels. It brings to the fore the importance of history of a particular area in shaping its development path, the role of institutions in providing the framework for growth and stresses on the relevance of space or place to development. It gives a new view of the roles of institutions in creating the necessary conditions for growth in an economy that is driven by knowledge. It sees institutions as the rules of the game and processes by which these rules are determined and enforced. Knowledge creation is not purely seen as the product of market forces only, but non-market forces as institutions can also influence the kind of knowledge created. Therefore different institutional arrangements play critical role in economic development. It goes on to emphasize that, idea creation, new business development and economic changes all take place within specific places or spaces and therefore economic development conceptualization should take into account spatial locations. It also emerges that the endogenous growth model provides a strong justification for public policy intervention. The implied divergence between private and social benefits means that a case can be made for policy interventions to facilitate a chosen growth factor be it human capital development, research and development or public infrastructure.

In sum, the above analysis has yielded the following key characteristics of the local economic development promotional process. These are the active participation of local actors and institutions, the utilization of local resources, the existence of territorial identity and the importance of advances in useful knowledge, generating positive growth externalities driven by combinations of growth factors defined within a wider concept of investment.

#### **4.3.4 New institutional economic theory**

According to (Williamson 1985), the approach to economics of the firm has changed since the 1960s. The individualistic and technological view of the firm has given way to the 'market' or contractual/organizational system. The old institutional economics has given way to the order of New Institutional Economics. The New Institutional Economics studies institutions and how they interact with organizational arrangements (Menard and Shirley (eds), 2005:1). It attempts to incorporate a theory of institutions into economics. It builds on, modifies and extends the neoclassical economic theory to permit it to come to grips and deal with an entire range of issues. It retains and builds on the fundamental assumption of scarcity and hence competition-the basis of choice thematic approach that underlies micro-economics (North, 1992:3-6). New Institutional Economics abandons the standard neoclassical assumption that individuals have perfect information and unbounded rationality and that, transactions are costless and instantaneous. Simon (1986:210) summarized the implication of the neoclassical assumption in the following words '*if we accept values as given and constant, if we postulate an objective of the world as it really is and if we assume that the decision makers computational powers are unlimited, then two important consequences follow. First, we do not need to distinguish between the real world and the decision maker's perception of it: he or she perceives the world as it really is. Second, we can predict the choices that will be made by rational decision makers entirely from our knowledge of the real world and without knowledge of the decision maker's perception or modes of calculation*'. New Institutional Economics therefore assumes that instead, individuals have incomplete information and limited mental capacity and as a result face uncertainty about unforeseen events and outcomes and incur transaction cost and information. In order therefore to reduce risks and transaction costs, institutions and modes of organizations embedded in these settings that provide different incentives and vary their capacity to motivate agents are created. Yeboah (2003:35) also writes that the new institutional economics embraces the individual as an important factor and goes further to argue that institutions and collectives alone cannot be meaningful as they represent an aggregation of different or diverse purposes of individual members. Social whole can only be constituted or reconstructed from known properties of their elements that is the individual. The concept therefore attempts to develop an alternative concept of economic behaviour that considers an individual's actions not as the output of atomistic rationality, but as embedded in institutions. The basic unit of economic analysis is therefore no longer the atomistic, but the institution (ibid.). These institutions can be formal (based on writing, laws, contracts, regulations) or informal (structuring and inculcating norms of conduct, beliefs and habits of thought and behaviour). New Institutional Economics therefore focuses on how such institutions emerge, operate and evolve, how they shape the different arrangements that support production and exchange as well as how the arrangements act in turn to change the rules of the game (Menard and Shirley, (eds) 2005:1-2). Other features of the New Institutional Economics include the following as stated by Yeboah (2003:35): Institutions are susceptible to analysis and also information is not only a commodity, but also represents a process that is mediated by institutions. More so, economic behaviour is not analysed by calculation and

reasoning alone, but it is always embedded in routines and habits which cannot be accounted for by rational calculi. Transaction costs and governance structures are central to the study of economic organizations and they are critical in market failure and that economic organizations go beyond price and outputs to include the conditions of institutional features that shape information (that is production, exchange and the utilization). This discussion therefore warrants an overview of what institutions and organizations are in the context of development.

### *The concept of Institutions and Organizations*

In recent times, the use of the term institutions in social science has become very widespread indicating the growth in institutional economics (Hodgson, 2006:1). Also the increasing acknowledgement of the roles of these institutions in social life involves the recognition that much of humans' interactions and activities are structured in terms of overt and implicit rules. Despite this, what constitutes an institution is a subject of continuing debate. There is ambiguity and confusion surrounding its definition as the terms institution and organization are used interchangeably (Uphoff, 1986:8, Yeboah, 2003:43). Hodgson (2006:1) writes that these ambiguities and endless disputes over the terms have led some writers to give up matters of definition and propose getting down to practical matters instead. He views institutions as kinds of structures that matter most in the social realm and that they make up stuff of social life and as systems of established and prevalent social rules that structure social interventions. Uphoff (1986) also sees institutions as "all the norms, values, conventions, rules of the game in a society: they are humanly devised constraints that shape human interaction. They are the set of fundamental political, social and legal ground rules that establish the basis for production, exchange and distribution". North (1990a:39) also defines institutions as "the rules of the game". Rules or institutions structure social interaction. They make the behaviour of other humans more predictable and this reduces risks and uncertainties. In an uncertain world, they provide a basis for making decisions with reasonable assurance because they hold to ensure the actions of the others (Acheson, 2003:5). Institutions also embody some kind of "collective action" in which the interest, resources, ideas and ideals of many persons or organizations are brought together. They serve as channels for collective action that are reinforced by diffused benefits, legitimization, shared expectations and penalties imposed on persons or groups who violate institutional obligations (Yeboah, 2003:43).

Organizations on the other hand are groups of people, units or entities whose interactions are regulated by rules that come into being to achieve some objectives. Organizations are therefore units formed in accordance with these rules. Linkages, firms, trade unions, political bodies, clubs, associations and schools can all be classified as organizations. Uphoff (1986) again explains organizations to mean "structures of recognized and accepted roles" and these organizations may operate on formal or informal basis. He adds that there are about three categorizations of institutions and organizations. These are organizations which are not institutions, institutions that are not organizations and organizations that are institutions and vice versa. Whether an organization has become institutionalized or not depends on its evaluation by people: whether it is seen as having acquired value beyond direct instrumental considerations. A key test assessing the extent to which one organization qualifies as an institution is to ask if in its disappearance, people in a particular locality, not just members or direct beneficiaries would request or require its reinstatement and to what extent people would act or sacrifice to preserve the institution in question (ibid.). Having given this overview of institutions, the next discussions

will centre on the game theory which serves as a platform to help shape the behaviour of actors in a development process.

#### **4.3.5 Game Theory and local economic development**

One of the major distinct and interdisciplinary approaches to the study and analysis of human and organizational behaviour and relationships is the game theory. Games have been a scientific metaphor for a much wider range of human and organizational interactions in which the results is dependent on the various strategies adopted during this form of interaction by the players or actors involved. The major issues of this theory include actors or players and their interactions, the making of rational choices and the variety of strategies adopted within the various games played. The Game theory was intended to provide a theory of economic and strategic behaviour when participants interact directly, rather than through the market. It addresses interactions through the use of metaphors of a game. As in games, the individual choices are essentially a choice of a strategy and the outcomes of the interactions depend on the strategies chosen by each of the participants. Concerning the types of games, there can be Zero-sum games or Non-constant sum games. The Zero-sum games are the ones in which the additions of the wins and losses in a game (treating losses as negatives and wins as positives) sum up to zero for each set of strategy chosen, thus where one player's winnings is equal to the other player's losses. The Non-constant sum games are the types of games or interactions where winnings and losses may add up differently depending on the strategies the actors or players choose.

The theory tries to analyse what it means to choose rational strategies when the results depend on the strategies adopted by others. It also helps to make assessment whether it is rational for participants in games that allow for mutual gain or loss to cooperate to realize the mutual gain or avoid the mutual loss or whether it is rational to act aggressively in seeking individual gain regardless of mutual gain or loss. But this rational choice of a strategy has no specific answer as there may be at least two major possible answers or two possible kinds of rational strategies in non-constant sum games. These are non-cooperative solutions in which each participant maximizes its own rewards without the consideration of the results to the other participants and a cooperative solution or strategy in which the strategies of the participants are coordinated so as to attain the best results for the whole group. The non-cooperative interactions and solutions often seem to be the description of real world outcomes. Most of the problems of the world including arm races, street problems, under development and many other social problems can fit into this category. These can create loose-loose or win-lose situations. But the cooperative interactions and solutions are supposed in the best analysis to ensure a win-win situation in all cases. This can occur when participants or actors make agreement or commitment to coordinate their strategies. In this strategy, the rational participants' problem is to answer the question 'what strategic choice will lead to the best outcomes for all participants in that particular game or activity'. Cooperation can be a joint action or not. These joint actions may have a joint intention or not. The joint action is one performed by several participants and it can be taken in the broadest sense to mean several participants who share or have 'we-attitude' involving a joint goal, belief or intentions. There can also be a co-action in cooperation or a collective action. In this case, the participants do not have joint intentions but rather similar intentions and perhaps mutually believing and possibly interacting in various ways. Co-action may be seen as a very weak kind of joint action (Tuomela, 1993:88). The performance of a fully joint cooperative action can be taken under favourable conditions to give the participating agents jointly a better



result than they can attain by acting separately. In addition, there is the motivational output condition that the resulting joint outcome is expected to be divided among the participants so that none of them loses when compared with the situation of acting alone, especially in cases where the joint actions indeed give higher results than the sum of the results accruing from separate actions (ibid.:91). In cooperative joint actions, the more the participants assist each other the more successful the joint action will be. From this it can be inferred therefore that cooperation will be the best rational choice as all participants may stand to gain. The absence of perfect information and adequate communication may impede cooperation and create discord even when common interest exists. Within these circumstances, achieving the cooperation needed is a difficult task unless every participant or actor is committed to act in a manner that will maximize not their own welfare, but rather that of the entire group (Yeboah, 2003:42).

The game theory of the evolution of cooperation (Axelrod, 1984, Gambetta, 1988, Scharpf, 1993 in Yeboah, 2003:42) and research on the role of networks in fostering learning seems useful in understanding the patterns of collaboration which are very important in the promotion of local economic development. The case of local economic development should be a clear non-competitive cooperative activity or process which involves the joint actions of all actors involved. In this particular study, local economic development promotion is seen as the game being played by participants or players called actors within the playing field called the municipality. This game is not a zero-sum game but rather a non-constant sum game as they all want to achieve similar results in terms of local level development from different angles. The stand or strategy taken by one actor will influence the state of the development of the municipality. When an actor seeks to dominate the scene to the detriment or disadvantage of the others, there will be a situation where the others will not cooperate with the dominant actor and this may result in a win-lose situation and the beneficiaries of the outcomes will bear the results. It may also create the situation whereby the other actors will recoil into their shells and adopt a wait and see attitude or even sabotage the work of the dominant participant or actor in development activities. The kind of strategies adopted will also influence the level and rate of local economic development promotion. If the non-cooperative attitude is adopted, it will lead automatically to un-coordinated activities which may not auger well for local economic development. In this case, the actors in local economic development promotion should adopt a cooperative stand to ensure a win-win development situation and promote local development. Moreover, joint investments and coordination can increase the rate of development and the size of the pie leading to a shared development benefit for all actors in the process. This then calls for a critical assessment of the level of interaction and cooperation between actors in local economic development within the study area.

Though all theories have their limits, theoretical reviews are an important component of scientific research to help put a particular study in the right perspective. Without the appropriate theories, humanity may not be able to ascertain the necessary interventions and strategies to help address common problems confronting the world. The major paradigm guiding this study is the endogenous development concept/theory. This makes use of local resources and institutions and promotes all inclusive development. It provides a good framework for promoting local economic development by local governments. The endogenous growth theory brings to the fore the importance of history of a particular area in shaping its development path, the role of institutions in providing the framework for growth and stresses on the relevance of space or place to

development. It gives a new view of the roles of institutions in creating the necessary conditions for growth in an economy that is driven by knowledge. Institutions and organizations are also relevant to local economic development promotion and in this case the new institutional economics and game theory provide insights into how they can play an important role in local economic development promotion. The section following draws the various concepts making up the study together by means of the conceptual framework diagram.

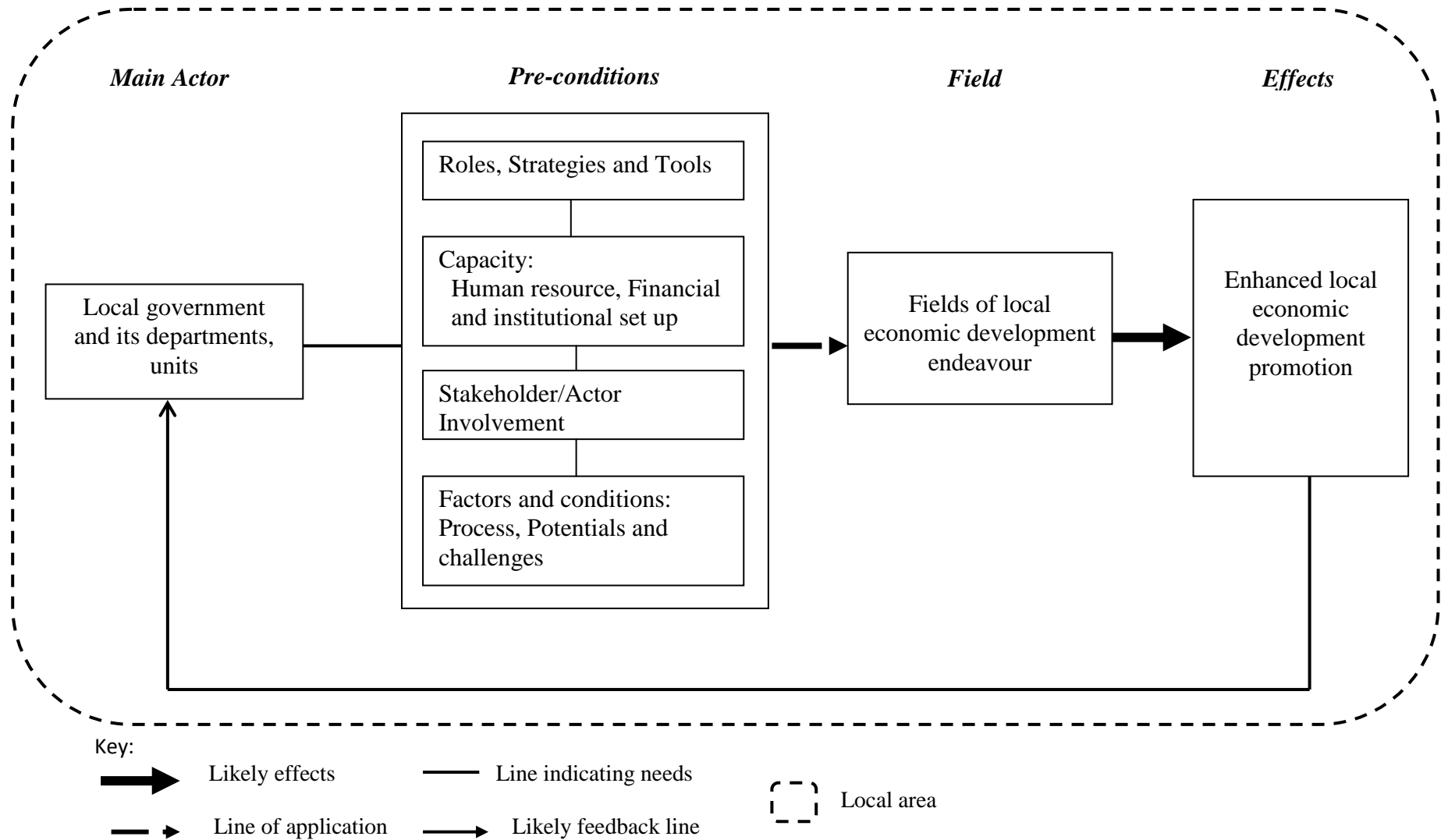
#### **4.4 Conceptual and analytical frameworks**

The conceptual framework is presented in figure 4.1. The concepts advanced in this chapter in addition to the main ones already discussed include the district as the local level of study, roles, the various conditions that are likely to influence the performance of these roles and the involvement of other actors in the process by the main actor under study, the local government.

##### **4.4.1 Logic of the conceptual framework**

The literature reviewed so far indicated that for an actor to effectively engage in local economic development promotion, there is the need for it to meet certain requirements and preconditions. These include particular roles to be played, strategies and tools to be applied, the involvement of actors or stakeholders in the process and the availability of the needed capacity in the process. All these notwithstanding, there are certain factors and conditions in the environment within which it operates and all these should be factored into the process. These include the planning process followed and the potentials and challenges within the environment that influences its activities. If these preconditions are available, then they may be applied in selected fields of endeavour where the actor operates to promote local economic development. These fields may depend to a large extent on the prevailing economic focus of the spatial entity concerned, the policy directions, legal frame and the interest and focus of the particular actor. Should the application of these preconditions be adequate and successful in these fields, then there is the chance of it bringing about an improvement in the local economic development conditions of the local area. These relationships are in presented on figure 4.1.

Figure 4.1 Conceptual framework



Source: Author's construct

The line between the local government which is the main actor in this study and the pre-conditions, in figure 4.1 indicates the kind of needs and requirements that should be met if it is to carry out its local economic development mandate effectively and successfully. The line between the pre-conditions and the fields of endeavour represents the application of these preconditions in the various fields pursued by the local government. The application of these in the fields is likely to bring about a change in the local economic development status of the local area and this is indicated by a line of effects. The line from the effects back to the main actor indicates the feedback link within the process to the local government. This feedback may be acted upon in enhancing its ability in the process. The feedback is likely to include what the local government did well and needs to be improved or what it failed to do or did wrongly and needs to be addressed well in future times as it continues with the process. All these take place in the local area. The line delineating the local area in the diagram above is in broken lines indicating that the local level is not closed, but opened to the outside environment where other non-local actors can also get involved in the process.

#### **4.4.2 Explanation of the various concepts in the framework**

The various concepts as indicated in the conceptual framework above are described and discussed below.

##### **District as the ‘Local’ level of study:**

Though it is widely believed that the ‘local’ level is the most appropriate unit for effective socio-economic development to take place, the most appropriate level of organizing development task is a much debated issue. The term ‘local’ has different meanings and usage on where it is emanating from, either from outside agencies or insiders and therefore delimiting what is local turns out to be a complicated task (Uphoff 1986:10-11). Studies in south-east Asia revealed many local levels either as a locality consisting of administrative villages or an administrative village or a hamlet. It brought to the fore that it is the hamlet level where community members are able to sit together in search of solutions to problems which they jointly face. In some unitary states in Africa also, such as Tanzania, Kenya and Ghana, the ‘district’ is regarded as the appropriate level for ‘planning from below’ (Diaw, 1994:39). The term ‘local’ can also have a social, geographic as well as administrative connotation (ibid), or can be described in functional and or territorial terms. In social terms, a local area or district development approach will largely depend on its circumstances. Certain local areas or districts will be growing with several new opportunities and linkages for development. Others are in the shadow of regional centres, while others are special problem areas (ibid). Based on the contradictory nature of the term, Uphoff (1986:10-11) identifies three main levels that could be termed ‘local’ among at least ten levels of decision-making and activity. These local levels as he identified are the; *locality level* - a set of communities having cooperate or commercial relation; *community level* - a relatively self-contained socio-economic residential unit; and *-group level* - a self-identified set of persons having some common interest. Uphoff is of the view that these levels can be referred to as local as the higher levels consisting of international and national are too remote from local conditions and activities while the regional/state/provincial, district and sub-district levels, though closer are still not really local in any social logical sense, but administrative centres.

At higher levels, qualitative differences arise because state authority and very large units of decision making and activity are involved. He placed emphasis on these three levels and noted that;

*'Only when we get to a set of communities which have some established patterns of communication, economic exchanges and social cooperation... do we come across a potential for collective action which can be enlisted to carry out some of the responsibilities and burdens otherwise handled by the central government. People within a locality have some acquaintance with each other, directly or indirectly, through inter-marriage, trading relations, religious festivals, or participation in local government activities. This establishes some common identity which makes collective efforts more possible'.* (Uphoff, 1985: xii)

In this view then, sub-districts or the district level in some African countries and in Ghana especially can be termed local as they have much similar features of what the term 'local' connotes. While it can be accepted that district or sub-district level can be realistic levels for purposes of organization and action for development, the district in most cases remains the most important level to which power is usually devolved. 'Local' is therefore used in this study to refer to the District (metropolitan, municipal and 'district') level in Ghana which is a spatial territorial unit for governance and development planning and implementation. The district in Ghana is a spatial unit comprising several communities with similar culture, language and history, have identical development challenges and superimposed with a functional unit of decentralized governance referred to as the District Assembly. In Ghana the district refers to three major levels of spatial units based on population as discussed in chapter two. These are the metropolitan, municipal and 'district' levels. The type of district under study here is the municipal.

### **Meaning of the concept of role:**

The concept of role is one of the central issues in this study on the role of local government in local economic development. In this view, there is the need to take a look at this concept of roles and some of its properties and how they are applied to local government involvement in local economic development. Role is a key concept in sociological theory. It highlights the social expectations attached to particular social positions and analyses the workings of such expectations. It evolved from a cross-disciplinary study of the social sciences but as a dramaturgical metaphor, it was first systematically studied by George H. Mead and the University of Chicago sociologists in the 1920s. Role theory was popular in the mid-20<sup>th</sup> century, but after sustained criticism, it was flawed and became less widely used. However the concept of role, properly understood remains a basic tool for sociological understanding (Scott and Marshall, 2007:654). In general terms, role continues to be used to represent the behaviour expected of the occupant of a given position or status. Roles connote not only overt actions and performances but also covert expectations held by an observer or by a group of observers. Such expectations serve as the basis for judging the propriety of the enactment (Sarbin, 1968:546).

The expectation involve the belief and recognition held by certain persons with regards to what behaviour are appropriate for the occupant of a given position while the enactments

refer to the conduct of a person who is assigned to or elected to enter a given position (ibid). There are two different approaches within role theory. One developed within the realms of social anthropology and gives a structural account of roles situated within a social system. In this, role becomes institutionalized clusters of normative rights and obligations. This locates a position in society and describes the standard bundle of rights and duties associated with an ideal type of position. These expectations which are socially based constitute the roles. Each role brings a number of different partners each with their own set of expectations, each of whom makes somewhat different expectations upon his or her behaviour. The sum total of the expectations of these partners is the role set. The other approach is more socio-psychological and focuses on the active processes involved in making, taking and playing roles. It focuses more on the dynamic aspects of working at the roles. From the above it is evident that the concept of roles has certain feature such as role expectations which are viewed as the actions or qualities expected of the occupant of a particular position; role demands- which evokes an interplay of factors to operationalize and buttress the beliefs and conduct contained in the definitional level of role. It responds to the question of what makes role effective and efficient and brings to focus the input-output synergies within the framework of the promotion of local economic development by various actors including the local government. The degree to which actors are able to make use of their potentials and opportunities and minimize constraints and challenges is very vital for an effective local economic development promotion. The role-taking-aptitude covers the existence of skills, aptitude or competence that facilitates the role performance.

The discussions of the concept of roles bring to the fore certain preconditions, strategies, actors, models and pathways, capacities and competences that are very relevant in the development process and the promotion of local economic development at the local level. Though the concept of role was mostly applied in the field of psychology and sociology and was largely applicable to the individual, in recent times, it has been widely used in the study of various entities and groups including industrial and bureaucratic organizations. It is therefore appropriate to discuss this and apply it to local governments in the development process. The occupant of a particular status whose expected behaviour is termed as roles can refer to an individual, groups, institutions and or organizations. Local government as an institution which occupies a particular status in the development process of the country also has specific roles in the area of local economic development. Generally local governments have role expectations, enactments and need certain roles taking aptitude as the overall development agent in the spatial unit of jurisdiction and these need to be analysed.

### **Fields and tools in local economic development promotion**

For the benefits of local economic development to be achieved, the various roles are carried out by the various actors within certain fields or sectors. These fields are the various areas of endeavour to promote the economic development of a spatial unit. These can be sectoral based, strategic area based or both. These may differ from one actor to the other, but the objectives are similar. The actors perform their various roles in the identified fields using different strategies and tools. Tools in this sense refer to the means of carrying out and implementing the various strategies in the various fields.

The analysis and assessment of the forms of local government roles, strategies and tools for local economic development are based on the following variables:

Table 4.1 Variables for roles, strategies and tools assessment

Concepts	Variables
Roles	Types, relevance, strength, weaknesses, effectiveness, reliability, sustainability
Strategies	
Tools	

Source: Author's construct

The working definitions and explanations of the various variables as indicated in table 4.1 are presented below.

By 'relevance', Dale (2004) refers to the extent to which the indicator reflects or represents the issue under study. However, in this study, it denotes the contextual usefulness or utility value of the specified role, strategy and tool. The terms 'strengths' and 'weaknesses' refer to attributes that measure internal capabilities or otherwise respectively of the various roles, strategies and tools in achieving the necessary intended outputs of local economic development. The level of 'effectiveness' and what it means differ in many quarters. But in this study, it refers to the ability of the roles, strategies and tools to achieve the objectives for which they are applied. 'Reliability' on the other hand demonstrates whether the outputs of the role, strategy or tool applied can be depended upon in local economic development promotion at the local level. Finally, 'sustainability' has been variously defined by many authors and in several contexts and for different purposes coupled with its multiple components (financial, economic, technical, organizational, etc). In this study, it refers to ability of the particular role, strategies and tools to be applied and carried out over a long period of time to serve the needs of today and that of future periods in local economic development promotion at the local level.

### **Factors likely to influence the promotion of local economic development**

Certain conditions and factors exist which are likely to influence the ability of actors to promote local economic development effectively. These factors can be spatial or a-spatial, internal or external and there is therefore the need to identify these and assess their level of influence. Blakely (1994:53) stated that local economic development is a function of certain factors and conditions which include natural resources, labour, investments, transport, communication, industrial composition, technology, the size of export market, local institutional capacity and national and state government spending and development schemes. These same factors give clue to certain factors that are likely to influence the activities of any actor engaged in local economic development promotion. In this study, these factors and conditions are categorized into internal and external.

*Internal factors:* These factors are the ones which are external to the actor but within its spatial jurisdiction that can enhance or impede the promotional activities of the local government. Examples of these will include the following: availability of natural

potentials; availability of institutional, economic and human potentials; locational factors; and the nature of linkages in the local area.

*External factors and conditions:* The external factors refer to those factors and conditions that are outside the control of the local area in this case the municipality and the local actors (local government in this study). These can be in the form of national policy environment, political controls, legal requirements and mandates and relations with other regional and central government agencies.

### **Competence and capacity for local economic development**

Depending on the level of commitment and capacity of local governments to work towards local economic development goals, they can implement programmes at the local level which will have the potentials of promoting economic activities. The term *commitment* is used in this study to refer to the willingness of the local government to work towards local economic development goals. The concept of *capacity* also has different meanings depending on its usage. A UNDP publication on Capacity Assessment and Development (UNDP, 1998) offers a basic definition for capacity as: “*the ability of individuals and organizations or organizational units to perform functions effectively, efficiently and sustainably.*” This definition has three important aspects: (i) it indicates that capacity is not a passive state but is part of a continuing process; (ii) ensures that human resources and the way in which they are utilized are central to capacity development; and (iii) it requires that the overall context within which organizations undertake their functions will also be a key consideration in strategies for capacity development. Capacity is therefore the power of something – a system, an organization or a person, to perform and produce properly (UNDP, 1998:.x). It also refers to the ability to achieve goals as reflected by available resources and by political, managerial and technical competence. Some of the facets of commitment and capacity include mandates, institutional structures, managerial approach, organizational and technical capacity, local fiscal capacity, programme activities, exogenous factors (Edralin 1996:7) and leadership. In assessing the capacity of the local government, consideration is given to its mandate and legal capacity; institutional structure; organizational and technical capacity; and financial capacity.

#### *Mandates and legal capacity*

This refers to the laws and other legal provisions that enable or inhibit the activities of local governments in their activities, especially local economic development. It provides the basis for which local governments can freely carry out their activities on their own accord. This provides the enabling environment for local governments to embark upon local economic development promotional activities. The stronger the mandate in terms of issuing authority and commitment, the more favourable the context for implementing programmes and activities is (Edralin, 1996:7). Legal provisions inhibit or promote local government activities if governmental requirements are too restrictive and investment or expansion in particular areas is discouraged or not. Also, the priority assigned to an activity and the consistency or inconsistency of these mandates also has an important influence on local economic development activities. For Local Governments to be effective, mandates should be matched with adequate resources (ibid).



### *Institutional structure and setting*

Institutional structure refers to the institutional arrangements and mechanism for mobilizing resources at all levels of a system for its activities and development. The institutional structures for local economic development reflects on decisions about organizational channels and their relationships that are established for programmes and activities. These relationships should manifest in the conception, planning, implementation and management of these programmes and activities. For local governments to effectively promote local economic development, this arrangements and mechanisms should be available.

### *Organizational and technical Capacity*

This refers to the human resources, knowledge, and processes employed by the organization. These include for example staffing, infrastructure, technology, strategic leadership, programme and process management and networks and linkages with other organizations and groups. In this study, the organizational capacity of local government is determined in terms of the availability of managerial, planning staff and their technical skills, knowledge and experiences for programme planning and implementation. Also the various networks and linkages with other organizations in the arena of local economic development is considered. The key issues are the extent to which the available organizational capacity can support local economic development programmes effectively and the extent to which insufficient capacity can be increased (Edralin, 1996:11)

### *Financial capacity*

Financial capacity, like other types of organizational capacity, represents available organizational financial resources and relationships- both internal and external- that enable organizations to pursue their missions and fulfil their roles. Like other forms of organizational capacity, financial capacity is complex. It is defined, on one hand, by the ability to generate and administer funds, and on the other hand, by the instruments and mechanisms that structure the relationship between the organization and various sources of funding. Financial capacity in this study therefore refers to the ability of the local government to harness adequate funds to implement its activities, especially in the area of local economic development. The assessment of this capacity covers the sources and quantum of resources from these sources and how stable these sources are in supporting its promotional drive. The various variables that are used in analyzing and assessing these forms of local government capacity and competence for local economic development are the following:

Table 4.2 Forms of capacity and assessment variables

<b>Forms of capacity</b>	<b>Variables</b>
Mandate	Type and source of mandate; level of understanding of mandate; limits and challenges of the mandate
Institutional	Availability of institutions; their number; strength; roles; linkages with others; and challenges
Organizational and technical	Availability of staff; their skills and competence level; availability of supporting logistics
Financial	Sources of funds; quantum from sources; reliability of sources; uses of funds; challenges from mobilizing funds from these sources

Author's own construct

### **Involvement of other actors in the local economic development process**

Local governments operate within an environment with the presence of many actors in the promotion of local economic development. These actors are a necessary component of an effective endeavour by local governments in the arena of local economic development. There is therefore the need for them to be included in any local economic development activities. In this view, it is relevant also to look at various conceptual issues in the arena of actors, their forms of interaction and involvement in the process by local governments in this study. This will help make a critical analysis of the relationships and involvement of other actors in the local economic development process by the local government understudy. Consideration is therefore given to the stakeholder theory and the involvement of other actors in the process.

#### *Stakeholder theory*

The stakeholder theory has been in the field of management for quite a long period of time. It was first introduced into management theory as an answer to dissatisfaction with unilateral financial criteria of effectiveness. It was introduced by Richard E. Freeman and published in his landmark book in 1984 (Gomez, 2006:47). The theory is a body of knowledge that aims to explain the relationships between a given organization, people and other organizations in their environment. The main assumption of the theory is that an organization's effectiveness is measured by its ability to satisfy not only the shareholders, but also those who have a stake in it (Freeman, 1984). Its application in the public sector seems to be in accordance with the wave of New Public Management concept (Osborne and Gaebler, 1993). It aims to introduce business related ideas into the public sector. The theory is therefore seen as an approach by which public decision makers scan their environments in search of opportunities and threats (Gomez 2006:47). It can therefore be inferred that the theory is embedded with two distinct approaches: the organization focusing on its stakeholders in order to propose suitable managerial techniques and the manner a stakeholder approaches the organization claiming its rights; while the other side is also related to how an organization behaves when dealing with its stakeholders (ibid.).

Though the theory is relevant when it comes to analyzing the relationships between an entity and others in its environment, it is still without shortfalls. The theory still remains vague as it does not explain thoroughly the complexities of the relationships between an

organization and the stakeholders from its environment (Jones and Wicks, 1999). It also fails to describe how stakeholders interact with the focal organization, establish a framework for examining the connections between the practice of stakeholder management and achievements and how organizations need to deal with its stakeholders in a fair and honest relationship. Other later writers have contributed to solving these by extending its application in the shortcoming areas. In conclusion, the theory can be seen as an encompassing one that helps to bring institutional, competitive and dependence forces- and competitive forces into a unified theory (Abzug and Webb, 1999: p. 420). Though the theory has shortcomings, it is relevant in the field of local economic development as the field is made up of different actors who can be termed as stakeholders in the process. Therefore knowing their relations with each other is very relevant to addressing some of their needs and enhancing their participation in the process.

### *Stakeholder analysis*

A stakeholder is any individual or group of individuals who can affect and is affected by the achievements of an organization's objectives (Freeman, 1984:46). According to Bryson (1995:27), a stakeholder is any person, group or organization that can place a claim on an organization's attentions, resources or outputs or is affected by that output. But for this study, a stakeholder is defined as an entity which is involved, both directly and indirectly and can place a claim on the local government's attention, resources, dealings and activities and it is affected by the outputs of the local government in local economic development promotion in the local area. Stakeholder analysis is also a methodology used by an organization in scanning its environment in looking for threats to be avoided or opportunities to be exploited (Freeman, 1984). The aim of the analysis is to develop a strategic view of the stakeholders' landscape and the relationships between the different stakeholders and the issues they care about. This analysis help identify all stakeholders who may be affected or can affect a particular endeavour, their needs, relationships, potentials, influence and power levels. In this study, the stakeholder analysis is carried out to find out the various other actors in the arena of local economic development, their roles and potentials; how the local government involve them, and how they can affect the role of the local government in its local economic development promotional activities at the local level.

### *Mode and levels of stakeholder involvement*

There are various modes of stakeholder involvement in development literature and many steps, stages and processes indicating this have been put forward. Arnstein (1968:216 - 224) proposed an eight stage ladder of participation, broadly divided into three major areas. These included manipulation and therapy, which was considered as the level of non-participation; informing, consultation and placation as the level of tokenism; and partnership, delegated power and citizen control as the level of citizen power. Though this made reference to the involvement of people in the development process, it is applicable to the general involvement of all entities in the development process be they individuals or institutions and organizations.

Health Canada (2000) also proposed a model for stakeholder involvement and titled it as 'a public involvement continuum'. This also divided the mode and level of stakeholder involvement into three major stages. This is presented in table 4.3.

Table 4.3 A public involvement continuum of levels of stakeholder involvement

Low level of public involvement or influence		Mid-level	High level of public involvement or influence	
Inform, educate, share or disseminate information	Gather information, views	Discuss through two-way dialogue	Fully engage on complex issues	Partner in the implementation of solutions

Source: Health Canada (2000) in OECD, NEA No. 5418 (2004)

The explanations of the various stages as adapted from the above source are presented below.

*Inform, educate, share or disseminate information (Information):* At this stage, a decision has already been made (no decision is required); the actors need to know the results of a process; there is no opportunity to influence the final outcome; there is no need for acceptance of a proposal before a decision may be made; and information is necessary to abate concerns or prepare for involvement.

*Gather information and views (Consultation):* The purpose is primarily to listen and gather information; policy decisions are still being shaped and discretion is required; there may not be a firm commitment to do anything with the views collected

*Discuss through two-way dialogue (Deciding together):* Two-way information exchange is needed; stakeholders have interest in the issue and will likely be affected by the outcome; there is an opportunity to influence the final outcome; organizer wishes to encourage discussion among and with stakeholders; input may shape policy directions and programme delivery.

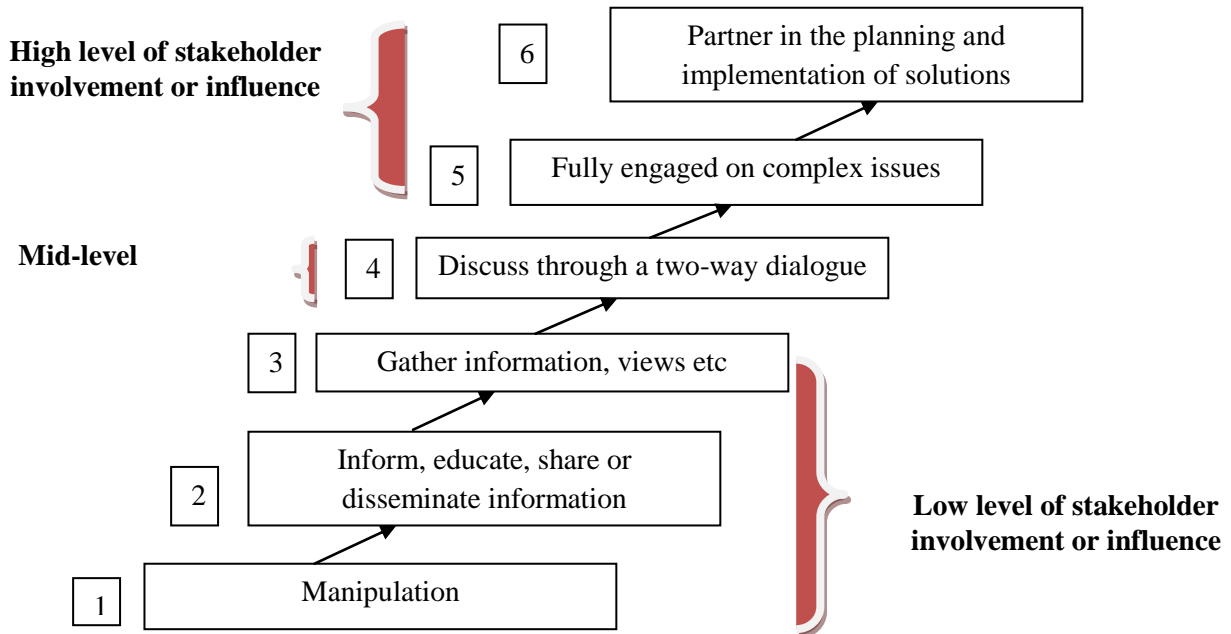
*Fully engage on complex issues (Acting together):* It is necessary for stakeholders to talk to each other regarding complex, value-laden decisions; there is a capacity for stakeholders to shape policies that affect them; there is opportunity for shared agenda setting and open time frames for deliberation on issues; options generated together is respected.

*Partner in the implementation of solutions (Supporting):* Institutions want to empower stakeholders to manage the process; stakeholders have accepted the challenge of developing solutions themselves; institutions are ready to assume the role of enabler; there is an agreement to implement solutions generated by stakeholders.

Looking at the two models and stages of stakeholder involvement, the study adopted and adapted the latter and added a stage from that of the former to it. This addition was “Manipulation”, whereby actors or likely stakeholders are made to be on rubberstamp advisory committees for the purpose of engineering their support. Therefore in this study, stakeholder involvement is seen in the light of how other actors in the field of local economic development are involved by the local government in its promotional activities. The levels of involvement taken care off in this study are presented in figure 4.2. The

lowest form of the level of involvement is manipulation while the highest form is partnering in the implementation of solutions.

Figure 4.2 Level of stakeholder involvement



Source: Adapted from the Health Canada in OECD, NEA No. 5418 (2004) and Arnstein (1968)

*Modes of stakeholder relationships and interactions*

In many cases, local governments do work together with other actors in the field of local economic development promotion. The forms of interactions may vary and have a broad scope. But the forms and mode of relationships and interactions between these and what characterize these relations need to be identified and analysed. Riley (2002: p. 96-100), discussed forms of interactions between non-governmental organizations and government institutions. These forms of relationships included in an increasing order the following forms: Interaction; linkage; cooperation; operational collaboration; and critical collaboration. These are found to be appropriate in discussing the various forms and modes of local government interaction with other actors in the field of local economic development.

**Interaction:** This characterizes a situation where the actions of one institution are influenced by, dependent on or oriented towards the actions of another institution. This includes a range of interrelationships which may be mutually supportive, adversarial, or something in between these. The fact that these institutions are interacting does not imply that the relationship is a positive one, but the fact that some form of contact is taking place may indicate that the activity maybe constructive (Riley, 2002: p. 97-98) .

**Linkage:** Linkages as a specialized form of interaction between actors is the most rudimentary form of positive interrelationships and includes some form of contacts which are either neutral such as information exchange or mutually supportive which may include the exchange of ideas. This may be formal or informal arrangements. At the more formal end, such relationships are characterized by the independence of one partner or another for the successful completion of an agreed-upon activity (ibid. 98).

**Cooperation:** This is a more formal type of interaction and distinguished by the use of some kind of mechanism to manage a relationship between the participating actors. Forms of cooperation vary according to the specific activity at hand. It normally takes two forms according to Farrington and Lewis (1993: 22 cited by Riley, 2002: 99). These are substitution and complementarity. Substitution normally takes place when an actor implements activities that the other actor normally performs but for some reasons cannot or does not while complementarity involves actors conducting different activities leading to a joint objective.

**Collaboration:** Collaboration is what happens when a group of independent actors or organizations work together to achieve a common purpose, involving varying degrees of cooperation or sharing of functions. Collaboration may involve the integration or consolidation of specific functions or resources. Collaboration creates a process by which stakeholders themselves must wrestle with the question: how can I satisfy my interests in the context of what is in the collective good? Thus collaboration urges a distribution of power among those whose interests are most keen. With this approach, the final agreement of defining the common good is not the proclamation of a ruling elite or the results of political logrolling and majority rule, but rather a consensus agreement among those chiefly involved (Gray, 1989: 118 cited by Riley, 2002: 100).

The involvement of the various actors in local economic development by the local government is analysed based on the above relations of interaction, linkage, cooperation and collaboration. The variables that are used in analyzing and assessing these forms of other actors and stakeholders by the local government in its local economic development drive are presented on table 4.4.

Table 4.4 Variables for stakeholder analysis

Concept	Variable
Stakeholder involvement	Types and characteristics, level of importance, power, influence, level and mode of involvement, challenges

Source: Oduro-Ofori, 2011 (Author's own construct)

#### 4.4.3 A review of the recurring tool of analysis in the study: SWOC

The recurring tool in the analysis in this study is the SWOC analysis technique. SWOC represents STRENGTH, WEAKNESSES, OPPORTUNITIES, and CONSTRAINTS. The purpose of a SWOC analysis is to identify the main strengths, weaknesses, opportunities

and constraints that characterize a particular situation or entity. A SWOC analysis guides one to identify the positives and negatives within a particular situation (S-W) and in the external environment (O-C). In the SWOC analysis literature, the terms ‘strengths’ and ‘weaknesses’ refer to attributes that measure internal capabilities or otherwise whereas ‘opportunities’ and ‘constraints’ originate from external environments of an object or situation being assessed. Internal attributes are controllable to some extent while the external attributes are beyond the control of an entity, situation and the environment under consideration. Developing a full awareness of a situation can help with both strategic planning and decision-making. The SWOC method is useful in the work of community and local economic development, education, and even personal growth. The significance of this technique is that the identification and categorization of strengths facilitates goals and objective formulation in planning while the opportunities chart the path towards strategic options such as networking, partnering, collaboration, cooperation, lobbying and advocacy in the view of effective and efficient resource mobilization and management for development. The weaknesses prepare the ground for synergies in programme, project and activity designs to address development problems. Also, the challenges consider contingencies and factor them into realistic development, resource mobilization and timely implementation. Though SWOC is not the only assessment technique that can be used, it is one with a long track record of effectiveness and application especially in management. The strengths of this method are its simplicity and application to a variety of levels of operation. The SWOC was adopted in this study as its terms correspond to the terms the study seeks to investigate. Important as this technique is, it has various limitations. It calls for excruciating level of conceptualization and operationalization of its components. Its reliance on endogenous-exogenous components and factors sometimes conceal their intricate connectivity as some internal factors could have been influenced by other externalities. Also in everyday language, the distinction between a strength and an opportunity, as well as between a weakness and a constraint, is not always clearly understood, and their usage in this technique is at times confusing.

#### *Application of the SWOC analytical technique in the study*

The SWOC analysis technique was generally used to identify the strengths, weaknesses opportunities and constraints of the local government in local economic development promotion. The general operational meanings of the application of the various concepts in this study with regards to the local government are the following:

**Strengths** connote the local and internal advantages, competences and resources when utilized can enable the local government to enhance its sustained local economic development drive and to overcome the constraints it faces in the process. **Weaknesses** represent the disadvantages, local and internal impediments and obstacles emanating from the local government itself and the local environment that act against its efforts in local economic development promotion. **Opportunities** are the external advantages to the local government that positively influence its efforts in promoting local economic development. **Constraints** also connote the external disadvantages and factors or obstacles and impediments that affect the local government in its local economic development promotional drive.

## 4.5 Summary

The chapter has discussed the various selected theories underlying the study and tried to establish a link between the two major concepts of local economic development and local government through the conceptual framework. The study was considered within the 'development from below' school of thought. The concept of endogenous development formed the study's bedrock. In discussing this concept it was identified that endogenous development is territorial: (local in orientation), relies on endogenous potential, it is participatory and involves local institutions and actors, does not close itself to the outside environment and promotes sustainable development. These are all principles that favour local economic development promotion at the local level. The endogenous growth theory also consequently stimulates a debate on the relevance to local regional growth and development and the role of local institutions and state intervention in local regional development. It brings to the fore the importance of history of a particular area in shaping its development path, the role of institutions in providing the framework for growth and stresses on the relevance of space or place to development. It gives a new view of the roles of institutions in creating the necessary conditions for growth in an economy. Institutions and organizations are also relevant to local economic development promotion and in this case the new institutional economics and game theory provide insights into how they can play an important role in local economic development promotion. Finally, the game theory identifies local economic development as a game in which there exist many actors. This should be a clear non-competitive cooperative activity or process which involves the joint actions of all actors in the process. This game is not a zero-sum game but rather a non-constant sum game as they all want to achieve similar results in terms of local level development but from different angles. In this way the theory provides the hint on how actors could work together in the process.

The chapter has also discussed the various intervening concepts (pre-condition) and issues that served as the link between these two major concepts in the study. From the review of literature on the topic and as indicated in the main text, for local government to promote local economic development, it should carry out specific functions that create a conducive and enabling environment for this purpose. It should also have the requisite capacity in this field and involve other stakeholders or actors in the field in the process. In the process of local economic development promotion, there are certain factors that either enhance or impede a particular actor in the process. All these have been captured linking these two major concepts above. The various variables to be assessed in the various pre-conditions for local government involvement in local economic development have also been presented.

The next chapter of the study concerns the way and means data was collected, analysed and presented on the various intervening concepts discussed above to support the involvement of the local government understudy in local economic development promotion in the study area.



## **5. The research design and methodology guiding the study**

### **5.1 Introduction**

The choice of an appropriate research methodology is a critical and challenging issue that confronts most social science researchers as this will inform the acceptance or rejection of the piece of work within the scientific community. The reason for this lies in the nature of social phenomenon which has to do with extremely varying human conditions in different environments. These varying conditions have given rise to the deep-seated long standing debate on which methodology and methods to use for a particular social science investigation. In this view, it is very important for the researcher to adopt and use the appropriate methodology that will help carry out a critical study and analysis of the core issues under consideration within the frame of the scientific world. This chapter therefore outlines and justifies the research approach adopted, the research design, the bases and processes within which the study was carried out. The chapter begins with an overview of various research methodologies and approaches available to the social science researcher and concludes with a summary of the various issues discussed.

### **5.2 Research methodology**

“The view of what constitutes a methodology and under what circumstance a research model becomes a methodology as well as the number of methodologies that deserve a place in the context of social science research is a contentious issue”(Sarantakos, 1993: 32). This debate has been on-going and will continue so long as there exist a scientific work called research. Research methodology can be defined in at least two ways. The first explanation is based on the research model employed by the researcher in a particular project. With this definition, there can be as many methodologies as there are scientific research projects. The other explanation relates to the nature of the methodology to a theoretical and more abstract context. This explanation perceives methodology in conjunction with distinctive, uni-dimensional and mutually exclusive theoretical principles. “Here, a methodology is supposed to offer research principles related closely to a distinct paradigm translated clearly and accurately, down to guidelines on acceptable research practices. Methodology is determined not by the research model but rather by the principles of research entailed in a paradigm” (ibid). This explanation gives rise to two major forms of methodology namely, quantitative and qualitative.

#### **5.2.1 Quantitative methodology**

This methodology refers to the type of research that is based on positivism and neo-positivism methodological principles and holds on to the standards of strict research design developed before the research begins. It uses quantitative measurements and statistical analysis. This approach deploys several statistical tools that allow for easy aggregation, categorization and the comparison of research data. This provides relative ease for researchers to make broad generalizations out of the findings of the piece of work conducted based on the characteristics of the sample scientifically drawn from its population (Agbesinyale, 2003:80). Researchers using this methodology endeavour to achieve objectivity in their research as they consider it to be one of the most important

methodologies having the properties of objectivity in social science research. In using this type of methodology, a distance is created between the researcher and the researched or the object of the research so as to reduce biases and ensure objectivity. It again restricts explanations purely to positive phenomena themselves and this is derived exclusively from experience. It argues that in terms of construction of knowledge, social scientists are committed to explicit and formal procedures in defining concepts and variables so that the validity of new propositions can be reassessed by other researchers and the result accepted, rejected or modified (Sarantakos, 1993:41). Some researchers have criticized this methodology based on some of its theoretical and methodical practices. The objectivity aspect has been challenged on the basis that, objectivity is not possible and standardization and distance from the research object does not ensure objectivity as the perceptions and meanings of the researcher penetrates the research process in many ways. Again, not all issues can be expressed in quantitative terms and therefore essential information that could have changed a situation is ignored. In this view, many social science researchers adopt the qualitative methodology where the above discussed methodology is not deemed to be very appropriate.

### **5.2.2 Qualitative methodology**

This type of methodology employs principles and strategies that are mostly non-quantitative and it is associated with the employment of diverse methods. It assumes that the social world is always a human creation and not a discovery, consequently interpretive science tries to capture reality as it is. This methodology perceives the researcher and the researched as two equally important elements of the same situation. Respondents are not reduced to variables, units or hypotheses but seen as part of the whole (Sarantakos, 1993:44). Qualitative research is seen as exploration which helps to analyse research objects, identify indications and establish classifications and typologies. It again seeks the discovery of relationships between variables, enable comparisons and conclusions to be made about the significance of certain factors for the relationship and establishing integrated constructs and the testing of hypothesis (Barton and Lazarsfed, 1979 in Agbesinyale, 2003:80). This method faces the challenges of representativeness and the generalization of its findings unlike its quantitative counterpart. The impartiality and reliability of this approach has also been called into question. Researchers using this methodology are supposed to put in measures to minimize subjectivity.

Though the above methodologies are seen to be different in scope and application, they tend to complement each other as some of the elements of one are seen in the application of the other and in a scientific inquiry, the researcher can use any of these methodologies or a blend of some of them based on the issues being investigated. Although the qualitative methodology was mostly applied in this study, its quantitative counterpart was not totally ignored as some of its tools and techniques were employed. This is due to the fact that the Case Study Approach that has been adopted is useful in all these two methodologies.

### **5.3 The case study approach**

The Case Study Approach is one of the many strategies used in carrying out research in the field of social science. The other approaches include experiments, surveys, histories and archival analysis. A case study may be defined as “*an empirical study that investigates a contemporary phenomenon within its real life context, especially when the boundaries between phenomenon and context are not clearly evident*” (Yin, 1994:13). It is designed in such a way as to cope with technically distinctive situations in which there will be many more variables of interest than data needing to converge in a triangulating fashion and as other results benefit from prior development of theoretical propositions to guide data collection and analysis (ibid.). This approach investigates an empirical body by following a set of already specified procedures and involves the collection, recording and analysis of data concerning a single case or a number of cases which may be either quantitative or qualitative or both.

The Case Study approach may be used when the following conditions prevail:

- i. When, HOW and WHY questions are posed
- ii. When the investigator has little control over events
- iii. When the focus is on a contemporary phenomenon within real life context and the boundaries between these are not clearly evident (Yin, 1994:1) and
- iv. when multiple sources of evidence are used

#### **5.3.1 Classification of case studies**

The Case Study research focuses on understanding the dynamics present within a single setting and can be categorized and classified in different ways. Case Studies can involve either a single or multiple cases. It can also be based on theoretical propositions as in research designs. Within this category, there are the explanatory, descriptive and exploratory case studies (Yin, 1998). The single case study involves the study of only one main unit in a holistic manner or one main unit with multiple units of analysis. As Yin writes, the single case is eminently justifiable where the case presents a critical test of existing theory, is a rare or unique one or even where it serves a revelatory purpose. The multiple case studies on the other hand involve the study of more than one case. The study involving this can also revolve around a holistic or an embedded study. In many circumstances, the multiple case study is considered more compelling and the overall study considered more robust than a single case study. But this notwithstanding, the multiple case approach is very demanding and may require extensive resources and time. This may be beyond the means of a single investigator or student (Yin, 1994:45-46).

Based on theoretical propositions drawn from research design, the explanatory case studies are informed mostly by HOW and WHY questions. The descriptive cases are also based on questions that are descriptive in nature though there is selectivity based on study objectives while the exploratory case study is carried out when available literature is poor on an issue under study. Though there may be no clear distinction between the above categorizations, the single and multiple case classifications with their attendant characteristics may be the best option as the others are weaved within them.

### **5.3.2 Criticisms and challenges of the case study approach**

There have been a lot of criticisms against the case study research approach and this approach has been viewed by many methodologists with extreme circumspection. Some argue that a work that focuses on a single example of a broader phenomenon is apt to be desirable as a mere case study. Also, it is often identified with loosely framed and non-generalisable theories based on selections and informal and undisciplined research design. Also, it involves weak empirical leverage, subjective conclusions, un-replicability and causal determinism (Geering, 2007:6). But within all these criticisms, none has ever dropped the hint that this approach should be discarded. In this regard it behooves on all researchers who adopt this approach to research to spell out categorically how the research will be carried out, why a specific case or cases have been selected, which data are used, which data are omitted, how data are processed and analysed and how inferences were derived from the case presented. Also the research design should be robust to pass the quality test involving construct validity, internal validity, external validity and reliability.

### **5.3.3 Generalization under case studies**

Generalizing the findings generated from a case study frame attracts frequent criticisms due to the fact that researchers hold the view that small and unrepresentative nature of the sample does not permit this. This has become a thorn in case study research. This notwithstanding, Yin is of the view that there is a clear cut difference between statistical generalization which generalizes from a sample to a universe and analytical generalization which uses cases to illustrate or generalize to a theory (Yin, 1998:239). In his view, case can be generalized based on analytical issues and thus becomes robust when the number of cases is boosted.

### **5.3.4 Case selection**

The selection of the case or cases to be studied is no doubt a laborious task which needs the critical attention of the researcher. This is confirmed by Yin (1994:8), when he noted that “*selecting the case or cases to be studied is one of the most difficult steps in case study research*”. In this view, the selection must be done in a pragmatic and scientific manner to avoid some of the criticisms normally associated with the approach. The researcher in selecting the cases to be studied should be mindful of the research goal, objectives and questions of the research as stated in the study. The elaboration of the theoretical issues and variables within the study should also guide the researcher to select the appropriate case or cases. In the sampling of cases from chosen theoretical and statistical reasons, (Glaser and Straus in Miles and Huberman, 2002:12) the concept of population is very critical as it defines the set of entities from which the research case is to be drawn. The selection of an appropriate population controls extraneous variation and helps to define limits for generalizing findings (Huberman and Miles, 2002). Also for the study to provide an insight into a broader phenomenon, it must be representative of a broader set of cases and should have typical sets of values given some understanding of a phenomenon which may include a set of descriptive characteristics (Gerring, 2007:91-93). The case to be selected should be an exemplary case or cases meaning that the selected case/cases should reflect strong and positive examples of the phenomenon of interest (Yin, 1994:12). Also where the case selection criteria are multi-dimensional and

large samples of potential cases are in play, some form of factor analysis may be useful in identifying the most typical case or cases to be selected. Based on what the researcher would like to find out, the cases could be selected within a particular level.

The following section of the discussion will concentrate on the specific research design and process of the study.

#### **5.4 The research design and process**

A research design can be described as an action plan for getting from ‘where’ to ‘there’. “*Where*” in this sense may be explained as the initial set of questions to be answered and “*There*” denotes some set of conclusions about these questions. Between “*here*” and “*there*” is found a number of major steps including the collection and analysis of relevant data (Yin, 1994:19-20). A research design strives to address questions such as the following put forward by Konthari (1992:39):

- *What is the study about?*
- *Why is the study being made?*
- *Where will the study be carried out?*
- *What type of data is required?*
- *Where can data be found?*
- *What periods of time will the study include?*
- *What techniques of data collection will be used?*
- *How will the data be analysed? and*
- *How will the report be composed?*

If all the above questions can be answered very well by the researcher’s research design, then the researcher is in good business. From this, a research design provides an arrangement of conditions for the collection of and analysis of data in a manner that links the research with its objectives and questions to its ultimate conclusion. The research design and process as was followed in this study started with the conceptualization of the research ideas through the review of literature and discussions with experts and colleagues in this field of research and ended with recommendations and other areas of future research in the area of local government’s involvement in local economic development promotion. This research process established the logical sequence connecting the initial research questions, purpose of the study and the objectives through data collection and analysis to the findings and recommendations of the study. The research process is illustrated in figure 5.1.

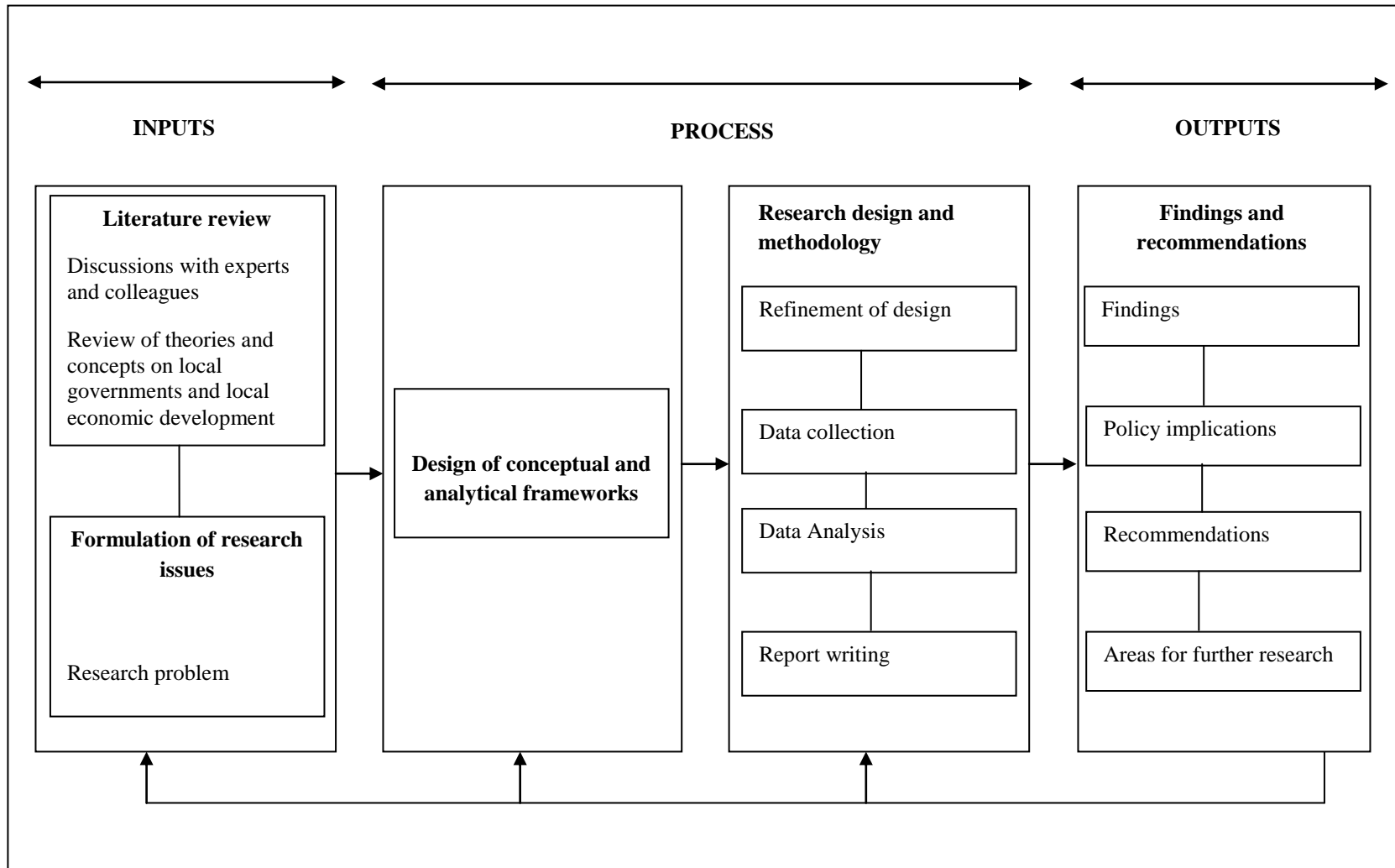
#### **Research questions**

The main and sub-questions that guided the research were the following:

1. How does the local government promote local economic development of the municipality?
  - i. What roles and strategies does it employ in its promotional drive?
  - ii. Which process does it follow in its local economic development promotional activities?
  - iii. What competence has it in local economic development?
  - iv. How does it finance its local economic development activities?

- v. Which institutional setup exists within the local government for local economic development promotion in the municipality?
  - vi. What are the potentials and challenges of the local government in local economic development promotion?
2. How does the local government involve other actors in the process of local economic development promotion?
    - i. Who are these stakeholders and where are they located?
    - ii. What are their roles and contributions to the role of the local government in local economic development?
    - iii. Which areas are they involved in and how?
  3. Which factors influence the local economic development promotional activities of the local government?
    - i. What are these factors?
    - ii. What are the sources of these factors?
    - iii. How do these influence the involvement of the local government in local economic development?
  4. How can the role of the local government in local economic development promotion in the municipality be enhanced?

Figure 5.1 Research process



Source: Oduro-Ofori, 2011 (Author's own construct)

## **5.5 Justification of the choice of the case study approach to guide the study**

The case study approach was adopted for this study as this seemed very appropriate. This research approach provided the opportunity to critically study the units of analysis in detail, depth and in context. It also views a phenomenon under study as a unique case within a given physical, socio-cultural, economic and political context and seeks to collect data in order to explain patterns and relationships existing under specific context. More so, the emphasis on multiple sources of data by this approach is very important and can help to ensure precision, provide and strengthen alternative explanations identified from other sources. It may also enhance the conclusions to be reached in the study. Studies in local economic development at the district level should be based on adequate data and this should be from various sources of data to prove its validity. Again, this method is preferred as the study on the role of local governments in local economic development is a contemporary one as opposed to historical ones and it is located within a specific context. It is also valid as the phenomenon being investigated is current and the actors are present and the events to be examined are available.

The role of District Assemblies (local governments) in local development in Ghana is among the current developmental issues pertinent to Ghana's overall development. Since the inception of the current decentralization and local government system in Ghana, several issues have arisen concerning their roles in local development and especially local economic development. Issues relating to capacity in all forms and political interference in the discharge of their duties, relationships with other bodies and institutions have been of concern. Therefore the choice of this approach is deemed very relevant and appropriate as issues relating to the problem under study can be thoroughly observed from the scope of the local government and municipality under study. Another issue with the choice of the case study method is that it is used when control over the subjects or respondents of the study are not desirable. The focus of this study involves how the local government has promoted and continues to promote local economic development in its area of jurisdiction. Local governments and their institutions in the country are not willing to give out information about their activities which they may label as confidential. This issue also makes the choice of case study approach appropriate. The single case study approach was adopted in this study.

### **5.5.1 Justification for the choice of the single case approach**

The single case study design was applied in this study as one district assembly in the Ashanti Region of Ghana was the focus of the study. Also within the selected district, the analysis covered various units. The case selected is a representative or a typical one as the selected district assembly has similar characteristics as all district assemblies in the country. It was established and governed by the same legislation as all others in the country. It again has the same functions as all other local governments in the country. The selected case has also not benefited from any special local economic development promotion projects as being implemented by the central government in certain districts across the length and breadth of the country. The choice of the single case study approach has the advantage to help bring out how a typical local government promotes local economic development on its own accord. Therefore the lessons to be learnt from this case will be informative about the experiences of an ordinary local government in the country.



### **5.5.2 Justification for the selection of the Ejisu-Juaben Municipal Assembly**

The District (Municipal) Assembly was selected as it is the sole political and administrative authority at the district level in Ghana. By virtue of the 1992 Constitution of the Republic of Ghana, the district assemblies have development planning and implementation responsibilities in all areas related to the development of the districts. The districts themselves are the largest administrative units within Ghana's decentralized local government structure and the assemblies are the managers of these units of administration, responsible for the implementation of state policies at the district level.

The total number of districts in the country was 170 as at the end of the year 2010. Out of this, 27 were in the Ashanti Region. The study was conducted in a district within the Ashanti Region. This is based on the fact that the time and resources at my disposal were very limited and did not warrant the selection of a large number of cases. This also helped in doing a critical and detailed study and analysis to bring to light issues related to the roles of the selected local government studied in promoting local economic development. Also studying the district offered the opportunity to learn about the possibility of theorizing the roles of District Assemblies in local economic development promotion at the district level within the context of Ghana's decentralization process.

The district selected is the Ejisu-Juaben Municipality. The selection was based on factors such as the district's status, length of existence and the researcher's familiarity with the district. Concerning the 'status' factor, two issues concerning the type of local administrative unit and the urban and rural status of the district were of relevance. In Ghana, the local government administrative system at the district level is categorized into three levels: Metropolitan, Municipal and "Districts" based on their population. However in general terms they are all classified as 'districts'. The Metropolitan areas have the largest population, followed by the Municipalities and lastly, the districts. The Municipal was selected for this study as most of these municipalities depict both rural and urban characteristics. A district is said to be rural when majority of its population reside in settlements with population less than 5000 people and the urban district is one that has majority of its population in settlements with more than 5000 people (Ghana Statistical Service, 1996). The Ejisu-Juaben Municipality exhibited both a rural and urban characteristics with 69.8 and 30.2 percent of its population residing in both rural and urban areas in the municipality respectively (EJMA, 2006). The period of existence and creation of the municipality was also considered in the selection of the district for study. The municipality selected has been in existence for a longer period of time in terms of its creation (since 1987). This was very necessary as an older district would have experienced a lot in implementing activities that are geared towards local economic development promotion and these will serve as a better case for studies and analysis. The issue of familiarity with the customs, values and norms of the people was very critical as it allowed the researcher easy entry and communication within this particular environment. Language was also not a barrier to the study.

### **5.5.3 Units of Analysis**

The delineation of the unit of analysis is very important in using the case study approach as they are the most essential components to be studied and analysed. If this is not done very clearly, delimiting the boundaries of the research work can be very difficult. They also help to determine the most appropriate case study design to be used. The unit of analysis in any study refers to the entity under study. It can also be referred to as the entity one wants to say something about at the

end of the study. Units of analysis in any study may include individuals, groups or communities, whole programmes or their components, organizations, critical incidents and time periods. This indicates that units of analysis in case study setting depend on the scope and complexities of the research questions and the core research issues one is trying to address.

Studies on the roles of local governments in the promotion of local economic development involve the analysis of several units in the process to be able to really come out with a clear assessment. The main unit of analysis in this study is the Municipal Assembly referred to as the 'local government' in the study. The other sub-units of analysis under the assembly that were considered were the town and area councils, unit committees, municipal assembly institutions and sub-units, departments and agencies which are involved in local economic development activities on behalf of the municipal assembly in the municipality.

Other units from which data was collected to support that of the main unit of analysis and its sub-units included local politicians, businesses, business and trade associations, community and opinion leaders including traditional authorities, financial institutions, Community Based Organizations, Regional Coordinating Council officials and households.

## **5.6 Sampling procedure and frame**

The design of a sampling strategy for a qualitative study is very important as a well-defined sampling strategy that utilizes an unbiased and robust frame can provide unbiased and robust results. In order to achieve this, it is recommended that the sampling procedure be based on sound scientific criteria. In this study, the non-probability sampling technique of purposive sampling was applied in all situations. This was as a result of the mainly qualitative nature of the study. This sampling procedure implies that samples selected were done so because of their significance for the study.

Since not all the units enumerated above could be interviewed due to their number and presence in the local government and municipality and also the time span for this research, some which were deemed to be relevant to the study were involved. Moreover as these units could not be interviewed directly, the only possibility of obtaining information was to interview employees and individuals within these units. These were selected purposively to help arrive at the data needed for this piece of work. The sub-units of the local government that were engaged in this study were the Development Planning and Coordinating Unit and the General Administration. Members of the various sub-Committees of the assembly were included as all of them have activities that bordered on local economic development promotion. At this level the Coordinating and Deputy Coordinating Directors, the Planning and Finance Officers and their subordinates were contacted. The line departments in the municipality that were involved in the study included the Business Advisory Centre, Agricultural Directorate, Community Development, Cooperatives, Social Welfare, Town and Country Planning and Culture. The various heads and representatives of these departments were contacted for their views on the roles of the local government and their departments in promoting local economic development in the municipality. The departments were deemed to be of relevance to the study as they have direct bearing on the promotion of local economic development at the municipality level.

The local government has two town councils and seven area councils. All the two town councils and two other area councils were selected for study. These town councils were the Ejisu and

Juaben town councils while the other area councils were Hwere-Anum and Kwaso Area Councils. These town and area were selected among the rest as they were the most vibrant at the time of the study and had been involved in local development activities by the local government. There are three financial institutions in the municipality and one was included in this study. The financial institution included in the study was the Juaben Rural Bank limited. The Secretary to the bank and one branch manager were interviewed. This rural bank was included in this study out of three banks operating in the municipality based on the number of agencies it has in the municipality. While the other banks had one branch each, the selected bank had four branches across the municipality. It was established in the early 1980s and had various products and facilities that are of relevance to local economic development promotion.

Also data was collected from top staff and proprietors of five medium size firms and fifty-five small size enterprises (including thirty-five in the commerce and twenty in the craft and culture sectors) in the municipality. Also, two trade associations namely Kente Weavers' Association at Bonwire and Oil Palm Processors Association at Ejisu were contacted for data. Again, twenty-five entrepreneurs involved in agri-business activities were interviewed. Furthermore, fifteen local politicians (assembly persons) out of a total number of sixty were selected both randomly and purposively and interviewed to sample their views on the role of the local government in promoting local economic development. Forty-five household heads were also purposively interviewed to solicit their views on the roles of the local government in promoting the economic development of the municipality. Two traditional leaders from Kwaso and Ejisu were also interviewed for their views on local economic development and the role of the local government in this respect. Also, a deputy economic planning officer from the Regional Coordinating Council of the Ashanti Region in Kumasi and a lecturer and researcher in the area of local and urban economics at the Kwame Nkrumah University of Science and Technology in Kumasi were also contacted. In soliciting for data from these units on the local government's task in promoting local economic development, consideration was given to the roles, approaches and tools or initiatives it employs in executing its mandate and projects and programmes related to local economic development and the challenges confronting it and many more issues as covered in the analysis part of the report.

## **5.7 Data collection, analysis and interpretation**

### **Types, methods and sources of data collection**

In obtaining reliable and relevant data that helped realize the aims and objectives of the research, the various types of data needed were collected using appropriate and reliable data collection methods from appropriate sources. In order not for the research to be one sided, data was collected from both primary and secondary sources.

### **Secondary data collection methods**

Secondary sources serve as a rich and valuable data collection source. They were used to corroborate and augment evidence from other sources. The major techniques used included literature and documentary reviews.

### ***Literature review and documentary analysis:***

Literature review and documentary analysis refer to gathering data from published and unpublished sources. These sources of data included reports related to the study at varying levels,

books and journals, reports from renowned world institutions and also from departments and projects of the local government in relation to local economic development promotion, the medium term development plans of the municipality from 1996 to 2009. Particular national documents containing the development policies of Ghana were consulted. These included past development plans of the country, the Ghana Vision 2020 policy framework, the Ghana Poverty Reduction Strategy and the Growth and Poverty Strategy documents and the Ghana Shared Growth and Development Agenda. Other materials from the World Wide Web relevant to the study were also not left out. In addition, text books on the subject were consulted. This source of data may have certain drawbacks because some if not all of the materials may be termed as classified information and access to them is often hindered and prevented. This notwithstanding, the form of data collection and analysis was deemed appropriate as they are expected to be: stable, can be reviewed; exact as they contain exact sources, and contain references and details of events. Besides, some of them have broad coverage and long time span and are relevant in helping the researcher to review past events and issues and draw conclusions. More so, the data was subjected to re-analysis for reliability checks as they are in a permanent form. To ensure an inclusive study based on current issues, data was as well collected from primary sources.

#### **Primary data collection methods and sources:**

Primary sources present information that has not been previously published in any form and in any other source. These sources may evolve through either formal or informal channels of investigation. The various tools that were used to gather primary data and the various sources are discussed below.

#### ***Interviews***

As part of the primary data collection, interviews were conducted. It was the major means of data gathering for the research. According to Yin (1994), one of the most important sources of case study data is the interview. He points out that “overall interviews are essential source of case study evidence because most case studies are about human affairs. These human affairs should be reported and interpreted through the eyes of interviewees and well informed respondents can provide important insights into situations” (Yin, 1994:84-85). Interviews are conversations that have structure and purpose. They are attempts to understand the world from the subjects' point of view, to unfold the meaning of peoples' experiences, to uncover their lived world prior to scientific explanations (Kvale, 1996:6). Yin points out that there can be three forms of interviews namely: the open ended interview- where the researcher has the opportunity of asking the interviewees the facts concerning their opinion about issues, the focused interview- where the researcher engages the respondents for a short period of time during which interviews may remain open ended and assume a conversational form and the third aspect is where the interview demands structured questions along the lines of formal survey (Yin, 1994:84-85).

Patton (1990) also identifies three basic types of interviewing for research which also correspond to that of Yin. These are the *informal conversational interview*, the *interview guide approach*, and the *standardized open-ended interview*. Although these types vary in the format and structure of questioning, they have in common the fact that the participant's responses are open-ended and not restricted to choices provided by the interviewer. A fourth type of interview, the *closed, fixed-response interview*, falls in the realm of quantitative interviewing. Each type of qualitative interview has advantages and disadvantages. The **Informal Conversational**

**Interview** occurs spontaneously in the course of field work, and the respondent may not know that an "interview" is taking place. In this sense, the questions emerge from the immediate context, so the wording of questions and even the topics are not predetermined. The major advantage is that the interview is highly individualized and relevant to the individual. Thus, it is likely to produce information or insights that the interviewer could not have anticipated. This type of interview requires an interviewer who is very knowledgeable and experienced in the content area and strong in interpersonal skills. However, since different information is collected from different people, this kind of interview is not systematic or comprehensive, and it can be very difficult and time-consuming to analyse the data.

The Interview Guide Approach is the most widely used format for qualitative interviewing. In this approach, the interviewer has an outline of topics or issues to be covered, but is free to vary the wording and order of the questions to some extent. The major advantage is that the data are somewhat more systematic and comprehensive than in the informal conversational interview, while the tone of the interview still remains fairly conversational and informal. Like the conversational interview, this type of interview also requires an interviewer who is relatively skilled and experienced, since the researcher will need to know when to probe for more in-depth responses or guide the conversation to make sure that all topics on the outline are covered. A possible drawback is that sticking to the outlined topics will prevent other important topics from being raised by the respondent. Also, while this format is more systematic than the conversational interview, it is still difficult to compare or analyse data because different respondents are responding to somewhat different questions.

With the Standardized Open-Ended Interview, the interviewers adhere to a strict script, and there is no flexibility in the wording or order of questions. It is still considered a qualitative interview rather than a quantitative interview, because the responses are open-ended. This is the most structured and efficient means of the qualitative interviewing techniques and is useful for reducing bias when several interviewers are involved, when interviewers are less experienced or knowledgeable, or when it is important to be able to compare the responses of different respondents. Yin (1994) points out that with the open ended interview the researcher has the opportunity of asking the interviewees the facts concerning their opinion about issues. The major drawback is that the interviewer has little flexibility to respond to the particular concerns of the individual, and there is no guarantee that the questions asked tap into the issues that are most relevant to this particular respondent. The informal conversational interview and the standardized open-ended interview were applied in this study.

### ***Application of the informal conversational interview approach***

The informal conversational interview method was used as it served as entry points in identifying the appropriate persons, units, institutions, areas and ways of sourcing for the appropriate data. An informal interview was conducted with the Regional Planning officer of the Ashanti Region where the study area is located to solicit her views on the role of District Assemblies in local economic development and the assemblies which are active in this field in the region. As part of this interview, the Municipal Coordinating Director and the Municipal Planning Officer of the local government studied were contacted and the various individuals, offices, departments, units and committees that were of relevance to the study were identified. At the business and community levels, this approach also proved to be relevant. Key informants including

individuals such as assembly persons, local councillors, unit committee members, traders and association leaders, business proprietors and beneficiaries of some economic development initiatives in the municipality helped identify key contacts for the study.

### ***Application of open ended interviews***

Open ended questions were developed and used in the conduct of formal of interviews. This was because several respondents were involved. It also helped compare responses by the various category of respondents as same questions were put all respondents within similar categories. The method helped source information from key officers for facts as well as their opinions on the local government's role in local economic development. These respondents provided insights and also suggested and provided corroboratory sources of evidence that helped begin and access other sources of data. The approach was used in soliciting data from officials of the local government including Sub-committee chairmen, the Deputy Coordinating Director, the Municipal Planning Officer and the Finance Officer and their subordinates. The others included the heads of Community Development, Social Welfare, Cooperatives, Agriculture, Town and Country Planning departments, the Business Advisory Centre and the Office for Culture in the municipality. Also, this same approach was used in sourcing for information from heads of organizations and institutions outside the Municipal Assembly. These included financial institutions, in the municipality, traditional leaders, business operators, beneficiaries of projects implemented in the area of local economic development, individuals (household heads) and local politicians.

### ***(Focus) Group discussions***

As part of the primary data collection, the group technique was applied. Smith defined group interviewing to be "...limited to those situations where the assembled group is small enough to permit genuine discussion among all its members" (Smith, 1954:59 cited in Stewart and Shamdasani, 1990:10). Glesne and Peshkin (1992) suggest that interviewing more than one person at a time sometimes proves very useful as some interviewees need to be emboldened to talk. Some topics are also better discussed by a small group of people who have adequate knowledge in the area and line of discussions. Denzin and Lincoln (1994:365) state that Merton et al. coined the term "focus group" in 1956 to apply to a situation in which the interviewer asks group members very specific questions about a topic after considerable research has already been completed. Also, Kreuger (1988:18) defines a focus group as a "carefully planned discussion designed to obtain perceptions in a defined area of interest in a permissive, non-threatening environment". The focus group interview finds the interviewer/moderator directing the interaction and enquiry in a very structured or unstructured manner, depending on the interview's purpose (Denzin and Lincoln, 1994:365). The development and application of an interview guide for this purpose is also necessary. Merton et al. (1990:135) suggests that the focused interview with a group of people "...will yield a more diversified array of responses and afford a more extended basis both for designing systematic research on the situation in hand...". Within this study, the focus group discussions was conducted to source for information and data from the selected Town and Area Councils on their roles and that of the local government in local economic development promotion, business and trade association leaders in the municipality. This method was used as it had the likely ability of discussing issues in detail with group members. It was also likely to bring out varying and diverse views and issues for discussion. The

responses of other members could either be supported or refuted by other members to help arrive at conclusions which are closer to reality.

### ***Observation***

This method was also of importance during the data collection process. It was extensively used to collect primary data to supplement and corroborate other data obtained from other sources. This method helped note conditions, operations and events in the study. Various facilities including infrastructure and other project sites were visited. These included market infrastructure (at Ejisu, Juaben, Boamadumase and Kwaso), craft villages, tourist centres, (at Bonwire and Ejisu) and other agricultural project sites including rice cultivation and irrigation facilities (at Nobewam), the extension of electric power to selected towns to boost economic activities and the construction of water facilities. Also it gave the opportunity to meet beneficiaries of interventions in their various fields of endeavour. This tool was appropriate as it approached reality in its natural structure and studied events as they unfolded (Sarantakos, 1993). It again enabled the researcher get to and experience the real life situations of respondents and issues by observing specific tangible projects and their physical outputs and beneficiaries in the line of local economic development promotion which served as a complement to the data and information from other sources.

### **Data analysis and interpretation**

The process of data analysis tries to bring order to the data collected from the various sources, organizes them into patterns, categories and basic descriptive units (Marshall and Rossman, 1999:145). There is no precise point where data collection ends and analysis begins. In this same way, analysis and interpretation are not clearly separated. Though the analysis of qualitative data is an exceedingly complex process and not readily convertible into standard measurable units of objects that can be seen and heard, with a good understanding of the study's research questions, concepts, sound theoretical and methodological base, the analysis can be smoothly carried out (Yeboah, 2003:101).

***Techniques of Data Analysis:*** Techniques such as Interpretive, Coding, Recursive abstraction and Mechanical techniques can be adopted. The interpretive technique is a very common analysis tool in qualitative data analysis as it provides an observer's impression. In this case experts or laymen observers examine the data, interpret it through forming an impression and report their impression in a structured and sometimes quantitative form. Coding is also a technique that both organizes the data and provides a means to introduce the interpretations into certain quantitative methods. Most coding requires the analyst to read the data and demarcate segments within it. Each segment is labelled with a "code" – usually a word or short phrase that suggests how the associated data segments inform the research objectives. When coding is complete, the analyst prepares reports via a mix of: summarizing the prevalence of codes, discussing similarities and differences in related codes across distinct original sources/contexts, or comparing the relationship between one or more codes. A frequent criticism of coding method is that it seeks to transform qualitative data into quantitative data, thereby draining the data of its variety, richness, and individual character. Analysts respond to this criticism by thoroughly exposing their definitions of codes and linking those codes soundly to the underlying data, therein bringing back some of the richness that might be absent from a mere list of codes. The Recursive abstraction helps analyse data without coding. With this technique the datasets are

summarized and the summaries are then further summarized, until the achievement of an end result that is desirable. The end result is a more compact summary that would have been difficult to accurately discern without the steps of distillation. A frequent criticism of recursive abstraction is that the final conclusions are several times removed from the underlying data. While it is true that poor initial summaries will certainly yield an inaccurate final report, qualitative analysts can respond to this criticism. They do so, like those using coding method, by documenting the reasoning behind each summary step, citing examples from the data where statements were included and where statements were excluded from the intermediate summary. The final technique in this discussion is the Mechanical techniques which rely on leveraging computers to scan and sort large sets of qualitative data. At their most basic level, mechanical techniques rely on counting words, phrases, or coincidences of tokens within the data. The output from these techniques is amenable to many advanced statistical analyses. Mechanical techniques are particularly well-suited for a few scenarios. One such scenario is for datasets that are simply too large for a human to effectively analyse, or where analysis of them would be cost prohibitive relative to the value of information they contain. A frequent criticism of mechanical techniques is the absence of a human interpreter. While masters of these methods are able to write sophisticated software to mimic some human decisions, the bulk of the “analysis” is nonhuman. Analysts respond by proving the value of their methods relative to either a) hiring and training a human team to analyse the data or b) letting the data go untouched, leaving any actionable nuggets undiscovered.

The analysis of data in this study involved most of the techniques described above except the mechanical technique. The analysis involved the examination, listing, categorizing, aggregating, tabulating and matching evidence obtained from the field so as to address the research questions and the propositions in the study. For most part, it adopted simple analytical techniques. The whole process of analysis entailed thorough reading of the data, the discovering of significant groupings and coding and the generation of categories, the regrouping of themes and patterns, testing of emergent understanding of emerging issues and a search on alternative explanations or rival themes which helped in identifying key issues affecting the findings of this piece of research work.

## **5.8 Report writing**

The reporting part of any research work requires a lot of skills and poses great demand and at the same time challenges on the researcher. In writing the research report, the audiences to be addressed need to be identified as it has a very great influence on the form and type of output of the report. In this view, the targeted audiences were first identified. This audience included the academic community, local government officials and leaders, policy makers and practitioners in local economic development in Ghana in particular and others across the globe. This report has been written to meet the expectations of these categories of audience. The report contains texts, tables and charts and maps to explain and demonstrate what the researcher set of to find out and address.

## **5.9 Validity test**

Every research design should be robust to pass the quality test involving construct validity, internal and external validity and reliability. The following measures were put in place to pass these tests and minimize some of the misconceptions about this approach.



**Internal validity:**

This is to ensure that causalities in the work are not accidental but rather inherent. It is the duty of any researcher to ensure that the data/information obtained through the various sources is consistent with existing evidence and general trends. To ensure this in the study, data and information were collected from various sources on issues under consideration. This involved doing critical analysis of the data collected to ascertain their convergence or otherwise.

**External validity:**

This test considers if a study's findings can be generalized beyond the cases studied. It is concerned with whether the phenomena studied, the processes identified and the conclusions reached can be extended beyond the cases studied. The issue with external validity in this study was to find out if its findings can be extended beyond the local government and municipality studied. In ensuring this, the research design was thoroughly prepared to avoid any loop holes that will be against this test. At the end of the research, the theories and concepts adopted in the study were examined in the light of the research findings and contrasted with the literature reviewed.

**Reliability:**

Reliability is very important in any research in proving the objectivity with the piece of work conducted. A research is said to be reliable when it can produce the same results even when different researchers repeat the same method in the same research context. To ensure the reliability of this piece of work, leading to the findings, the research design and the methods involved, the data collection methods and processes have been carefully documented. The lists of all informants, copies of questionnaires and interview guides (see appendices 1 and 2) have been kept as part of the study data. Also, all field notes and secondary sources of data have been itemized and filed.

**5.10 Summary**

This chapter has provided a description of the methodology, the research approach, the methods and tools used in the data collection and analysis in this study. It also brought to light the various units of analysis covered in the study and the various sources of data collected and analysed in this piece of research. Though there are shortcomings of most research methods, what is important is the adoption of strategies to mitigate these effects on the overall quality of work and this is precisely what has been done. The chapter has put in plain terms how the research was conducted to give a clear understanding of the issues understudy. Based on this, the data collected during the field work is analysed in the next chapters of this report.

## **6. General characteristics of the Ejisu-Juaben municipality and Municipality Assembly**

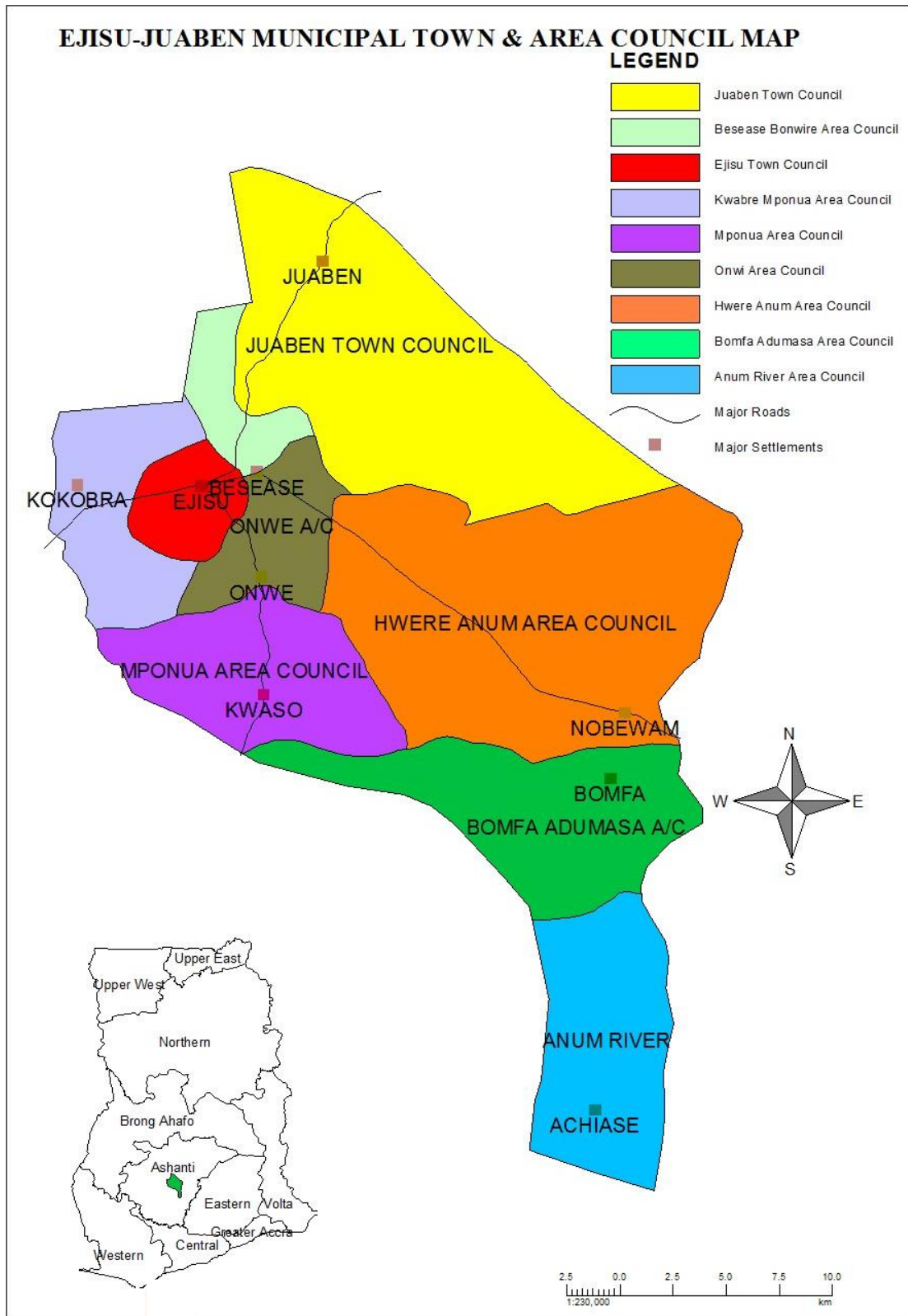
### **6.1 Introduction**

The long term prosperity and welfare of municipalities depend on the ability of their development agents to understand the local economic conditions, take advantage of the existing capacities and potentials, create new ones and minimize challenges. These are all important conditions for local governments as major development agents to be able to carry out their roles effectively and efficiently in local economic development promotion at the local level in Ghana. This chapter seeks to bring to the fore the general characteristics of the Ejisu-Juaben Municipality and Municipal Assembly (local government), its development potentials, local enabling and inhibiting conditions for local economic development activities. Data for writing this chapter was collected through discussions and interviews with key staff members of the local government, opinion and community leaders, Assembly members, Area Councillors, Business Owners and from documentary sources and reports of the local government.

### **6.2 General characteristics of the Municipality**

The general characteristics cover the location and size of the municipality, population size, vegetation, climate, drainage, soils and its economic characteristics. The Ejisu-Juaben Municipality is one of the twenty-seven administrative and political districts in the Ashanti Region of the Republic of Ghana. It was created during the inception of the decentralized local government system in Ghana in the year 1988 and attained a municipal status in 2006. The municipality covers an area of approximately 637.2 km<sup>2</sup>, constituting about 10% and 0.27% of the entire Ashanti Region and Ghana respectively. It is located in the central part of the Ashanti region and lies within latitudes 1<sup>o</sup> 15'N and 1<sup>o</sup>45'N and longitudes 6<sup>o</sup>15'W and 7<sup>o</sup>W. It shares boundaries with six other districts in the region. These are the Sekyere East District to the Northeast, Kwabere District to the Northwest, Bosomtwe Atwima Kwawoma and Asante Akim South Districts to the South, Asante Akim Municipality to the East and the Kumasi Metropolis to the West (see figures 6.1, 6.2 and 6.3).

Figure 6.1 Ejisu-Juaben Municipal Town and Area Council Map



Source: Town and Country Planning Department, Ejisu, 2010

The municipality rises from about 240m to 300m above sea level. The area is generally undulating and it is drained by a number of rivers such as the Oda, Annum, Bankro, and Hwere rivers. Some of which have been tapped for agricultural activities. It experiences a tropical rainfall pattern and wet semi-equatorial climatic conditions. It is characterized by a double maxima rainfall lasting from March to July and again from September to the latter parts of November. The mean annual rainfall is about 1200mm and temperatures range between 20<sup>0</sup>C in August to 32<sup>0</sup>C in March. Relative humidity is fairly moderate during the rainy season. The municipality falls within the forest dissected plateau and the semi-deciduous forest zone of the country. As a result of the nature of vegetation and the amount of rainfall, the municipality has rich loamy soils.

It has a population of 155,505 people as at 2009 with males dominating. About 58.5% of this population falls within the active labour force. Out of this active labour force, 71.3% are employed while 29.7% are unemployed. The economy of the municipality revolves mainly around agriculture, small and medium scale enterprises, services, and commerce. Tourism also does play a role but not significantly. Out of these sectors, agriculture is the most dominant economic activity. It employs about 68.2 of the employed population within the active labour force, while industry and services and commerce employ 8% and 23.8% respectively. With regards to income contributions to the municipal economy, the commerce sector dominates followed by the industrial sector with the agricultural sector contributing the least. The contribution of the various sectors therefore has an influence on the income levels of the entire municipality and its populace. The poverty situation is also alarming as about 50.7% of the population of the municipality is classified to be below the poverty line<sup>6</sup>. The likely implications of these general characteristic of the Municipality for Local Economic Development Promotion are discussed later in this chapter. The next section brings to the fore the various production systems and local economic activities undertaken generally in the municipality.

### **6.3 Forms of local economic activities in the municipality**

The resource base and potentials in the municipality provide for a variety of production systems and economic activities in the municipality. These forms of economic activities identified are categorized into agriculture, service and commerce, tourism and industry. The discussions of these cover their general description, potentials and challenges.

#### **6.3.1 Agricultural sector**

As already mentioned, it is the dominant economic sector in the municipality. The sector manifests itself in two major components namely; crop farming and animal husbandry. Majority of the farmers in the municipality are into crop farming (94.1%) while the remaining 5.9% are into a form of crop farming and animal husbandry which could be termed as mixed farming.

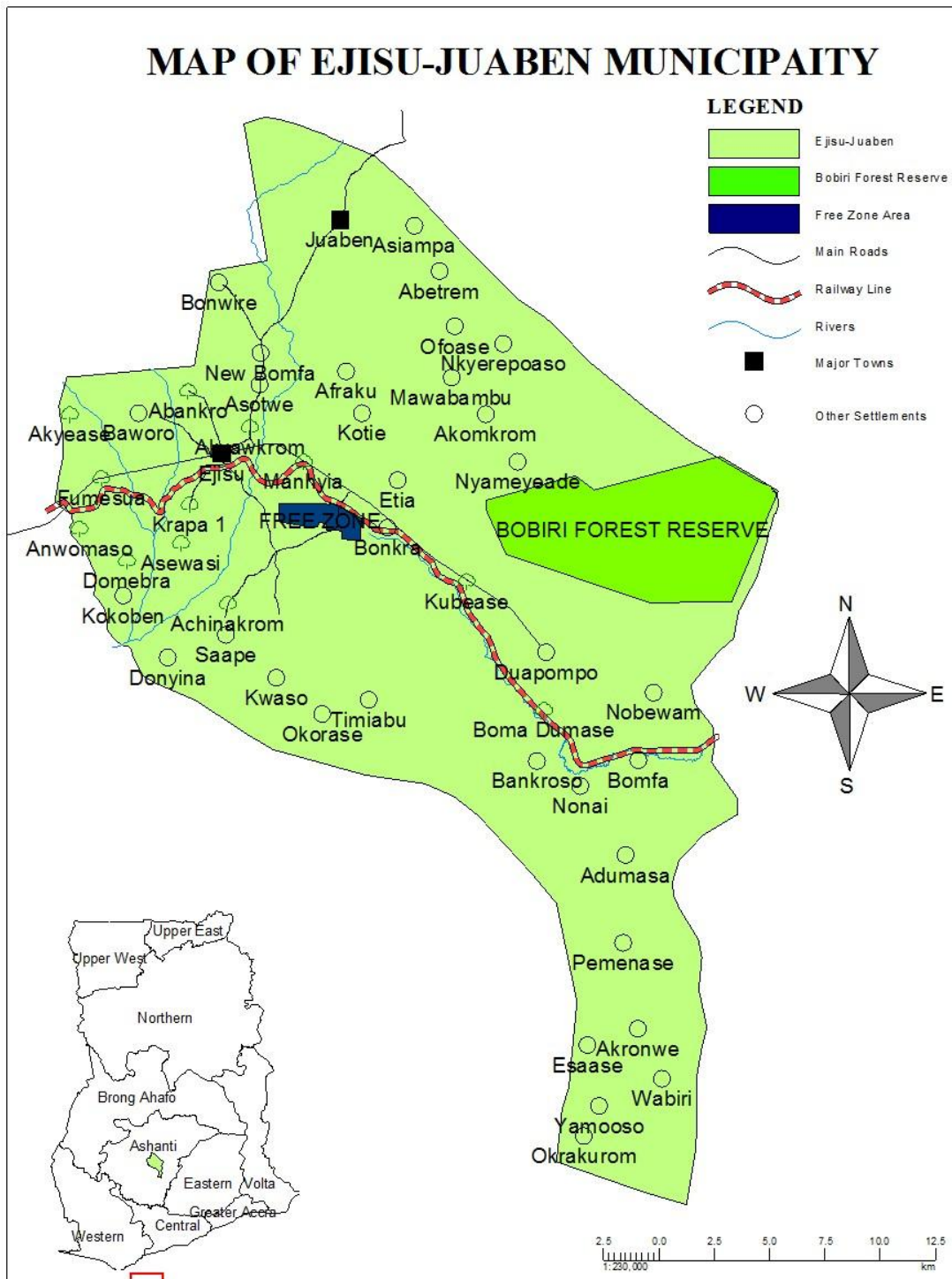
##### *Crop Production*

Crop production forms the base of the municipality's agricultural production. The major food crops cultivated are maize, plantain, cassava, cocoyam, vegetables oil palm, cocoa and citrus.

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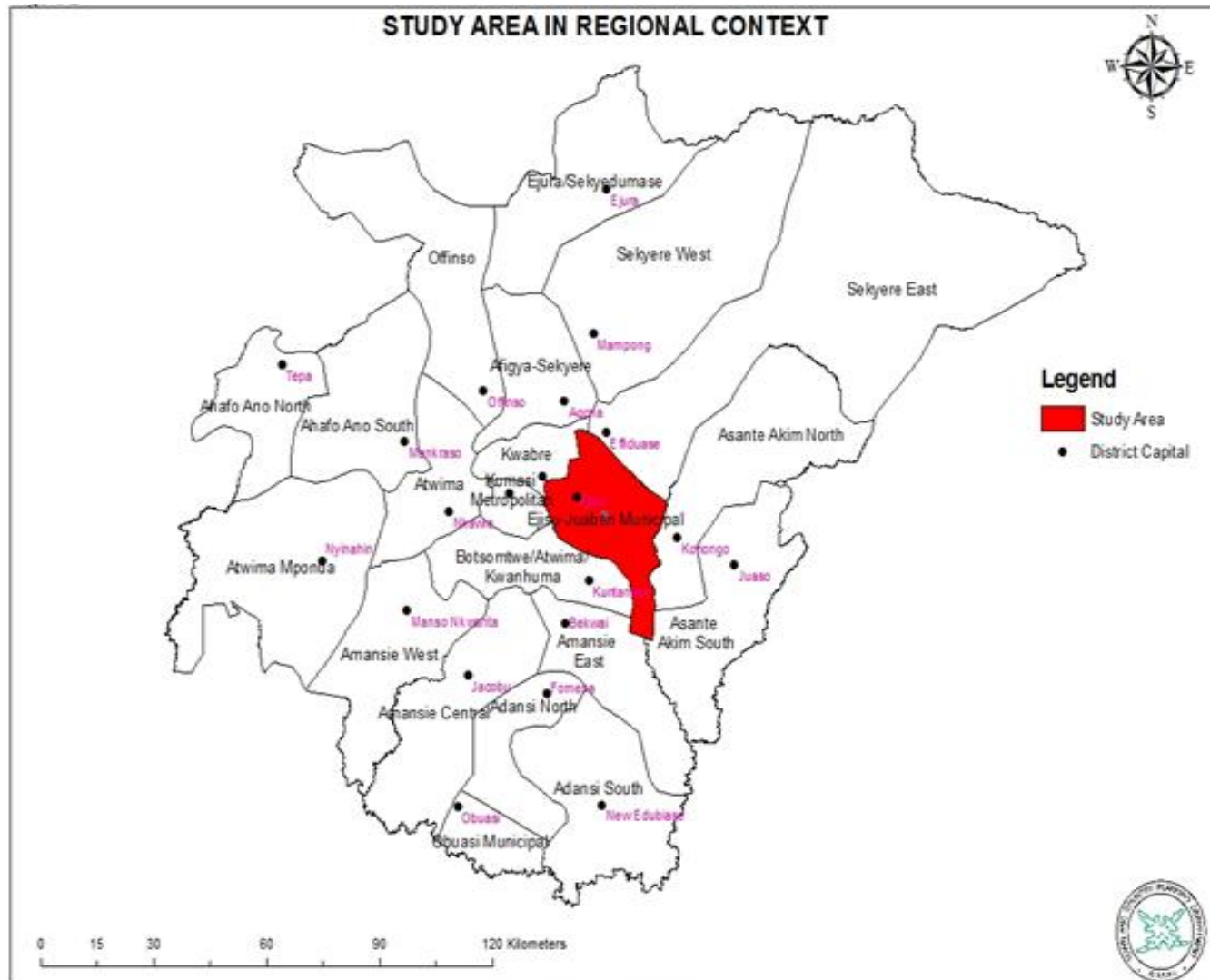
<sup>6</sup> The poverty line is the consumption expenditure needed to achieve minimum nutritional needs. Overall poverty is based on an upper poverty line of Gh¢90 cedis per adult per year. Extreme poverty is based on a poverty line of Gh¢70 cedis per adult per year. Source (Government of Ghana 2003:13)

Figure 6.2 Map of Ejisu-Juaben Municipality



Source: Town and Country Planning Department, 2010

Figure 6.3 Study Area in the Regional context (Ashanti Region)



Source: Town and Country Planning Department, Ejisu, 2010

The major farming practice is mixed cropping, implying that farmers cultivate both tree and food crops. Farmers keep livestock and poultry in their backyard as a supplementary source of income. About 9.9% of the farmers practice mono-cropping.

Rain-fed and irrigation crop production:

Most crop production is rain-fed. Farmers plant their crops based on the weather conditions prevailing. During the rainy season, farmers plant and remain mostly idle during the dry season. The only cultivable land under irrigation is the basin of the Annum River where rice is cultivated all year round in the municipality. This scheme was constructed between 1990 and 1992 by the Ghana Government with assistance from the Chinese Government to boost rice cultivation. It has water pumping stations which lift water from the rivers to various fields along the scheme. It again provides power tillers, machines and milling equipment to farmers in the catchment area. It also provides extension services to other rice farmers in the area. Some of the challenges facing the scheme is inadequate funds to support it, frequent break down of pumps and poor loan recovery from farmers.

Mode of land acquisition for farming and access to farming inputs:

A significant proportion of the farmers in the municipality constituting about 54.5% use family lands in their farming activities. Due to increase in the size of families and their requirement for farming, this has led to the fragmentation of lands for farming. This has influenced the size of family land available for farming negatively. About 28.8% of farmers use their own lands (acquired or inherited) in their farming activities. However, the farm sizes are small and keep on reducing and this affects large scale and commercial agricultural activities. The remaining proportion of farmers hires land or do share cropping farming with their landlords and landladies. The cost of land and the land tenure system also affect this category of farmers negatively. The average farm size per farmer in the municipality is 4.4ha. About 80% of the farmers though cultivate their crops on land less than this average farm size. This again leads to low level of crop production. The use of agricultural inputs in the municipality is varied. Purchased inputs such as improved seeds, chemicals, fertilizers, pesticides and small scale power tillers for land preparation are in use. Draft animals are not in use for land preparation. Manual land preparation methods are very common in the municipality. Access to inputs is hindered as most of the crop farmers do not have adequate resources to patronize them. Input shops are available in all urban and small communities and market centres throughout the municipality.

Financing farming activities in the municipality:

Farming activities in the municipality are financed through three major means. These are personal savings, borrowing/lending from family members, friends and money lenders. Majority of the farmers (88%) use their personal savings. Due to the low income levels of these farmers and their levels of savings, it can be concluded that their savings are not enough for them to produce on a large scale. Also, about 3% of the farmers borrow from money lenders with its attendant high cost. Most financial institutions are not willing to finance small scale agricultural activities and farmers especially those into crop production and at the individual level due to its risky nature. This again inhibits the level of cultivation. Also most farmers are poor and cannot provide the kind of collateral needed to secure loans from financial institutions in and out of the municipality. About 87.2% of the farmers do not have access to external credits to facilitate their farming activities.

#### Labour for farming activities:

Considering the kind of labour used for farming, the farmers mostly depend on hired labour (50.4% of farmers). This is followed by those who make use of their own labour (34.7%) while the remaining 12.9% depend on family labour. All these are reflections on the level of finance available to the farmers and their scale of production.

#### Access to extension services:

There exist no private agricultural extension services providers in the municipality. Farmers depend to a large extent on the services provided by the Municipal Agricultural Development Unit (MADU). The MADU is not able to meet all the needs of farmers as a result of the inadequacy of logistics and extension personnel who are to assist farmers to address emerging problems and introduce them to new technologies and techniques of farming. This has the potential of affecting the knowledge level of farmers in the application of new methods of farming thereby leading to low production and many other challenges.

#### Produce storage system and marketing:

Storage facilities are one of the constraints hindering agricultural development in the municipality. Inadequate storage facilities compel farmers to sell their produce during the harvesting season at lower and cheaper prices. Their stock of produce get finished before the lean season which commands higher prices sets in. It is only cereals as well as cowpeas which are stored using traditional methods and sold during the lean season. The methods of storage include the use of crib bans, store rooms and sheds. All these are not facilities that can store produce for a period exceeding eight months. The bulk of agricultural produce in the municipality are sold in the local markets while others are transported to neighbouring urban centres, especially the Kumasi metropolis. Middlemen and women in the municipality play a major role in the marketing of farm produce in the municipality. There is also no standardized pricing system for farm produce and this leaves farmers at the whims and caprices of these middlemen and women

#### *Animal husbandry and fisheries in the municipality*

The state of the development of the livestock sector is low in the municipality. This presents problems and difficulties about number and types of animal husbandry practices. Animals reared include poultry, goats, sheep and cattle. The majority of livestock stay continually on natural grazing, feeding and browsing resources. This sector is dominated by the poultry sector. Poultry is reared on commercial scale in towns such as Ejisu and a few peri-urban communities in the municipality. At the household level, poultry is kept in a scavenger-type of production pattern. This is common in almost all settlements in the municipality. Commercial poultry production is dependent on protein concentrates and other essential inputs not produced in the municipality. Pig rearing is also improving in the municipality and needs the necessary support to develop very well. A critical look at general performance and achievement of livestock production in the municipality indicates a meagre performance of the sector. This is a result of many challenges confronting the sector including lack of funding for livestock and poultry field activities, poor management and husbandry practices, poor breeding stock, high production cost, incidence of animal pests and diseases and strong competition from imported livestock and poultry products. The fisheries subsector is least developed. This is as a result of the large scale resources needed in the form of production cost, cost of establishment, the lack of equipment and technical know-how for the construction of fish ponds and fish farms and inadequate credit facilities available to



would-be farmers. There is therefore the need to promote the sector by addressing the above problems and challenges.

### **6.3.2 Tourism**

Tourism is an important sub-sector of the national economy and deserves much attention. In the municipality, there exist many facilities, sites and activities that can have the ability of attracting tourists and generating employment for the local people and revenue for the municipality. But the research found out that these sites are not well developed to attract tourists. Though efforts have been made by the private sector and the local government in providing certain infrastructure facilities, there still remains a big gap in the delivery of tourists' facilities and services. Roads leading to some of the natural tourists' potentials are also not in good conditions to attract the needed number of tourists both internal and external. The major challenges facing the sector are the underdevelopment of sites and the lack of adequate infrastructure and facilities to attract tourists to the area and also the lower level of income of the people. Again, people in the municipality do not see the need to visit these sites. These sites need to be developed, promoted and marketed very well to attract tourists.

### **6.3.3 Commerce**

The commerce sector of the municipal economy is dominated by wholesaling and retailing. About 83.4% of the labour force within this sector is into wholesaling while 3.4% and 13.4% are retailers and petty traders respectively. The products dealt in within the sector include manufactured goods ranging from locally made products to imported goods. Some of these products include clothing and foot-ware, oil and other allied products and food items. The wholesalers are found in the major urban areas such as Ejisu, Juaben while the retailers are distributed across the entire municipality. The major source of start-up capital for the sector is through personal savings, loans from financial institutions and family and other sources. About 53.4% of those engaged in the sector obtain their capital from personal funds and savings, 3.2% from loans from financial institutions while 41.7% and 1.7% obtain theirs from family members and friends respectively. The challenges facing the sector include inadequate capital for wholesaling activities, low capital accumulation, difficulty in sourcing for capital and financial assistance from financial institutions due to high cost and lack of collateral. Most of their activities are also on a smaller scale and space for locating their activities is also a great challenge.

### **6.3.4 Industrial sector**

The sector can be described as an emerging one in the municipality. It possesses the capacity of absorbing a greater percentage of the labour force in the municipality. Agro-based or natural resources related industries form a major component of industries in the municipality. The informal sector including persons/entrepreneurs engaged in crafts, steel and other cottage industries also play a significant role in the socio-economic structure, though its contribution to the local economy is not easy to quantify. Broadly, the industrial activities can be categorized into small, medium and large scale industrial enterprises.

### *Small scale industrial enterprises*

These small industrial enterprises<sup>7</sup> can also be categorized into five broad categories. These are agro based, wood based, local textile and garment based, clay based and metal based. The various categories of small scale enterprises descriptions and proportions of the entire sub-sector's setting is indicated on table 6.1 below.

Table 6.1: Small scale industrial enterprise classification

Type	Description
Agro-based	Oil milling, food processing, gari, bread production, distilling activities
Wood based	Carving, carpentry and sawmilling
Textile, garment and leather based	Tie and dye, kente weaving, dress making, shoe and sandals making
Clay and sand based	Brick and tile, block making
Metal Based	Metal fabrication: metal gates, doors etc

Source: Author's own construct, 2010

### *Medium and large scale industrial enterprises*

The medium and large scale industrial enterprises in the municipality are few and comprises of steel manufacturing, pharmaceutical firms, saw mills and food and oil palm processing establishments. These are located mostly along the stretch of land from Fomesua to Ejisu and Juaben. The description of the various industries is presented on table 6.2.

Table 6.2 Medium and Large Industrial Enterprise Classification

Type	Description
Pharmaceutical companies	Producer of drugs, Regional offices of Pharmaceutical firms
Steel manufacturing firms	Producers of roofing sheets, nails, tiles, iron rods and sheets, cutlasses etc.
Roofing tiles	Producers of roofing tiles
Oil and food Process	Producers of oil, shea-butter, refined cooking oil
Saw mills	Producers of lumber

Source: Author's own construct, 2010

### Mode of ownership:

The mode of ownership of the small scale industrial enterprises in the municipality ranges from sole proprietorship, family owned and cooperative/partnerships. About 90% of these enterprises are owned by individuals, 8% by families and 2% by cooperatives/partnerships. Since majority of these are one man businesses, the sub-sector is faced with many challenges including access to long term capital and early collapse. These hinder their growth. Though there exist different business associations for the various categories of enterprises, owners prefer to be sole proprietors. The family ownership is also affected by similar challenges faced by sole proprietors.

<sup>7</sup> Micro enterprises are those with employees not more than five (Elaiyan (1996). Small and medium scale enterprises are those that employ not more than nine workers while those that employ more than nine are termed as medium to large scale enterprise (Kayanula and Quartey, (2000:10)

#### Access and source of capital:

A sizeable number of the small scale industries representing 73% of them depend on their own savings as means of start-up capital and capital expansion for the growth and development of their enterprises. Also, 17% receive their start-up capital from ‘Susu’<sup>8</sup> and relatives, family and friends, 7% from cooperative groups, and the remaining 4% from financial institutions. Many of these enterprises are not able to obtain credit from financial institutions due to their inability to meet the requisite collateral security and an appreciable level of savings with these institutions to qualify them for financial support. Due to this, they find it easier to secure loans from informal sources, especially non-banking institutions. Coupled with high cost of credit, many are not willing to access funds from financial institutions.

#### Access to business development services:

Business Development Services geared towards the needs of the small scale industrial sub-sector in the municipality is generally lacking. The general absence is affecting their smooth operation. They also lack training in areas of skills development, records keeping, business management, financial management and how to source for credit. These notwithstanding, the enterprises do not see the need to spend huge sums of money to obtain these services while their capitiation levels remain low.

#### Sources and access to raw materials:

The enterprises involved in agro, wood, clay based activities obtain about 90% of their raw materials from within the municipality. The remaining comes from the neighbouring districts and particularly the Kumasi metropolis. The textile, leather and metal based activities obtain their raw materials from mainly the Kumasi metropolis. The transport cost of these materials from outside the municipality tends to influence the price of the final product negatively. During the lean season, many of these industries, especially those in the agro-based category are not able to meet their raw material demands as they are normally in short supply. They also face stiff competition from traders who also patronize similar raw materials for sale in the neighbouring towns and villages. The wood based sector is also affected by a recent ban on chain saw lumbering in the entire country. This has compelled them to depend on a few licensed saw mills in the municipality and in Kumasi for their raw materials. This though saves the environment, has increased the price of their raw materials. Purchasing these materials from their sources of origin increases their transport cost and ultimately the final price of the products. Power shortage is also a great challenge to these small scale industrial enterprises in the municipality.

The pharmaceutical companies and the steel manufacturing firms import wholly their raw materials from outside the country. These are faced with increasing foreign exchange and inflation rates which tend to erode their capital and increase the cost of their produce. The oil palm processing firm at Juaben uses basically raw materials from the municipality as it has established its own oil palm plantation and small holder oil palm out-grower scheme with some being brought in from other districts in the country. The sheanuts for shea-butter production is wholly imported into the municipality for production from the northern Ghana and other countries. The roofing tiles enterprises use mainly raw materials from the municipality and a few from outside the municipality.

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<sup>8</sup> These are informal sources of financial resource mobilization and savings in Ghana

Produce marketing:

A large proportion (65%) of the produce from these small scale enterprises are marketed in the municipality. The remaining is sold outside the municipality through intermediaries. Generally, the medium to large scale industrial enterprises sell their produce within and outside the municipality as the goods they produce have a wide spatial level of demand. This notwithstanding, they are faced with the challenge of competition from similar cheap imported products into the country.

Challenges confronting the sector:

The main challenges facing the sector include the increasing cost of and seasonal shortages of their needed raw materials, the erratic supply of electricity in the municipality, limited capital arising from hindered access to long term credit from financial institutions, high interest rates on credits/loans from financial institutions, cumbersome loan acquisition procedures, high cost of raw materials coupled with long haul distances, double taxation by the local government and the internal revenue service of Ghana and the erosion of capital by increasing inflation rates. The others include inadequate entrepreneurial and management skills, inadequate space for the expansion of their activities as their space needs are not included in the physical planning schemes of most communities and low levels of technology in the municipality.

In concluding this part it can be said that all the above economic activities have a wide range of areas and activities that can be promoted to ensure the economic development of the municipality and to create jobs and improve upon the income levels of its people. This is because these economic activities will continue to dominate the development of the municipality for a longer period of time. In order to achieve the most benefit out of these activities and sectors, the local government together with major stakeholders in the development of the municipality need to put their resources together to address the various challenges concerning these activities in the municipality. The next section considers in brief, the general characteristics of the local government under study.

#### **6.4 Characteristics of the Municipal Assembly**

The Ejisu-Juaben Municipal Assembly was established by the Provisional National Defence Council (PNDC) Law 207, section 2, which is now superseded by the Local Government Act, Act 462 of 1993 of Ghana and the 1992 Republican Constitution of Ghana. The local government under study just like all other District, Municipal and Metropolitan Assemblies was established to decentralize and democratize national administration and to afford all localities with the opportunities to identify and resolve their developmental challenges. It is supposed to involve all necessary stakeholders in the decisions concerning the development of these spatial units to ensure an all-inclusive and participatory development at the local level. The mission of the local government studied states that:

*‘The Assembly exists to ensure improvements in the quality of life of its people through the formulation and implementation of policies to step up human development, reduce poverty, enhance tourism and provide good governance by a well-motivated staff’.*

This mission statement attests to the purpose of its establishment as the local government body in the municipality. The local government has responsibility over 30 electoral areas, 9 area and town councils and 110 unit committees. It is governed by all the high sounding political and administrative slogans supposed to make it a basic political structure in the municipality. As it is in the case of all Assemblies in the country, it has a Municipal Chief Executive, elected and appointed local councillors/members.

#### **6.4.1 General functions of the local government**

It is the highest political and administrative authority in the municipality. It provides and gives political direction and generally controls all other political and administrative authorities in the municipality. For this, it exercises deliberative, legislative as well as executive functions. The legislative functions involve the formulation of by-laws in the municipality while the deliberative functions involve the discussion and deliberations made on the development of the municipality. The executive functions also involve the execution of policies, projects and the implementation of decisions by the general assembly within the municipality.

#### **6.4.2 The General Assembly**

The General Assembly of the local government consists of 62 members of which two thirds are elected and a third appointed by the ruling government in consultation with traditional leaders in the municipality. There are 42 elected members and 19 government appointees. About 81% of the members of the general assembly are males. It has a Presiding Member who presides over the functions of the general assembly. The Municipal Chief Executive is both the political and administrative head of the Assembly and the municipality. The Chief Executive is appointed by the President of Ghana with approval by two thirds of the membership of the municipal general assembly. The parliamentary member of the municipality and heads of the various departments of the Assembly are ex-officio members of the general assembly.

#### **6.4.3 The Executive Committee**

This committee as it is with other assemblies performs the executive and coordinating functions of the Assembly. It coordinates plans and programmes of the sub-committees and submits these comprehensive plans of action to the office of the Municipal Chief Executive and also the general assembly. It also implements the resolutions of the assembly and oversees the administration of the municipality in collaboration with the office of the municipal chief executive. It again recommends to the municipal assembly the economic, social, spatial and human settlement policies relating to the development of the municipality, harmonize the development policies of the municipality with national development policies and then monitors and evaluates all policies, programmes and projects of the local government. The Municipal Executive Committee is made up of 15 members and chaired by the Municipal Chief Executive. There are two members each from the various sub-committees on the executive committee.

#### **6.4.4 Sub-committees**

The local government has nine sub-committees. The statutory ones are Development Planning, Finance and Administration, Justice and Security, Social Services and the Works sub-committees. In addition to these statutory sub-committees, it has constituted four others in response to its needs. These are the Agricultural, Women and Children's Affairs, Sanitation and Environment and Tourism and Cultural sub-committees. A summary of the functions and

responsibilities of the various sub-committees as pertain in the municipality are presented on table 6.3.

#### 6.4.5 Other committees

The Municipal Assembly has a Security Committee (DISEC) which sees to the security functions of the municipality. There is also a Municipal Tender Committee that sees to the award of contracts and a Municipal Audit Committee responsible for coordinating activities of Non-Governmental Organizations in the area of HIV/AIDS awareness, sensitization programmes and activities in the municipality.

Table 6.3 Summary of functions of the sub-committees of the local government

<b>Sub-committee</b>	<b>Summary of functions</b>
Agriculture	Responsible for agricultural development in the municipality
Tourism and Culture	Responsible for the development, promotion and maintenance of cultural potentials and the attraction of tourists into the municipality
Women and Children's affairs	See to the welfare and needs of both women and children in the municipality
Sanitation and Environment	For the management of and improvement of sanitation and the protection of the general environment in the municipality
Development Planning	Takes comprehensive long term look of areas of economic development and develops an information base of the resources and potentials and their exploitation. They are again responsible for the entire development of the municipality
Social Services	Takes a comprehensive long term look at areas of social development-education, health, social welfare, sports, etc and develop their information base, their strengths and weaknesses
Works	Sees to the infrastructural needs and challenges of the municipality, maps out, initiates and phase out programmes for their development and provision.
Justice and Security	Responsible for the maintenance of security and justice in the municipality to ensure its smooth and peaceful development. To resolve conflicts and enforce by laws etc.
Finance and Administration	Examines the general financial position, revenue mobilization and expenditure trends of the Assembly. Maps out strategies to improve upon revenue mobilization and the judicious use of financial resources

Source: Municipal Assembly Development Plan 2006-2009, Local Government Act 462, Field Data Collection 2009

#### 6.4.6 The General Administration of the local government

The day to day administration of the local government is performed by the central administration unit. It is headed by the Municipal Coordinating Director and consists of the following sub-units: The General Administration/Services (Human Resources, Records Management, Secretarial

Services etc.), Environmental Health and Sanitation, Works and Estates Management, Finance (Accounts, Stores and Revenue), Local Government Inspectorate/Internal Audit, Municipal Planning Coordinating Unit (Development Planning, Budgeting, Monitoring and Evaluation) and a Client Services and Public Relations unit.

#### **6.4.7 Departments and Agencies of the local government**

The local government also takes charge of certain departments of ministries and agencies in the municipality. These include: the Municipal Directorate of Education, Municipal Agricultural Development Unit, Municipal Health Directorate, National Commission for Civic Education, and the Electoral Commission of Ghana. The others include The Business Advisory Centre, Stool Lands and the Lands Commission, Department of Town and Country Planning, Department of Cooperatives, Community Development and the Department of Social Welfare. These departments and agencies perform several functions on behalf of the municipal assembly.

#### **6.4.8 Sub-district structure of the local government**

The municipality is further divided into town and area councils. There are 2 town councils namely Ejisu and Juaben Town Councils. There are also seven Area Councils and 110 unit committee spread across the municipality. The area councils are Hwere Annum, Bomfa-Achiase, Annum River, Besease-Bonwire, Kwabre-Mponua, Onwe and Mponua Area Councils. These councils and unit committees are very important structures through which the various communities in the municipality could have the opportunity to pursue their development agenda. They are the basis for an effective distribution of socio-economic and infrastructural facilities at the community and sub-district level. Their effective operation is to ensure efficiency in public policy management, participation in decision making and implementation, transparency and accountability. These councils have the responsibility of enumerating and keeping records of all rateable persons and properties in their area, assist authorized persons by the assembly to collect revenue due the assembly and to carry out the day to day administration of their area. The next section of the chapter discusses the local enabling perspective for local economic development

### **6.5 Local enabling potentials for local economic development in the municipality**

This part of the chapter discusses the local enabling potentials and conditions for local economic development. It examines the potentials in terms of natural, locational, human, economic, and institutional factors and the likely challenges of harnessing these potentials in the municipality by the local government for local economic development. It again brings to the fore the various potentials inherent in the local government that can help promote local economic development of the municipality.

#### **6.5.1 General potentials for local economic development in the municipality**

There also abound certain key potentials in the municipality that are of benefit in promoting local economic development. The following section throws light on these potentials of the municipality.

## Locational and settlement hierarchy potentials

### Locational potentials:

The central location of the municipality and the other districts with which it shares boundaries, especially the Kumasi Metropolis have a lot of effects for and on the municipality's socio-economic development. These districts serve as sources of raw materials and inputs for many small and medium size enterprises and other activities in the municipality and also provide market avenues for its goods produced. The Kumasi metropolis which serves as the capital of the Ashanti Region for instance, ensures access of the people, firms and enterprises in the municipality to higher order services in the form of hospitals, educational institutions, financial institutions including commercial, rural and saving and loans institutions and cooperative credit unions which can assist local enterprises. Also the availability of higher order business development services in the Metropolis have the potential of helping small and medium scale enterprises to develop if they are able to access them. Again, some of the small and medium scale enterprises in the municipality obtain their raw materials from the metropolis. Moreover, the large market infrastructure in the metropolis and the other districts in conjunction with their population serve as a large market for goods produced by the municipality. Some of the settlements in the municipality also serve as dormitory towns for people working in the other neighbouring districts, especially the Kumasi Metropolis. This provides the potential for future real estate development to house these in the municipality. In spite of these, the central location of the municipality and its nearness to the Kumasi Metropolis also pose several challenges to its development. It promotes the migration of the youth in the municipality to the metropolis to seek for unavailable jobs and to engage in street trading. Again, many residents prefer making huge purchases of goods in the Kumasi Metropolis than in the municipality which leads to the loss of financial resources needed for local economic development in the municipality. This also hampers the effective development and the scaling up of production by local enterprises in the municipality.

### Municipal settlement pattern and hierarchy:

This analysis provides an understanding of the municipality's space economy and insight into the uses and functions of various settlements. This is based on the settlement pattern, settlement hierarchy and spatial linkages. The current physical structure of the municipality can be described as compact. Development activities are undertaken massively in many peri-urban communities which are nearer to Kumasi and the municipal capital, Ejisu. The construction and establishment of an inland port at Boankra though not completed is and will attract a lot of economic activities towards the port area in the southern part of the municipality. The municipality has mostly nucleated settlements with majority of them concentrated in its northern part. The classification of settlements in the municipality cannot be based on a classical concept of urban hierarchy which characterizes the analysis of urban systems. The municipality has no complex settlement centres. It has simple urban and rural settlements (with population above 5000 and below respectively). The municipality has a total of 84 settlements and based on population, it has five urban settlements namely; Ejisu, Juaben, Bonwire, Fomesua and Kwamo. These settlements account for only 6% of the total number of settlements in the municipality. These five towns account for 30.2% of the total population of the municipality, with municipal capital accounting for 9.2%. All these settlements are closer to the Kumasi metropolis and have most of the industrial and economic activities in the municipality. These serve as the hub of most of the economic activities in the municipality. Concerning the settlements with populations



below 5000, about 49.3% of them have populations between 1000 and 4999 people. The rest have populations below 1000 people. The settlement hierarchy analysis is important in local economic development promotion as it will help the local government to identify key and higher order settlements to aid in its local economic development planning. For instance it will help in identifying where to locate certain economic activities, the kind of infrastructure and services to be provided. It may also help to identify the various linkages between the settlements in the municipality for enhancing local economic development.

Based on availability of administrative, economic, commercial, industrial, and service establishment functions, the settlement hierarchy of the municipality has been categorised into four levels in table 6.4. This classification is based on the categorisations used by the local government (EJMA, 2006).

Table 6.4: Hierarchy of settlements in the municipality

Level of Hierarchy	Name of Settlement	Functional Characteristics
Level 1	Ejisu	Administrative, Commercial, Educational, Industrial, Health Centre, Exchange centre etc.
Level 2	Juaben	Commercial, Educational, Industrial, Health Centre, Agricultural and Exchange centre
Level 3	Bonwire, Fomesua, Kwamo	Industrial,
Level 4	All other settlements	Agricultural

Source: Field work, 2010

Physical and socio-economic linkages:

Road transport is the most used form of transport in the municipality. Almost all communities/settlements within it are connected with one form of road network or the other. The major road linking the northern and southern part of the country passes through the entire length of the municipality (Tamale-Kumasi-Accra Road). Other communities in the east and west of the municipality are also linked with good tarred roads. These roads link the municipality with other districts in the region. All the remaining towns and villages are linked with feeder roads which are motorable during greater part of the year. This road network promotes strong physical linkage among settlements and ensures an improved movement within the municipality. This enhances the exchange of goods, information and encourages marketing activities in the municipality. Economically, all settlements have linkages with others in terms of production, marketing and the rendering of services. The bigger settlements serve as marketing centres for agricultural produce from the hinterland/rural settlements. Weekly markets have been instituted in these towns, especially Ejisu, Juaben, Kwaso and Boamadumase. The bigger settlements, especially the urban ones, render higher social services to the smaller ones in the form of education, health and banking. The municipality is also linked with other regions and other urban areas in a variety of ways which give rise to several exchange activities and results in several linkages including socio-cultural, economic, spatial or territorial, financial, political, administrative and information exchanges. There arise also communication flows as well as intra-municipal linkages. All these are essential for the local economic development of the

municipality. Therefore strengthening these linkages has the ability of augmenting the municipality's local economic development.

#### *Natural resource potentials*

Vegetation, climate, soils and drainage potentials:

The forest vegetation serves as a source of raw materials for the wood industry in the region. It also provides a habitat for wild life and insects which are beneficial for ecotourism in the municipality. Also, the reserved parts of the forest vegetation serve as a good source of resources for natural research. For instance, the Bobiri Forest Reserve which was created in 1939 has been the centre of many research projects in plants and forest products. It has a well-established guide with a list of over one hundred and two trees and their uses. The reserve also has attractive birds and other fauna including tropical butterflies and has been developed into a butterfly sanctuary for tourism. Though the forest resources have been exploited over the years, it continues to provide raw materials in the form of wood, lumber and others to boost local furniture, building and craft enterprises in the municipality. The tropical rainfall patterns and the wet equatorial climatic conditions have influences on agricultural activities in the municipality. The amount of rainfall received in the municipality and the high temperatures have great potentials for crop production. The loomy soils in the municipality offer a vast opportunity for the cultivation of traditional and non-traditional crops and other types of staple food for domestic consumption and exports. These soils support the cultivation of tree crops such as cocoa, oil palm and citrus. These crops are cultivated on large scale in the municipality. The river valleys also have traces of alluvial soils which supports the cultivation of grains such as rice. Some of the rivers in the municipality also experience occasional flooding along their valleys and have the potential of boosting agricultural activities, especially rice cultivation and some could also be dammed for irrigation activities. The Annum River for example has been dammed at Nobewam for the cultivation of rice and it will continue to provide potentials for agricultural production in the area. Though these potentials are favourable for economic activities, ecologically unfriendly farming practices, the illegal harvesting of lumber and fuel wood and other economic activities such as quarrying have degraded the natural vegetation into a secondary one. In some communities such as Ejisu, Adadientem Achiase and Peminase, the forest vegetation is gradually giving way to savannah conditions.

Mineral deposits:

The municipality is also endowed with mineral deposits such as gold, stone and clay deposits. Currently gold prospecting is on-going in communities such as Achiase, Wobiri and Juaben to ascertain the economic and financial viability for their exploitation. There are also stone deposits at Boankra and Ejisu which can also be quarried for the economic gains of the municipality. There also exist clay deposits at Hwereso and Donyina which can be used for commercial bricks production for industrial and domestic housing schemes in and around the municipality. These can help boost local economic development activities in creating jobs and improving incomes of the people in the municipality.

#### *Municipal human resource capacity*

Human Resource is a critical factor in any socio-economic development including local economic development. This is because it is the 'doer' and recipient of any form of development. Therefore its availability, quantity and quality are very essential to assess. An assessment of the

human resources and associated labour force potential in the Ejisu-Juaben Municipality was not an easy task. However with data from the municipality's medium term plan for the period 2006-2009 and from other national sources, an assessment of the human resource and labour potentials was carried out.

#### Population size:

The population of the municipality has been increasing since the 1970s. It had a population of 62,823 in 1970 and this increased to an estimated figure of 155,505 in 2009. The population growth rates have also been increasing over the period, though lower than national growth rates. Between 1970 and 1984(census year), the growth rate was 2.03%, while between 1984 and 2000(census year), it grew by 2.5%. The continuous increase in the municipality's population could be attributed to its strategic location which has given rise to the development and growth of peri-urban settlements. These settlements offer low cost accommodation for many workers in the neighbouring districts and especially the Kumasi Metropolis. Generally males constitute about 50.2% (EJMA, 2006:24) of the population while the remaining are females.

#### Population age structure and labour force participation:

The age structure of the municipality's population is based on the broad age cohorts of 0-14 (children), 15-64 (working age group) and 65<sup>+</sup> (old age). About 38.5% of the population is made up of children, 58.5% are within the working age group and 3.0% are within the old age bracket. The assessment of the labour force participation is also based on the age dependency ratio indicating the proportion of persons in the dependent ages of less than 15 years and those over 65 years to the proportion of the population within the working age group. For the year 2009, 90,970 of the population were considered to be economically active in the municipality.

#### Population density and rural urban split of the population:

Aside the question of numbers, the effects of population size can be viewed in the light of density (crude density is being referred to here) and its speed of growth. Density and its speed of growth are factors emanating from settlement growth. The population density of the municipality has been increasing since the 1970s. It was 20.13 persons/km<sup>2</sup> in 1970, 131 person/km<sup>2</sup> in 1984, 195 person/km<sup>2</sup> in 2000 and 244 person/km<sup>2</sup> in 2009. The increase in population is a source of potential and a challenge as well to the socio-economic development of the municipality. It provides both skilled and unskilled labour for most economic activities in the municipality. On the other hand, with inadequate employment avenues, the number of the unemployed keeps on increasing presenting a daily headache to the municipal authorities. The level of unemployment, could lead to social vices if not checked. This has the ability to compound the development challenges of the municipality. Majority of the municipality's population constituting about 69.8% live in rural towns/settlements with populations of less than 5000 people. Based on this, it can be said that the municipality is rural. The urban settlements constitute the remaining 30.2% of the population. In terms of density, the urban and rural settlements have a density of 138 and 89 persons/km<sup>2</sup> respectively (EJMA, 2006).

#### Educational levels and schooling:

The literacy rate is the main indicator used to assess the educational level in the municipality. The literacy rate is 72.3%. This is relatively high for a municipality with majority of its population residing in rural towns in the country. This figure is higher than the national average

of 57.3% (2000 population census). Out of the literate population, 8.3% have attained tertiary education, 12.7% senior secondary education, 57.3% middle and junior secondary education while the remaining have attained primary and other forms of education. This level of literacy is a great asset for skills development and technology acquisition and transfer in the development of the municipality.

#### *Municipal cultural, craft and tourism potentials*

The municipality is endowed with cultural, craft and tourism potentials which can be of immense benefit to its economic development. It is ranked second to Kumasi in the array of attractive traditional tourist sites and potentials in the Ashanti Region. The municipal capital is an ancient settlement in Ghana and has played influential roles in the history of the Ashanti Kingdom. The capital is the birth place of one of the Ashanti Kingdom's great women leaders who led them to war against the British when they colonized the then Gold Coast (former name of current Ghana). It is again located in the centre of major tourists' circuits in the region. Many cultural scenic and ecotourism packages run through the settlement and for that matter the municipality. Bonwire and Dumakwai are other settlements which have cultural, historical and tourism potentials. They are known in the region and the country as a whole for their 'Kente' weaving and craft/industry.

The main tourists' attractions in the municipality include the following: The Yaa Asantewaa Museum (burnt down some time ago), Shrines at Ejisu-Besease and Adarko Jachie, the Bonwire and Dumakwai Kente (locally cherished cloth) Weaving Centres, the Bobiri Forest Reserve and Butterfly Sanctuary and Traditional festivals across the municipality. Some of the traditional festivals celebrated in the municipality are the Akwasidea, Awukudea and Fofie. These are days observed as sacred. There has also been the introduction of new festivals such as the Yaa Asantewaa festival which is celebrated biennially in the first week of August while the other is the Kente festival instituted to celebrate the Kente weaving industry. These festivals serve as the meeting time for family relations, friends, and people from these communities and other tourists. This has the ability of enhancing economic activities in the municipality. The Shrines at Adarko Jachie and Besease are two of the seven surviving architectural proofs of the splendor of the old Ashanti Kingdom and civilization of the 17<sup>th</sup> century. These serve as attractions to the local population who are really interested in knowing the history and importance of these shrines to the Ashanti Kingdom. Bonwire and Dumakwai are leading Kente weaving centres in the municipality and across the country and rank very high among visitors to the municipality.

All these potentials in line with history, cultural and tourism in the municipality have the ability to open up the municipality and enhance local economic activities within the various communities where they are located and the municipality as a whole. This is because they have various socio-economic linkages that are very healthy in job creation, increasing incomes of the ordinary people in these communities and that of the local government if the necessary matching facilities and promotional activities are put in place.

#### *Municipal institutional potentials*

An important aspect of analyzing the potentials of the municipality for local economic development is its institutional potentials and their capacity. These institutions are interlinked and their strength and ability to cooperate and promote the economic development of the

municipality can be enormous. Their cooperation in the development process again can facilitate a balanced municipal development through their linkages to each other and also to other functional development measures in and outside the Ejisu-Juaben Municipality. Also, good working relations and solidarity among them are essential as they all have very important roles to play in its economic development process. These institutions are categorized into economic, financial, community-based, educational, research and political in this study.

#### Economic institutions:

Institutions with local economic focus are very relevant to the local economic development of any entity. They can contribute a lot towards the municipality's development efforts. The most prominent economic structures in the municipality are Trade Associations, Cooperative Society's, Transport Unions and local business association. The ability of these to broaden their own linkages as a force to diversify and commercialize their own production activities in order to expand the spatial system of exchange will go a long way to expand the economic base of the municipality. These institutions represent invisible networks of economic circuits and should therefore be properly oriented and integrated into the municipality's economic development process.

#### Banking and other financial institutions:

There exist three main banks in the municipality to cater for the needs of businesses, the local government and the general public. These are the Ghana Commercial Bank-Ejisu Branch, the Onweman Rural Bank at Onwe and the Juaben Rural Bank with the head office at Juaben and three other branches at Ejisu, Bonwire and Kwaso. These banks, especially the rural banks and for that matter the Juaben Rural Bank provide a lot of essential services to the municipality. These banks provide and support rural, small and medium scale industries and enterprises, identifiable groups and entrepreneurs with financial resources. The Juaben Rural Bank provides Susu loans to small savers operating their susu accounts for them to expand their businesses. It also has farmer loan schemes through which loans are granted to farmers for their farming activities. It again provides commercial loans to business entities to expand their businesses. Finally, it operates micro credit schemes designed for individuals who lack the capacity to operate bank accounts. Such individuals are brought together on the basis of their trade or economic activities such as hair dressing, dress making, wood works and provided with training in simple book keeping and given loans after which they are made to operate an account with the bank in groups. The aim of this is to provide group security to secure loans which will not be possible on individual basis and to reduce high incidence of loan repayment defaults. The Onwe Rural Bank is young but provides a range of similar services to its clients. All these facilities exist in these banks in the municipality and can be tapped to enhance the municipality's economic development. These financial institutions have reliable and essential financial linkages which further capital circulation and flows and can also intensify credit and financial networks.

Although the above products exist, the cumbersome loan acquisition procedures and the high interest rates and the short period within which loans beneficiaries are made to settle their loans ward off businesses from taking loans from these financial institutions. These have cast doubts on the ability of these financial institutions to promote capital formation for municipal development. These institutions which were established essentially to cater for the credit and financial needs of the local population end up giving credit to rich people, powerful businesses,

cronies and urban-based traders to the detriment of local ones as they can agree to the terms and conditions of loan acquisitions. Such financial leakages affect the quality of the respective linkages to promote local economic development in the municipality and such opposite flows need to be checked to prevent substantial savings from leaving the municipality.

There also exist cooperative credit unions in the municipality which take deposits from their members and make loans available to them. Access to funds from these institutions is purely by membership. Some of these cooperative credit unions in the municipality include the Assemblies of God Credit Union at Ejisu and Fomesua and Money Link at Juaben. These institutions mobilize and make available financial resources to enhance personal and economic development in the municipality. They again provide loans at lower interest rates than the banks to their members. There also exist Micro-Finance schemes which are located outside the municipality but have operations within the municipality. These include Sinapi Aba Trust, a micro-finance institution located in Kumasi.

#### Political institutions:

Forms of government and governmental bodies at the local or municipal level are key to any process of municipal development. Their capacities and participation in the development process is very crucial. This political dimension has essential linkages in power and authority flows and formal and informal decision making relations which among others relate to the spatial distribution of power (Diaw 1994:153). These political institutions in the Ejisu-Juaben Municipality reflect both formal and informal decision making structures. The local government and its committees, administrative and technical departments and agencies as discussed earlier in this chapter represent the formal structure. The informal form of governance structure is the traditional authority system in the country as a whole and the municipality in particular. Of paramount importance to the development of the municipality are its traditional rulers. The municipality is divided into two main paramount areas, namely the Ejisu and Juabenman Traditional Areas. These traditional areas have ‘Omanhene’<sup>9</sup> who spearhead the development of their traditional areas. Under these are other sub-chiefs who administer their various communities on a day to day basis. These leaders are the custodians of the various lands in the municipality and have the power to release or uphold them for any socio-economic development. They also have the ability to promote the peace of the municipality or otherwise. But with the introduction of westernized legal, political and administrative structures and processes in governance, part of the responsibilities have been and are being taken away by central and other local government organs. In the face of this, there arise conflicts in certain cases not only in the municipality, but across the country on policies emanating from local governments and also the difficulty of these to balance the interests of the various traditional areas in the municipality. There are at times conflicts between these traditional leaders and the various sub-structures of the local government therefore hampering their operations. In spite of these, the chieftaincy institutions are very important when it comes to local economic development as they control important target groups and resources in the municipality. Some also wield political influence across the municipality and have been able to help the people economically, especially in the area of oil palm cultivation and processing. A case in point is the Juabenmanhene. He has been able to assist his people in the cultivation of oil palm on large scale. This is yielding good results and improving the lots of his people.

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<sup>9</sup> These are the chief traditional leaders of their various areas.

### Training and skills providing Institutions:

The municipality has a number of formal and informal institutions that provide the youth in the municipality with the skills needed for social and economic empowerment in local level development. These include a Rural Development College at Kwaso which trains and provide skills to the private sector, government departments and individuals in the area of community development. This institution is under the Department of Community Development. There is also a technical school in the municipality at Kwamo (Community Development Technical Institute) which trains the youth to acquire employable skills in the areas of masonry, carpentry and joinery, plumbing, general electrical and auto mechanics. There are again two vocational training institutes at Hwereso and Baworo which give training in employable and vocational skills to the youth in the municipality. There exist a lot of potentials from these training activities of the above institutions as the municipality's economy is dominated by the informal sector with activities including tailoring, dressmaking, agro-based activities and related activities, construction, building and woodworking industries, cloth making, blacksmithing, vehicle repairs and maintenance services, hair dressing and beautician activities. All these will require local expertise and skills. Their functional contribution to the local economic development of the municipality is of paramount importance. These training and skills providing institutions have the technical potentials to enhance the municipality's economic development. Also, the various trade associations through their individual members provide skills training to the youth of the municipality in various forms and trade fields through a local apprenticeship system.

These institutions though can play an enormous role in the municipality's local economic development agenda; they are challenged by certain problems which are inimical to the municipality's development. These include inadequate capacity in the form of funds, teaching staff, equipment and logistics, accommodation and training space for trainees. Also, the youth and the general public are not able to afford the cost of these training activities.

### *Research Institutions*

The municipality is endowed with four main research institutions. These are the Wood Industries Training Centre, the Forest Research Institute of Ghana, the Crop Research Institute and the Building and Roads Research Institute. The Wood Industries Training Centre at Achaakrom is to ensure the efficient and sustainable use of timber resources. It is to assist in upgrading the professional knowledge and skills of personnel in the wood based industry through high quality technical and managerial training courses, extension and consultancy services. It also helps build the capacity of micro and small scale tertiary sub-sector of the wood industry to increase the production abilities of entrepreneurs in the sector. A proper linkage between this centre and entrepreneurs and other wood workers in the municipality can enhance their capacities to produce more furniture and other wood products to improve upon the income levels and provide better avenues for the payment of taxes to the local government. In spite of these probable linkages, many wood workers are not able to afford the training activities of the centre due to the high cost of training charged.

The Crop Research Institute is located at Fomesua. It is one of the thirteen institutions of the Centre for Scientific and Industrial Research (CSIR) in Ghana. The Institution develops improved crop varieties that are high yielding and resistant to important biotic and abiotic stresses and have good quality characteristics. It also develops improved production technologies

for sustainable production and assists in achieving food security and self-sufficiency in industrial raw materials production. It again plays a leading role in the diversification of agricultural production in the entire country. Though the institution is to serve the entire country, its presence in the municipality can help with the production of crops in the municipality as the major economic activity is agriculture. With the necessary coordination and collaboration, agricultural activities can be boosted in the municipality in the area of crop production. The major challenges will be the bureaucracy in dealing with some of these formal institutions.

The Building and Road Research Institute is one of the institutes of the CSIR and located also at Fomesua. This institute has the objective of undertaking research into all aspects of building and road design and construction with the view to ensuring efficiency, safety and economy and to develop construction materials from local resources for socio-economic development. The institute has developed Pozzolana cement at lower costs and price and the labour intensive small and medium scale brick factories which use hand moulding techniques and wood fired kilns to produce bricks and roofing tiles to be used locally. These serve as potentials for the construction industry in the municipality. The brick factories can help tap the large clay deposits in the area for brick making. This will create jobs for the people of the municipality and improve upon their income levels. The major challenges include the lack of funds by prospective private investors to acquire the technology, equipment and materials for the benefit of the municipality and beyond.

The Forest Research Institute is part of the CSIR and it is located at Fomesua Scientific City. It works to enhance sustainable development, conservation and efficient utilization of Ghana's forest resources. It has a data base containing information on Ghana's tree species, forest biology, wood processing, utilization and the effects of national timber exploitation on forest ecosystems.

These institutions can help in the promotion of local economic development activities in the municipality if there is cooperation and collaboration between them and the local government.

#### *Community based institution*

Religious denominations (Christian and Moslem), Youth Clubs, Fun Clubs and a few local Non-Governmental Organizations can be found in the municipality. Many of these institutions have weak linkages and developmental initiatives. The churches dominate in number as they can be found in almost all communities in the municipalities. These are torn in between the physical and spiritual needs of their members. Many encourage the spiritual development of their members neglecting the physical. These churches and mosques have large followings and can serve as rallying points to instilling in the people economic development initiatives and skills. The churches and mosques again can generate enough information, innovation and ideas for the enhancement of their members' economic progress which will have positive reflections on the entire municipality. The youth and fun clubs have greater interest in activities and function which are social in nature. This therefore leads to the loss of sources of information exchanges which are important for the spread of development ideas, crucial contacts and relationships which have tremendous effects on social transformation for development. The local Non-Governmental Organizations are weak in nature and have inadequate capacity for local development. Many sprung up in the areas of HIV/AIDS awareness creation to take advantage of



funds available for these AIDS projects. Their impact therefore on the local economic development situation in the municipality is limited.

#### *Other development institutions*

The municipality shares boundary with the Kumasi Metropolis where the Kwame Nkrumah University of Science and Technology is located. It can take advantage of some of the research outreach programmes and findings of this institution in areas of need to the municipality and also make use of the staff and students of the university. There exist also many institutions both public and private in the Kumasi Metropolis which can aid the economic development of the municipality. Radio stations exist in neighbouring districts and can help in dissemination of economic and other information and skills to the people in the municipality.

#### *Availability of other service infrastructure*

Electricity provision in the municipality for socio-economic activities

The municipality is connected to the national electrification grid from the Akosombo Hydro-Electric Power Station. All the major towns both urban and rural are connected to this power sources. Further extensions are being made to connect the remaining towns and villages in the municipality to the national grid to ensure a high electricity coverage. This may provide a relief to industries in the municipality. But the main challenge facing electricity supply in the municipality is the unreliable nature of power supply. A greater part of the municipality takes its source of power from a substation outside the municipality, thereby affecting power supply. There are at times low voltage problems which do not provide adequate energy to power sources of equipment used by small and medium scale enterprises in the municipality. Also, recent increase in the electricity tariffs at the national level has the power of increasing the cost of electricity to entrepreneurs in the municipality.

Telecommunication facilities:

The entire municipality is covered by all the major cell phone networks in the country. They include Espresso, Airtel, Vodafone, MTN and TIGO. One can make and receive calls from any part of the municipality to any part of the world. The only challenge is with land phones lines which are woefully inadequate in the municipality. Internet connection is also available in a few communities. But with the advent of personal home internet access services provided by all the cell phone networks, it is easier to use the internet from the comfort of homes no matter the location in the municipality. This has made internet communication easier to firms and households in the municipality. There are available postal services and agencies at Ejisu, Juaben, Bonwire, Kwaso, Onwe and Bomfa Achiase to cater for the postal service's needs of the municipality.

Construction of an inland port and Ghana's first technology park in the municipality:

The construction of an inland port in the environs of Kumasi for cargo handling to and from the southern and northern parts was conceived in the 1980s as part of the Transport Sector Rehabilitation Programme of the government of Ghana with its economic recovery programme. The project was initially planned for Fomesua, but was later relocated to Boankra another town in the municipality due to challenges and other problems encountered in the acquisition of land at the previous location. The current site has enormous potentials and challenges in the municipality's local economic development activities. The potentials include employment creation for the people in the municipality. It will also serve as a revenue generation avenue for

the local government. Despite these, the siting of the project in the municipality has led to increase in the price of land for domestic and commercial purposes in and around the Boankra area. This has the ability to affect future land acquisition by firms and business ventures and influence their choice of location.

The municipality also is to host Ghana's first technology park. The two million dollar project is a joint project by the Kwame Nkrumah University of Science and Technology and IBIS TECH, a business consultancy firm. On completion, it would bring together experts from across the scientific, technological and industrial disciplines for collaboration and nurturing of ideas for the growth of firms and companies that would reside in the park. The project is to be established at Adarko-Jachie, a town in the municipality.

Marketing centres:

As points of exchange of goods and services, markets play a very important role in the development of economic activities in any geographic setting. They determine the level and diversity of economic activities in the area. The municipality has four major marketing centres located at Ejisu, Juaben, Boamadumase and Kwaso. Other small market centres exist at Bomfa, Achiase, Besease, Onwe and Kwamo. Market infrastructure at Juaben and Boamadumase has been improved with the construction of new markets facilities. These centres serve as points of meeting for both buyers and sellers from within and outside the municipality. The major markets have weekly market on Sundays, Tuesdays and Fridays at Ejisu, Juaben and Boamadumase markets respectively. Market days have great social, political as well as commercial significance. Improved transport and communication service have increasingly drawn markets in the municipality into the regional market networks broadening the variety of products available in the local markets and creating additional competition for surplus produce that can be transported to other markets. It is estimated that the major centres have over five thousand people visiting each of them every market day. The other smaller markets have daily marketing activities for the various communities in which they operate. There exist good and motorable roads linking all these marketing centres to other settlements in the municipality and with other neighbouring districts.

The municipality abounds in all these potentials and resources and can serve as a boost to its local economic development now and in the future if they are really tapped. These potentials also have several linkages for the development of the municipality in general and its local economic development in particular.

### **6.5.2 The local government's potential for local economic development**

The local government has various potentials that can boost its local economic development drive in the municipality. These include the following:

*Legal mandate:* The local government has the legal mandate to exercise political and administrative authority in the municipality. This mandate puts it in charge of the overall development of the municipality. It can formulate and implement plans, programmes and strategies for the effective development of the municipality. It is also mandated to initiate programmes for the development of basic infrastructure and promote and support productive activity in the municipality. All these give the local government the power and authority to carry

out and promote local economic development in the municipality. But this notwithstanding, it does not clearly state how it should support and promote gainful economic activities in the municipality.

*Control of financial resources and its mobilization:* The local government is also empowered to formulate and execute plans, programmes and strategies for the effective mobilization of resources necessary for the overall development of the municipality. It has the right to mobilize internal revenues from levies, fees, licenses and tolls in the municipality. The various sources of local revenue to the assembly are discussed in a later chapter of the report. It controls the various central grants granted it by the central government. It is supposed to utilize these resources in a way that will lead to the overall development of the municipality.

*Control of departments:* It is endowed with various departments that have various roles and responsibilities for local development. The local government can therefore fall on these departments for its local level development activities. Also, those departments in-charge of economic development activities can be re-oriented to promote the municipality's development. An effective linkage between these departments can facilitate the work of the local government effectively.

*Control of district sub-structures:* The local government has control over the various town and area councils and the unit committees. It can utilize these units to generate information and implement the various development agenda of the municipality. The nine town and area councils can be centres of development activities in the municipality. They can help identify appropriate economic development potentials, challenges and activities that can lead to economic emancipation of their areas. In the light of this, the local government can guide, encourage and support these sub-structures to perform their roles in the execution of the development of the municipality.

*Cooperation with other development agencies in the development of the municipality:* The act establishing the local government system enjoins the local government to act in cooperation with appropriate public entities, state bodies, non-governmental organizations and communities in the development of the municipality. It is also to promote or encourage other persons or bodies to undertake projects under approved development plans.

*Formation of any other sub-committee deemed to be appropriate by the local government:* The legal framework establishing the local government system again gives it the leeway to establish any other sub-committee it deems appropriate for its swift development. Based on this, the local government has established the sub-committee for women and children's affairs and that for culture and tourism to support these areas in the municipality's development. All these have the ability of propelling the local government in promoting local economic development in the municipality.

## **6.6 Linking local potentials for local economic development in the municipality**

The potentials in the municipality if effectively combined with each other can promote its economic development rapidly. The relationships and linkages among institutions in the

municipality for local economic development are very enormous and crucial. These are not only necessary for a good working relationship but also for the development of institutional capacity for local economic development in the entire municipality. This capacity is needed for planning and execution of economic interventions and socio-economic resource and physical development. The probable institutional linkages among the institutions in the municipality include the following. The financial institutions can be a source of capital and other forms of funds and training facilities for the development and expansion and promotion of all sectors in the municipal economy. These financial institutions can also assist with the disbursement of funds meant for economic development activities of the local government, the central government and its agencies and other stakeholders in and outside the municipality. These facilities can be extended to individual, business entities, faith based organizations (churches and mosques) and traditional authorities that are business like and support economic development activities in their localities. The financial institutions can also mobilize savings from these various individuals, groups, business entities and the general public to be given out as loans. The Traditional Authorities can also provide land for economic and other activities in the municipality. Individuals, business entities and the local government have the chance of benefiting from these for all their land needs. They can also be a source of inspiration to the social and other community groups in their localities. They can establish funds to support the provision of training activities and transfer of skills to its people. The economic institutions could also take the opportunities existing in the other institutions for their own development if they are well organized. They can source for credit at lower rates from banks and other sources available. They could also assist the educational institutions in the form of funds and logistics in their training activities to provide the people with the skilled manpower and also to impart the needed skills and training to members of the various trade associations. The research institutions can also transfer some of their findings from their research activities to businesses, the local government, traditional leaders, social groups and financial institutions for them to act upon for their economic benefit and that of the municipality as a whole. The local government as the overall manager of the municipality's development can serve as the hub and link for bringing all these institutions together so that their potentials can be tapped for local economic development. Though some of these linkages and relations already exist, they are weak and need to be strengthened by eliminating the bottlenecks that pertain in the process. Also a coalition of institutions in similar activities could be formed to promote the economic development of the municipality.

If the available institutions organise themselves well, to coordinate, collaborate and partner with each other they could unleash the development potentials of the municipality by taking advantage of the natural potentials to boost economic activities. This can be done through a network meeting of all categories of institutions under the auspices of the local government. This will create jobs and employment and increase the income levels of the people of the municipality and the local government. Also, tourism potentials in the form of indigenous knowledge, crafts production, shrines, festivals and natural animal sanctuaries can also be developed by the institutions involved to boost tourism in the municipality. Furthermore, the already laid infrastructure can support the current productions activities while other measures are put in place by the necessary stakeholders to improve upon them to ensure sustenance and efficiency.

## 6.7 Summary

Local economic development at the municipal level will depend on a number of factors including potentials and capacity for success. These potentials and capacities are influenced by the nature of the specific spatial conditions of the municipal area and the linkages involved. Therefore the identification of these is crucial for any attempts to promote local economic development by any institution or stakeholder and in this case the local government in a municipality. This chapter threw light on the general characteristics and the likely potentials and capacity of the Ejisu-Juaben Municipality in promoting local economic development. The following major issues emerged in the discussions above.

i). the municipality abounds in natural, economic, institutional, infrastructural, locational and human resource potentials that could be harnessed for its local economic development. Though these potentials are not very comparable with those pertaining in the developed countries of the north<sup>10</sup> in their local economic development drive, in this municipality in the south<sup>11</sup>, they are very important and need to be harnessed.

ii). the local government also had certain inherent potentials that can help it take advantage in harnessing the municipality's potentials for local economic development promotion.

iii). the major economic activities in the municipality were in the areas of agriculture (both crop and animal farming), micro, small, medium to large scale industrial and trading enterprises, tourism activities and the provision of basic services. The major challenges hindering local economic development activities in the municipality consisted of weak institutional linkages and capacity for local economic development activities, failure of planning authorities to integrate informal economic activities into main stream land use planning and high cost of business development services and capital. These need to be addressed in the light of the above for the municipality to take full advantage of its potentials and capacity to promote its economic development now and in the future.

In the light of the above analysis and discussions, the next chapter covers the roles of the local government understudy (Ejisu-Juaben Municipal Assembly) in promoting the economic development in the municipality as it is the overall political and development agent and manager of the entire municipality.

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<sup>10</sup> Developed countries

<sup>11</sup> Developing countries

## **7. Roles, strategies and fields of the local government in local economic development promotion**

### **7.1 Introduction**

The changing context of local development problems at the district level in Ghana requires an appraisal of the role of local governments in the country, especially in the arena of local economic development. This chapter brings to the fore the various roles performed, the strategies applied and the fields within which the local government promotes local economic development in the municipality. The views of a cross section of stakeholders in the municipality's development were solicited to arrive at these analysis and conclusions. These included staff of the local government, heads of the various departments in-charge of economic development activities, local government members and town area councillors, business owners, heads of households, and opinion and community leaders. Their views were also corroborated with secondary sources of data including the development plans of the local government. A summary of the findings and emerging issues is also presented.

### **7.2 The local government's legal roles and mandate in local economic development promotion**

The legal framework establishing the local government positioned it as the main development agent in the municipality. It is the main administrative, planning, budgeting, rating and implementing authority in the municipality. It can therefore be deduced that this authority given the local government enjoins it to play various roles including facilitation, coordination, stimulation, regulatory and adjustive roles in local economic development in the municipality. Legal mandates are legal provisions and structures that provide an enabling environment for the local government to get involved in local economic development promotion. This mandate can inhibit or facilitate the various roles and level of involvement of local governments in economic development promotion. Most at times, local governments are constrained by what Lindblom (1982:324-36) calls 'the market as a prison'. He is of the view that if government requirements are too restrictive, investment or expansion in a particular area will be discouraged and in this view, legal status and provisions should be overhauled, updated and all barriers taken down to encourage local economic development promotion.

To find out if the local government understudy has the legal mandate for local economic development promotion, the views of the some of its leaders and staff were sought. This was because the knowledge and understanding of this mandate and legal provisions concerning its involvement could have a great influence on its ability to promote local economic development in the municipality. It will also influence the role of the local government in carrying out its economic development promotional activities. Based on this, some key staff members including the planning officer and deputy municipal coordinating director, four department heads involved in local economic development and some leaders including the presiding member and three chairpersons of sub-committees were interviewed. This was also supported with documentary review and analysis of the legal framework establishing the local government.

All the interviewees were unanimous that the local government has the mandate and the legal backing to get involved in local economic development. They cited the local government act as

the source. They were of the opinion that local economic development is an aspect of local development for which the local government is responsible. In their view, the local government is the highest planning and development authority in the municipality and it is therefore responsible for all forms of the municipality's development in consultation with the necessary stakeholders. A documentary analysis of the legal framework establishing the local government supported this claim. The legal instrument establishing it (Local Government Act 462 of Ghana) makes a lot of provisions for it to be actively involved in promoting the development of economic activities at the local level so long as these do not conflict with any other legal provisions of the country. It clearly states that the local government is responsible for promoting productive activity and social development. These all put the local government on a firm footing in terms of its mandate to promote economic development in its area of jurisdiction. It should also support it with the needed budgets for implementation as it has the power to mobilize resources for the development of the municipality. Though it is evident that it has the mandate to promote local economic development, the legal framework failed to state how this was to be done. It does not also make it obligatory for the local government to go into it. This has the ability of leaving the local government to decide between promoting economic development and other sectors of the municipality's development and also what it should do even in the area of local economic development promotion. This may not auger well for the active and effective involvement of the local government in local economic development.

The staff interviewed again showed varying level of understanding of the mandate of the local government. They were of the view that in line with this, it is empowered to put in measures that will help develop the entire municipality including the tapping and utilization of local resources and the provision of social and economic infrastructure and assist economic entities and their owners to grow and expand their activities. In their view, this is related to local economic development. The leadership of the local government was also of the impression that it is to help create jobs for the people by providing them with basic skills and resources and putting in place the necessary infrastructure that will support their activities. It is again supposed to invite and attract economic development entities and activities into the municipality through well designed and thought out plans and efforts. By so doing, it should involve other development actors in the municipality in these activities. These present a wide range of views on what the local government is supposed to do in promoting local economic development. In view of the above, it can be deduced that the local government is supposed to put in measures to attract economic entities into the municipality, provide existing economic entities with the facilities they need and also the local people with the needed skills for economic development. The interviewees were quick to add that in spite of all these, the active involvement of the local government in this sector is challenged as, it has many responsibilities, not only economic, coupled with limited resources for the development of all sectors in the municipality's development process. This fair understanding could be a potential to driving the local government in local economic development as planning and implementation decisions are mainly in the domain of these category of interviewees. This may likely inform the content of any local economic development proposals either positively or negatively. Moreover, this level of understanding by these interviewees leads to the kind of roles expected of the local government in local economic development promotion in the municipality.

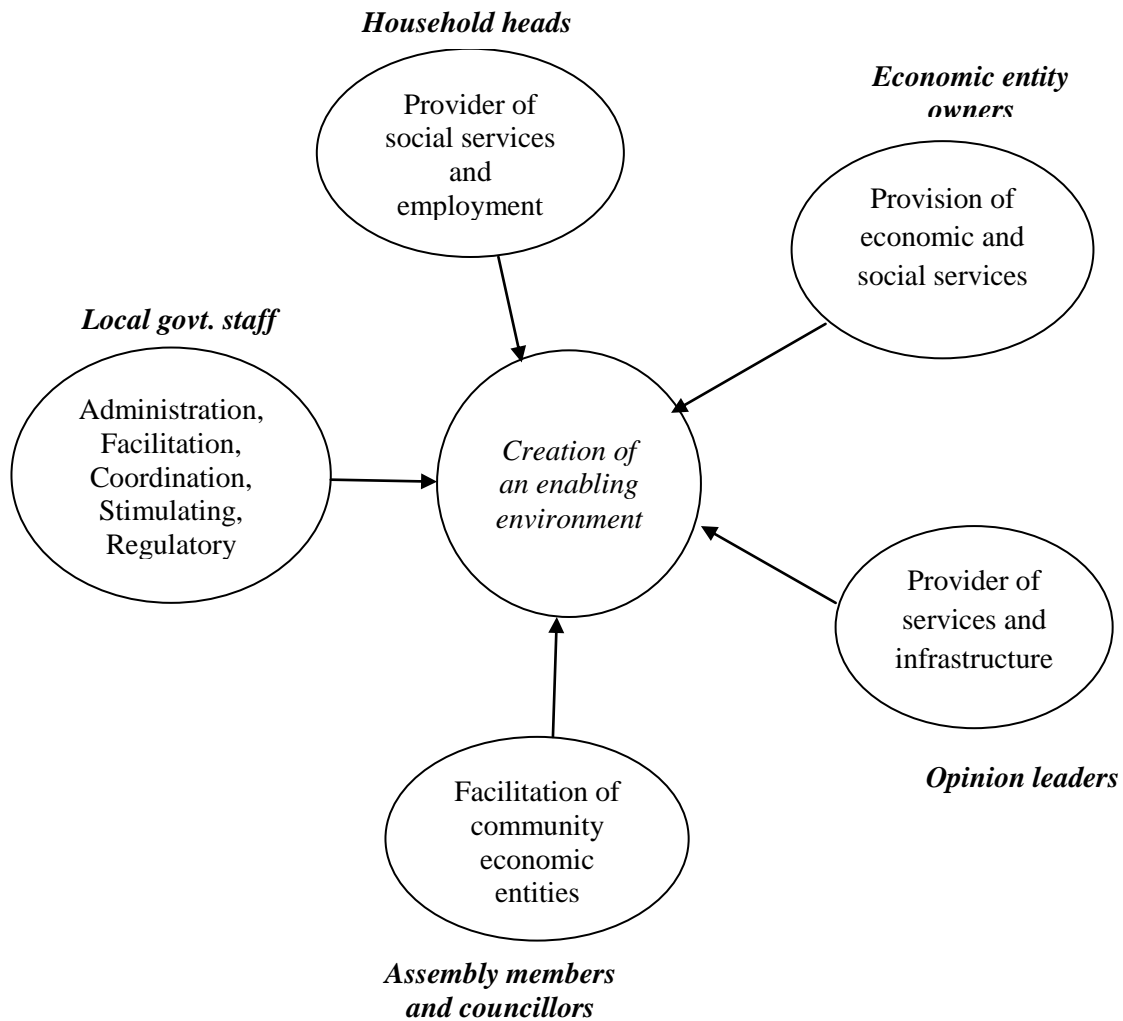
### 7.3 Expected and actual roles, strategies and tools of the local government in local economic development promotion

This section of the report presents the perceptions of a cross section of the interviewees in this study on the kinds of roles performed and strategies applied by the local government concerning local economic development promotion in the municipality. These are then critically analysed and discussed in detail in the sub-section following.

#### 7.3.1 Respondents perception of the forms of local government’s role and strategies in local economic development

The respondents interviewed expected the local government to carry out roles that have the ability to create the necessary enabling conditions or environment for local economic development. The local government was to implement measures that eliminated all forms challenges confronting business development, skills provision and community development in the municipality. Figure 7.1 presents the expected roles of the local government in local economic development by the various respondents.

Figure 7.1 Expected roles of local government in local economic development

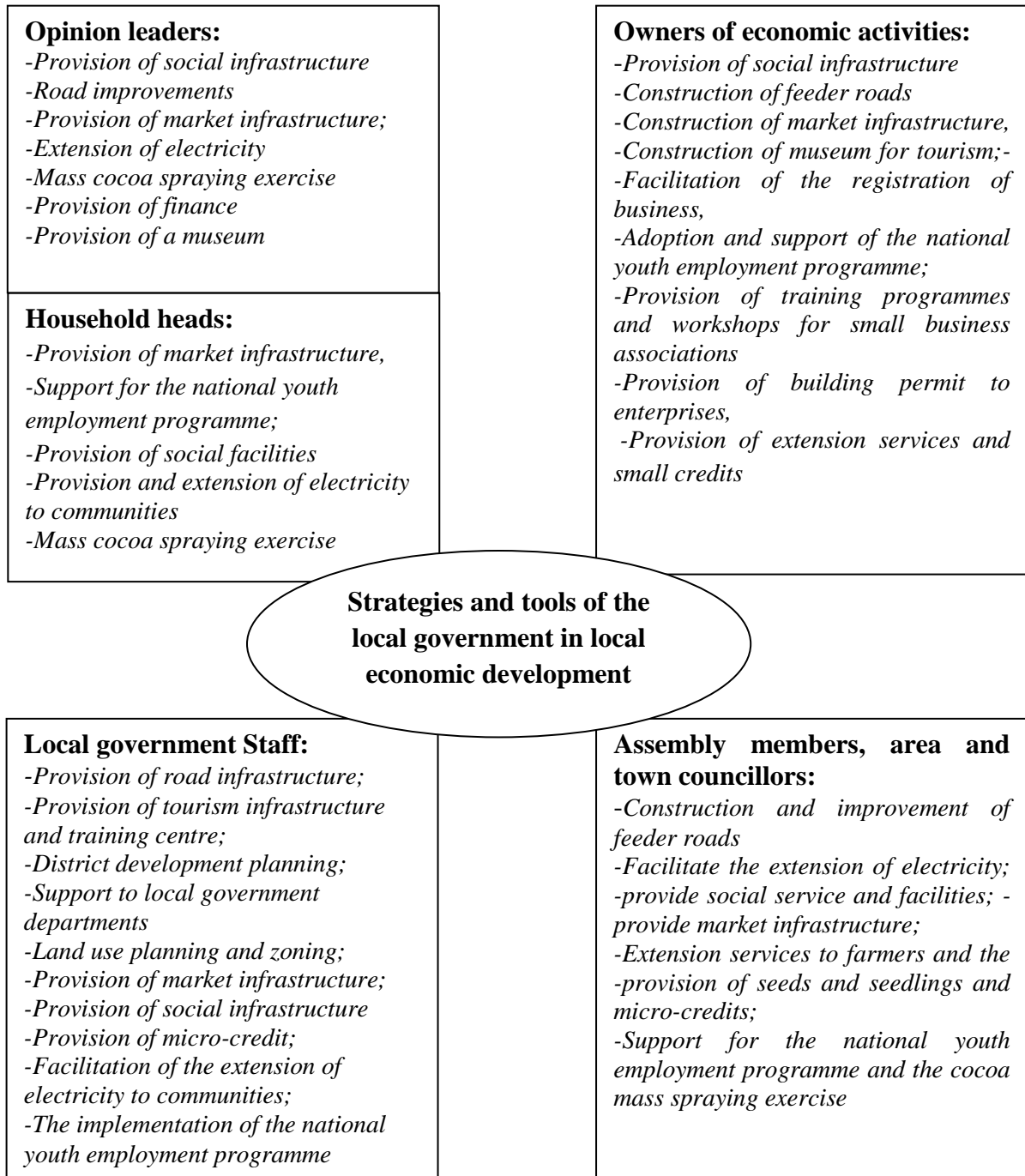


Source: Fieldwork 2010



They again identified that the local government has been using the following strategies and tools in achieving the outcomes of the stated roles. These are presented on figure 7.2 below.

Figure 7.2 Identified strategies and tools of local government in local economic development



Source: Fieldwork, 2010

### **7.3.2 An analysis of the actual local government strategies in local economic development**

The above strategies give a clue to the actual roles performed by the local government. Based on these and data from secondary sources such as the local government's medium term development plans since its inception and further discussions with the leaders of the local government, the following were identified as the actual broad strategies and tools applied by the local government in promoting local economic development:

*Municipal development planning and implementation; provision of infrastructure; land use planning and physical development permitting; provision of extension services and training programmes; support and implementation of government, ministry, department and agency development programmes and projects; skills provision, training programmes and the provision of credit facilities; marketing of the municipality; and the maintenance of peace.*

These strategies including their specific tools as identified are further discussed below based on their strengths and relevance, weaknesses, reliability and effectiveness and their sustainability for local economic development in the municipality. The various roles actually played by the local government are then deduced after the discussion of the strategies and tools.

#### ***Municipal Development Planning and Implementation***

Among the major roles of all the local governments in promoting development at the district level in Ghana is the preparation and implementation of an integrated development plan, locally called the district medium term development plan in Ghana. This plan covers all sectors of the municipal economy and development. It includes the plans of most of the departments and agencies under the local government. It is prepared for a maximum period not exceeding five years. It also contains all the policies, development goals and objectives as well as the programmes, projects and activities to be implemented during the entire period. This plan preparation and implementation is a requirement by the central government of all district assemblies. The guidelines and supervision for the preparation of these plans are given by the National Development Planning Commission (NDPC).

The local government understudy has prepared three main development plans since the year 1996. The first plan was from 1996-2000, the second from 2002-2004 and the last was from 2006-2009. The current plan from the year 2010-2013 was under preparation at the time of the data collection. Though it has not prepared a specific plan solely for the promotion of local economic development, issues and activities bothering on economic development are captured and included in these plans. These plans contain the policies, goals and objectives, programmes, projects and activities on economic development promotion for the particular periods in question. The covered the various broad sectors of the municipality's economy including agriculture, industry, commerce and tourism. A detailed description of the various goals, objectives, programmes, projects and activities are captured in appendix 3.

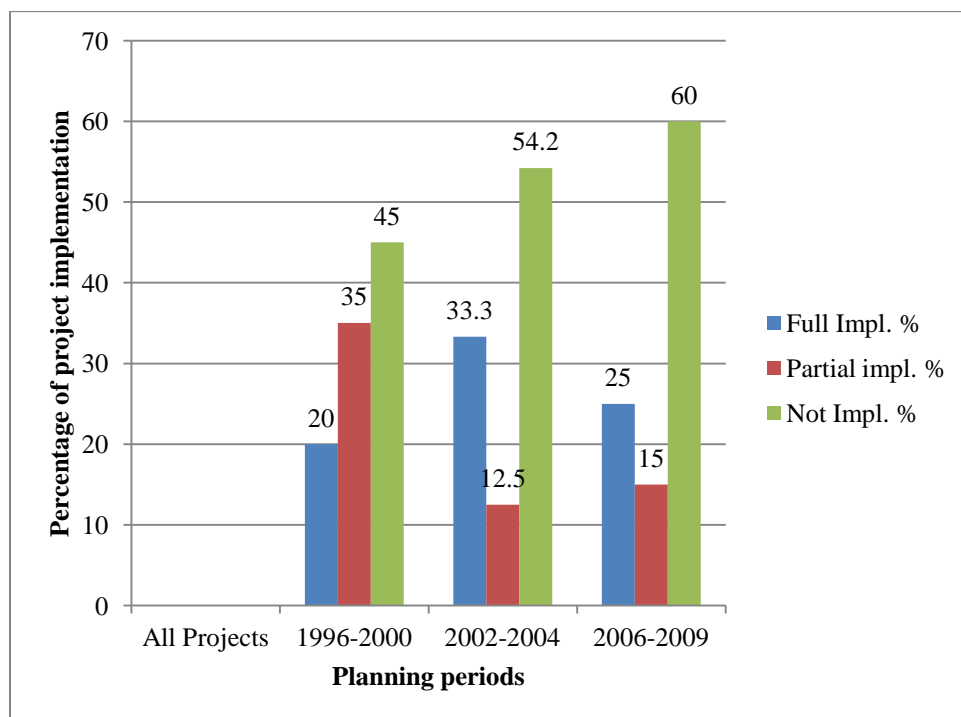
#### ***Levels of plan implementation and achievements***

The various development plans though had laudable goals and ideas concerning the economic development of the municipality, not all their contents concerning economic development could be implemented fully. The level of achievement of implementation of the various plans is presented on figure 7.3. The figures indicate that for all the three planning periods considered, between 20%-30% of all the entire programmes and projects concerning economic development

in the municipality were implemented. The highest achievement was in 2002-2004 period. Between 12.5%-35% of these programmes and projects were partially implemented (all components were not implemented and some were not completed), while 45%-60% were also not implemented at all. It is realised that the level of default in implementation has been rising over the planning periods.

This was due to capacity challenges-finance, human resource, logistics and time. Also, there were delays in the release of funds from the central government, unreliable flow of donors' funds, inability of communities to pay their counter-part funds, low internally generated revenue of the local government, inadequate involvement of the private sector in the plan preparation process and certain institutional weaknesses within it. Also the document could hardly be considered as complete and fully elaborate for local economic development planning. It is often more close either to vision or actions based documents, emphasizing sectoral measures, with a lack of deep analysis and very blurred implementation sections. It lacked a more detailed implementation sections.

Figure 7. 3 Levels of plan implementation

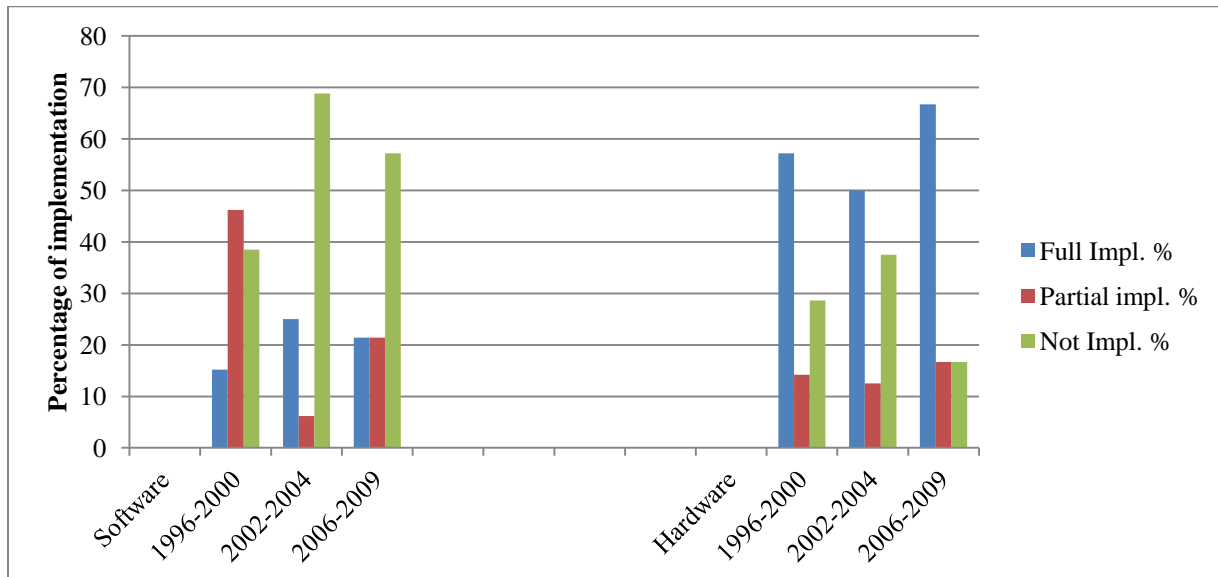


Furthermore, some of the planned goals and objectives were unrealistic and also had no accompanying clearly stated strategies. The local government also failed to do a mid-term review to ascertain the extent of progress made due to its load and capacity limitations. Some of the decentralized departments failed to synchronize their annual action plans with that of the local government. Also some projects were implemented outside the plans prepared for various periods. These were political promises that were not captured in these plans. The local government failed to market the plan very well and even make it available to its own local units

and institutions. These plans became ‘table’ or better still ‘shelf’ documents, produced on demand.

The economic sector also suffered because most of the projects in these plans that were to promote its development were not physical and tangible in the short term for the populace to see so as to appreciate their political leaders in the municipality. This therefore led to implementation of projects which were skewed in favour of physical infrastructure provision such as schools, clinics, water systems and many more. For instance between 50%-60% of all physical infrastructure was implemented compared with between 15.2%-25% of all software infrastructure comprising training and skills provision programmes and projects. This indicates the level of attention given by the local government to physical infrastructure provision. Figure 7.4 presents the level of implementation of the hardware and software aspects of local economic development.

Figure 7.4 Implementation levels of hardware and software aspects of local economic development



In local economic development promotion, there is the need not to concentrate on only an aspect of its promotion. Vazquez-Barquero (1999) in Rodriguez-Pose (2001:9) indicted that local economic development promotion covers three major aspects of hardware, software<sup>12</sup> and the ‘orgware’<sup>13</sup> schemes. Therefore for the local government to effectively promote local economic development in the municipality, it should strike a balance between these various aspects. Despite all these enumerated shortcomings of the implementation of the local government’s medium term development plans concerning local economic development in the municipality,

<sup>12</sup> scheme involves the design and implementation of comprehensive local development strategies aside infrastructure

<sup>13</sup> refers to the improvement of the organizational and institutional capacity

the plans are still an important tool for local economic development promotion. In this sense, the implementation of their content should be enhanced by the local government.

### ***Provision of basic infrastructural facilities***

Infrastructure provision has always been one of the top priorities of local governments. Originally, its high visibility which heightens public awareness has made it a priority among politicians. In recent times it has also come to be recognized as crucial to economic development. Infrastructure, especially sustainable infrastructure is key for the achievement of higher levels of economic development as it helps to diversify and stimulate production, expand trade, cope with population changes, alleviating poverty and creating additional income. Beyond these direct impacts are the indirect effects on the quality of life, local employment and incomes (Panganiban 1996:21).

The local government studied also realized the importance of infrastructure in social and economic development and for this reason included the provision of infrastructure in its development planning activities. It has implemented, supported and facilitated the construction of several infrastructural projects in the areas of road construction and improvement, the construction of market facilities, lorry parks for transport, extension of electricity to communities and the provision of storage facilities. The others included the provision of tourism infrastructure such as a guest house, a skills training centre, and the extension of mobile telecommunication infrastructure. It has also supported the construction and provision of water infrastructure. The provision of infrastructure emanates from the core mandate of the local government to ensure the total development of the area under its jurisdiction. The purpose of this is to improve upon communication, interaction and socioeconomic linkages within the municipality and with other neighbouring areas. It also has the aim of promoting the interaction of producers, sellers and buyers in the municipality. All these have the potential of improving the local economic development environment of the municipality. A detailed look is taken at the various types of infrastructure that have been provided by the local government to support economic activities and the entire development of the municipality.

#### **i. Market Infrastructure**

Though market infrastructure is basic in promoting economic activities across the globe, it nevertheless plays a great role in marketing activities in the municipality. These serve as centres where goods and information of all sorts are exchanged. Over the years, local government has from its own resources and with the support of its development partners and the government of Ghana constructed several markets which are really vibrant across the municipality. These centres serve as marketing areas for agricultural products, especially produced in the municipality. Farmers sell their produce and buy other needed items for domestic and economic activities. These centres also serve as revenue collection points from the trading activities to the local government. There are a lot of multiplier effects from these marketing centres which have the ability to enhance the municipal economy. These activities encourage transport activities between these centres and generate a stream of income and other economic activities. Though these facilities are important for the development of the municipality, the local government is faced with inadequate financial resources to be able to expand and improve upon the facilities in the markets due to the demand on its resources by other forms of developmental activities. It also depends greatly on development partners for financial and technical resources. This limits its ability to expand and provide more facilities to promote marketing activities in the municipality.

In line with this, it should find new ways of finding resources in providing and expanding market infrastructure in the municipality. Generally, the maintenance of these facilities is in danger as money collected from the facilities in terms of rent, tolls, fees and taxes find their way into the local government's main pool of resources and are used for other activities without regard to the sustenance and demands of these facilities.

ii. Construction and improvement of culverts, bridges and roads

Road transport is an important component in the development of the municipality. In line with this, the local government continues to open up the municipality through the construction and improvement of road conditions, especially feeder with the assistance of the Department of Feeder Roads<sup>14</sup>. These roads are constructed and improved to enhance communication and linkages within the municipality and with the outside world. This has enhanced the movement of goods and services to and from the municipality. Majority of these feeder roads link foods producing areas and marketing centres. Recently, the local government took delivery of a heavy duty grader to be used in resurfacing the feeder roads in the municipality. These developments have improved access in the municipality very much. Though the local government is doing well in the improvement of existing roads in the municipality, there exist a lot of challenges with road infrastructure in the municipality which needs to be continually addressed. Some rural communities are normally cut off from the rest of the municipality during heavy rainy season due to the poor nature of their roads. This increases the cost of transportation during this season. Farmers lose income as they are not able to cut their produce to the marketing centres for sale. The local government does not have the necessary financial capacity to be able to re-gravel and re-shape all the feeder roads and urban roads in the municipality all the time.

iii. Provision of Tourism Infrastructure

In view of the many local tourism potentials in the municipality, the local government has in collaboration with other agencies provided certain infrastructure. The tourism infrastructure is supposed to boost tourism in the municipality (*refer to the section on the field of tourism, crafts and cultural development for a discussion on the kind of infrastructure the local government has provided*).

iv. Facilitation of the construction of tele-communication infrastructure

The local government as the licensing authority of the municipality has also permitted all the mobile telephone companies operating in the country to construct their masts in the municipality. These companies include Vodafone, MTN, TIGO, Espresso and Airtel. This is to enhance tele-communication in the municipality and beyond. The mast of these companies are scattered within the municipality. The local government did not commit much resource to this infrastructure provision because the tele-com companies financed the cost of the masts as they wanted to expand their businesses to get more customers and earn more profits. This has improved access to telephone services in the municipality and created jobs for the youth of the municipality. Some of them are engaged in call-shop operations, phone repair and sales and internet shop businesses. This also serves as a source of property tax to the local government.

v. Extension of electricity and water facilities to communities in the municipality

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<sup>14</sup> Department in charge of construction and maintenance of feeder roads in the country

The local government does not command the needed resources to be able to extend electricity to all its communities. It rather facilitates the process by identifying the needed communities and linking them to the national electrification programmes. This is carried out in conjunction with the Electricity Company of Ghana and beneficiary communities. This task is a delegated one. The purpose of these projects is to provide communities with cheap electric power to help them domestically and economically. Studies have shown that some of these projects have propelled the economic and social development of many of these communities with the springing up of micro and small scale enterprises. Over the past decade, it has facilitated the extension of power to communities such as Manhyia, Ampabame, New Koforidua, Nobewam and Asawasi under the national electrification programme named Self Help Electrification Programme 3 (SHEP 3). Others such as Achiase, Bomfa, Adumasa, Wabiri and Akronwi have also benefited under SHEP 4 Programme. All these have the ability of supporting and promoting micro and small scale enterprises in these communities.

Water is also an essential commodity for both domestic and economic activities. As part of the social development responsibilities of the local government, it has continued to facilitate and support the provision of water facilities in the municipality. This has been made possible through collaboration with the Community Water and Sanitation Agency to provide small town water systems and boreholes in many communities in the municipality. Currently, there exist small town water systems in communities such as Juaben and Kwaso, while it is liaising and negotiating with the Ghana Water Company to extend its water supply to Ejisu, the municipal capital.

From the above discussions, it could be realized that infrastructure provision is a basic function of the local government as it emanates from its core responsibilities stipulated in the act establishing it. The Municipal Works Department usually handles the infrastructure provision functions of the local government. It is headed by an engineer. These strategies and the tools applied by the local government have the potential of opening up the municipality and improving upon its economic development. It is also realized that the local government provides these kinds of infrastructure when it has the funds or the government and the development partners have projects to be implemented to this effect. In view of the huge demand for attention from other sectors of development and the dwindling resources of the central government and the local government in providing infrastructure, the local government should devise innovative ways of generating resources to fund its infrastructure development. There is also a lack of rational balance between new infrastructure investment and the maintenance of existing facilities. Many of the decisions are normally in favour of new constructions. The predominant bias of the local government towards capital formation than to capital maintenance has been challenging effective economic development at the municipal level. This is evident in the case where the local government collects revenue and user fees from existing markets centres but fails to use these resources in maintaining these facilities. The emphasis is rather geared towards providing new ones. The sustainability of these infrastructural facilities can contribute very much to development and this can be achieved if they are properly utilized and well maintained. If they are neglected, rehabilitation and replacement costs can be enormous.

### ***Marketing of the municipality***

This has the potential of advertising the municipality to attract investors both within and outside the municipality to invest in the municipality by making the investment potentials of municipality known to investors. In this respect, the local government is adopting several approaches to showcase the economic potentials of the municipality to the outside world in order to attract investments into the municipality. These strategies are mostly oriented towards ‘municipality selling’ to the external environment. These strategies include local promotion image making, participation in special fairs and investment forums, elaboration of local economic information packages and the design and hosting of a website for the municipality. With the mandate of district assemblies in Ghana, they are to sell their opportunities to the outside to attract investments. The local promotion-image making, is mostly focused on the attraction of tourists, other visitors and new investors into the tourism sector, especially the kente industry. The strategies applied included the use of printed leaflets and the presentation of small presents to foreign visitors to the local government. The local government proposed the preparation of tourist maps and brochures and regular advertisement of the municipality’s potentials in the print media in the country. However, this has not really materialized. The local government again in collaboration with the Centre for National Culture, Kumasi and the Golden Stool Foundation instituted the Yaa Asantewaa festival for the Ejisu Township to be celebrated every two years and also collaborated with the Bonwire community in celebrating the Bonwire Kente Festival.

It again prepared brochures containing vital information about the entire municipality and made them available to the general public in the municipality and beyond. For instance, during the celebrations of Ghana’s 50<sup>th</sup> Independence Anniversary in 2007, the local government prepared and made available to the entire country a brochure covering its characteristics and investment potentials so as to attract investors into the municipality. This strategy of marketing the municipality had a very limited effect because these brochures are not updated regularly. It also has a narrow coverage in the entire municipality, the country and the world. Its distribution system is not well designed to make them available beyond the confines of the local government’s office. Also most of these brochures were produced based on the directives of the central government, if not they would not have been produced.

The rising use of the electronic media has also compelled the local government to create a website on the World Wide Web. The current site is hosted by [ghanadistricts.gov.gh](http://ghanadistricts.gov.gh). The site is not well designed and contains less information which is not attractive enough to would-be investors and visitors to the municipality. Information on the site is not regularly updated. Though this would have been a better opportunity to showcase the municipality to the outside world, it has not been able to achieve its purpose. This can be attributed to the low level of interest, priority, capacity and commitment level of the local government to this method of marketing the municipality. The participation in specialized fairs is usually focused on the promotion of goods produced in the municipality and this is normally done by industries and craftsmen in the municipality. The most frequent is the participation in Trade Fairs in the Kumasi Metropolis during festive occasions. Craftsmen especially Kente Weavers also participate in international fairs. These are mostly at the individual levels and the involvement of the local government is very limited. From the discussions, it could be realized that the local government does not have appropriate marketing strategies. The local government adopted a more general



promotional strategy. The promotion of local economic potentials is less frequent and less elaborate. The promotional activities by the local government should be well elaborate and targeted so as to attract potential investors. It would also be necessary for it to be prepared to spend more resources on some of these promotional activities. It could again team up with specialized state and private agencies which can do these promotional activities better.

### ***Land use planning and physical development permitting***

Land use planning directs the use of land in particular areas. It seeks to balance the needs of people living on a piece of land and that of the environment. At the basic level, it determines which part of an area can be used as restricted, commercial, industrial and for other purposes. This is normally done through zoning. Apart from the zoning process, a master plan is prepared to decide how land should be better used. The master plan then breaks the area into zones, dictating what sorts of activities and functions can be carried out in each zone. Zoning can be an important tool if it is carried out with flexibility and with a developmental attitude rather than for the purpose of any rigid master plan control. Regulations, if appropriate should be kept, but if different agencies can coordinate and simplify their procedures, by setting up a one stop service, permits and licensing, can be obtained at low cost in money and time.

Land use planning is a responsibility of all district assemblies in Ghana. They are supposed to prepare structural plans and lay outs for all settlements and approve off and give permits for any land based development construction within their jurisdiction. This responsibility is also a tool for local economic development in the municipality pursued by the local government. Land use plans and layouts have been prepared by the Town and Country Planning Department of the local government to cover some of the settlements in the municipality including; Ejisu, Juaben, Fomesua, Kwamo and other medium sized settlements. In these plans, the land is categorized into the various uses ranging from residential to commercial uses. This is normally done in collaboration with the land owners and custodians of the land in the area, mainly, traditional leaders. Due to the availability of land in the municipality for economic activities and its nearness to the Kumasi metropolis, it has been able to attract firms to locate in the municipality, especially between Ejisu and Fomesua. Other areas have also been re-zoned for other economic development purposes such as the construction of hotels and fuel filling stations in the municipality. Despite the fact that it is a nice tool, it is beset with a number of challenges. The department is woefully under resourced to be able to carry out this particular function. Funds, equipment and even staff are not adequate to carry out this function. Also land ownership is separate from land use planning in the sense that the department in-charge of land use planning and the local government do not own and control the lands directly. The planners are therefore supposed to collaborate with the owners when it comes to structural plan preparation and zoning. Should there be a disagreement between stakeholders, the plan prepared cannot be implemented as land owners may not be in a position to accept it. There are instances where traditional leaders have prepared their own land use plans and neglected the one prepared by the local government. Moreover cumbersome procedures and delays in the issue of physical development permits also hamper the smooth attraction of firms, investors and other developers into the municipality. A permit acquisition which should take a maximum period of three months at times go beyond six months putting would-be developers in a mood of frustration. Another major concern of land use planning is the failure of the system to include the needs and demands of the informal economy in the municipality into formal land use planning. The informal economy in the municipality contributes immensely to the development of the municipality in the form of jobs, improving

income levels and revenue to the local government but its land need requirements are neglected when it comes to land use planning.

***Support for and implementation of government, ministry, department and agency development programmes and projects***

As a lower level government, closer to the people, and as a representative of the central government, it has the responsibility of assisting the central government to achieve its objectives by implementing national programmes and projects at the local level. Therefore, one major role played by the local government under study that seeks to promote economic development at the local is through the implementation of government projects and programmes in this direction. This ranges from infrastructure provision to youth training and job creation programmes. It is supporting the implementation of the national youth employment programme. The National Youth Employment Programme is a programme designed by the government to train and equip the youth for the job market. It is designed to cater for the literate, semi-literate and illiterates respectively. Since the implementation of the programme in the Municipality, the following modules of the programme have been implemented: Agri-business; Sanitation and Waste Management; Health extension works; Paid Internship and Community Education Teaching Assistant. Many youth in the municipality have received training in areas of community policing, community health, sanitation and agriculture. The local government supported these programmes with part of its common fund received from the central government. According to the NYEP office in the municipality, not less than five hundred and twenty people have been employed by the Programme since its inception in 2007 in the municipality.

To boost cocoa production in the municipality, it is implementing the mass cocoa spraying exercise on behalf of government. This has created employment for many people in the municipality. It again funds and celebrates the national farmers' day instituted by the central government each year to honour the hard working farmers of the country. This is carried out to enhance agricultural production in the country. As has also been discussed under the infrastructural role of the local government, it provides support in terms of logistics to help extend electricity to communities in the municipality through the government's self-help electrification project. These programmes and projects have the ability of supporting the local government's effort in local economic development. This is because these programmes are supposed to create jobs for the people in the municipality and they could also have likely multiplier effects on the entire municipal economy.

***Maintenance of peace and security***

The local government also ensures maintenance of peace and security in the municipality to make it attractive to economic entities. The Act establishing the assemblies in Ghana enjoins them to have a Justice and Security Sub-committee and District Security committee. This, the local government has complied with. The sub-committee resolves intra- and inter-district conflicts and considers issues that border on the enforcement of its bye-laws. Through this, it recommends to the executive committee of the local government ways and means to resolve disputes and ensure access to the courts and tribunals for the promotion of justice in the municipality. The municipal security committee is in-charge of the entire security situation in the municipality. It is made up of the chief executive of the municipality and all heads of the security agencies in the municipality. These include the Ghana Police Service, the Ghana Fire Service and the Bureau of National Investigation.

### ***Registration, permitting and licensing of socio-economic entities in the municipality***

The legal regulations establishing the local government allows it to register, give permits and grant licenses to all socio-economic entities operating in its jurisdiction. Through this, the entity is allowed to operate in the municipality. The Department of Cooperative as part of the local government, registers all cooperatives and community based organizations including local non-governmental organizations and clubs in the municipality. Small businesses are also supposed to register with the local government, but the latter does not take advantage of this requirement to compel them to register. This paves the way for micro and small economic enterprises to spring up easily in the municipality at any time. The challenge therefore to the local government is its inability to have adequate data and information about all economic entities in the municipality, especially those in the informal sector. It also grants operating licenses to bigger entities that would like to explore and make use of the natural resources in the municipality such as mining activities as happened at Nobewan and sand and stone winning activities. This role notwithstanding, all socio-economic entities are supposed to register with the Registrar Generals Department, the Internal Revenue Service, the Value Added Tax Service and other registration agencies in the country before being permitted to operate. All these institutions are outside the municipality and based in Kumasi, the regional capital.

### ***Skills provision and training programmes***

As a long term measure to develop the human resource capacity of the municipality and provide them with the needed skills, the local government is encouraging the youth to take up vocational training in the various technical and vocational institutions in the municipality and beyond. It provides educational institutions in the municipality with basic infrastructure to help them expand and take in more students. It has also been providing skills training to category of craftsmen in the municipality (*refer to section on the field of tourism, crafts and culture for a discussion on this*). Despite these efforts, the training programmes are not targeted enough to be able to provide the needed skills by the would-be entrepreneurs and the youth in the municipality. These programmes are also not regular. This will likely not be able to improve upon skills levels for self-employment which could promote the establishment of new micro and small scale economic entities to enhance local economic development.

### ***Provision of credit facilities***

The local government also administers certain credit facilities on behalf of other institutions through some of its departments. These included the Afro Asian Rural Development Loan scheme, culture and crafts development loans and poverty alleviation funds. (*Discussion on these types of loans is carried out on these various loan schemes under the fields of local government endeavour in local economic development*). The major challenge with some of these credits is their sustainability as repayment periods are not honoured. The amounts given out throw these loan schemes are no where able to meet the capital needs of enterprises in the municipality for start-up and expansion purposes.

A summary of the programmes and projects implemented within the above strategies are presented in appendix 4. The above are the strategies and tools applied by the local government in local economic development promotional drive in the municipality. The next section discusses the forms of roles emanating from the above discussions of the local government in local economic development promotion in the municipality.

### **7.3.3 Forms of the actual local government's roles in local economic development**

The various roles played by the local government could be categorized under enabling, facilitation, coordination and stimulating. The local government does not really play the role of 'developer' in the municipality whereby it acts as a market entity by providing and owning productive assets as an entrepreneur. It does not also take full responsibility of implementing and operating business entities and also take full responsibility, or shares in the risk of operating commercial activities by making available resources under its control for economic purposes. This is in line with Porter's theory (1990) on the central role of governments in economic development. He emphasizes that government's role is to provide a favourable environment by creating and upgrading the factor conditions in which economic entities are propelled to achieve increasing sophisticated competitive advantage. Chisholm (1990) also argues that enhancing the quality of local factors of production rather than direct state intervention is the most appropriate way to reduce relative economic decline of regions. The major roles it performs therefore fall within the categories of facilitation, coordination and stimulation. Within the facilitation role, it prepares integrated development plans to give direction and focus of the municipality's development. In these documents, the policies, goals and objectives are outlined. Also the various potentials and economic development areas are outlined and made available to the general public. It again facilitates the provision of training, credit and extension services to its inhabitants and business entities in the municipality. For its stimulation roles, it has put in place measures to induce and attract economic entities into the municipality. It has also put in measures to expand economic activities in the municipality. These include the marketing of the municipality through the provision of brochures with information on the municipality and its potentials and also through the internet. Through these channels, it projects the municipality to the outside world. It also provides and supports the provision of certain forms of infrastructure to support economic activities. These include roads, water systems, electricity and market infrastructure. It again prepares lay-outs and rezone parcels of land for economic purposes in the municipality. Concerning coordination activities, it coordinates the implementation activities of various agencies and the central government at the municipal level. It is becoming evident that the local government applies various strategies within these roles. There is also the indication that, though these strategies are broad, their various tools as applied by the local government are limited in scope. These weaken the implementation of the various strategies and therefore reduce the ability of these identified roles on the municipality's local economic development promotion.

The roles performed by the local government can also be categorized based on the various forms of decentralization including devolution, delegated and de-concentrated roles. The main devolved roles played by the municipality include the preparation of the medium term development plan and the provision of certain infrastructure facilities in the municipality such as water, education, market facilities, feeder roads and others, land use planning and development permitting and the marketing of the municipality. These devolved roles entail full power and responsibility residing in the hands of the local government, having legislative power. These roles are the sole responsibilities of the local government given to it by the act establishing it. It is only in this category of devolved roles that the local government exerts 'autonomous' discretionary powers. The local government's delegated functions in local economic development include the implementation of certain government projects at the district level. These included the provision of water facilities, and the extension of electricity to communities in conjunction with the Electricity Company of Ghana. Essentially, the local government

appeared to be executing central government policies, programmes and projects as a lower level political authority but without significant decision-making or discretionary powers in these areas. Finally the local government has a de-concentrated role in promoting peace and security in the municipality in conjunction with security services and agencies in the municipality.

#### **7.4 Summary of strengths, weaknesses, opportunities and constraints of the local government in carrying out its local economic development roles**

The local government has a variety of strengths that enables it to perform its roles related to local economic development in the municipality. Most of the roles performed are part of its core mandate and supported by the legal framework and Act establishing it. This gives it the legal backing and legitimacy to perform these roles without any fear. With most of the roles, it has units in-charge of their execution and performance. These units are departments, committees and sub-committees and there exist a form of relationship between these departments. Also some of these departments and units have the basic capacity to carry out the mandate of the local government in relation to local economic development in the municipality.

Though the local government has the above strengths, there exist some weaknesses in its system that needs to be addressed for it to be able to fully perform the above roles. These include inadequate staff, logistics and other resources, weak control by the local government over the major departments in the municipality, conflicts of interest and the lack of political will in executing certain functions. There is also the lack of innovative ideas and means of generating adequate resources and to market the municipality and its development plan, programmes and projects. It is also faced with certain land use planning challenges as it does not control the land in the municipality and have inadequate resources to carry out land use planning effectively. These therefore thwart its efforts in effectively promoting economic development of the municipality.

There also exist several opportunities that the local government can take advantage of in its development activities in the municipality. These include the availability of various forms of media including the print and electronic to market and advertise the municipality and its potential in and near the municipality. Also the local leaders are committed to peace and security in the municipality, though there exist a few unresolved chieftaincy disputes. There is also the availability and full presence of security agencies to maintain law and order in the municipality. It also receives support from the central government, ministries, departments and both foreign and local development partners in its development activities through their projects and programmes. These programmes and projects complement what it does in its local economic development drive. Finally there exist local support institutions that it can fall on in its development activities in the municipality.

The effective performance of the roles of the local government in local economic development is also constrained by a number of factors including political interference of ruling governments on what to do. There is also the politicization of certain activities on political party lines and ideologies. This could threaten the promotion of the development of the municipality in many ways. Some of the supposed departments also pay allegiance to their mother ministries and agencies as they receive greater part of their budget and instructions if not all from these mother-ministries and agencies. The local government also depends to a larger extent on the central government for its financial resources and with the continuing dwindling of funds at the national

level coupled with the demand on its shoulders, it is evident that it may not be able to fund all of its development activities, especially in the area of local economic development unless drastic measures are found. Also, there exist small local firms and inadequately resourced institutions to complement fully its activities in local economic development.

The entire discussion above threw light on the ability of the local government in performing its roles and functions effectively in local economic development at the municipal level. The section following considers the various economic fields within which the local government promotes the economic development of the municipality.

## **7.5 Fields of the local government in local economic development**

There exist diverse forms of fields within which local economic development can be promoted. These range from large scale to micro-economic activities promotion. The magnitude of the fields to be promoted is dependent on the part of the globe where it is carried out. In the developing countries of the South, especially in Sub-Saharan Africa and Ghana in particular, these fields of local economic development are basic and include small scale projects that are based on the local resources and economic endowments prevailing. In most cases, these are traditional and indigenous.

The local government of the municipality promotes local economic development in various fields of activities including both economic and social through its various departments and agencies. These fields from the sectoral point of view include agriculture, tourism, culture and craft, small business and industrial development promotional activities and the provision of other social services. These fields correspond with the main economic sectors as identified in the municipality and based on the physical, natural and other potentials of the municipality. By this, the local government tries to enable the harnessing of local potentials existing in the municipality to promote its economic development through various means. This corresponds with the concept of endogenous development which aims to initiate a locally adapted development process that is based on the potentials and resources that are available within a locality. The following section of the report discusses the various fields as identified.

### **7.5.1 The field of agricultural development promotion**

The local government through its department of Agriculture since its inception has been supporting agricultural development in the municipality. This is as a result of the fact that the sector is the backbone of the municipal economy as it employs majority of its population. Agricultural promotional programmes by the local government have been targeted towards increasing the productivity of major crops, reducing post-harvest losses, improving farmers' access to markets and credit and the training and re-orientation of farmers and extension agents to facilitate effective transfer of agricultural technology to farmers.

In recent times, the Municipal Agricultural Development Unit has assisted farmers to obtain viable seeds, seedlings and breeds of livestock from its stock and other reputable sources within and outside the municipality. Also in collaboration with the Municipal Agriculture Development Unit, the Ministry of Food and Agriculture and a USA based Non-Governmental Organization has introduced yellow maize seeds called Golden Jubilee to farmers to enable them produce on large scale to feed the poultry industry in the municipality. Farmers in communities such as Besease, Adadientam, Yaw Nkrumah, Bonwire, Bomfa Akyiase, Wabira and Onwe have

benefited. Again, about 1800 farmers across the municipality have benefited from improved cassava planting sticks of which they are supposed to cultivate on a large scale for other farmers to also benefit from. This is to help unleash the power of cassava production in the municipality in particular and the country as a whole. The department also provides advisory services to farmers on farm management techniques and application of modern farming techniques.

It again provided bags of fertilizer to farmers to boost production as a government directive. It has also carried out massive cocoa spraying exercises in the municipality to boost cocoa production. This is to help reduce the incidence of pests and diseases on cocoa production and to increase yields. This service is free of charge to farmers as it is sponsored by the central government. It should be noted however that, most of these programmes implemented by the Municipal Agriculture Development Unit (MADU) came from the Ministry of Food and Agriculture.

Animal farmers in selected communities including Ofoase, Nobewam and others benefited from training programmes offered by the Agricultural Development Unit and were provided with livestock to rear. Credits have also been made available to certain category of farmers, especially rice growers in the municipality through the local government's poverty alleviation fund and the Ministry of Food and Agriculture and administered by the Municipal Agricultural Development Unit. So far about 21,887 Ghana cedis (about 15,634 US dollars) of loans have been given out to rice farmers. The only challenge hampering this programme is the difficulty in recovering these loans from the beneficiary farmers. The local government is also promoting the formation of cooperatives among farmers to enable them access loans and other forms of credit from other institutions. Though these strategies and tools are laudable, their scale of implementation is a challenge as a few farmers benefit from them. In terms of loan recovery, these farmers are unable to pay back some of these loans as they rely on the vagaries of the weather for cultivation. The extension services are also hindered due to inadequate capacity of the agricultural unit in terms of logistics and personnel.

In examining the awareness level, relevance and benefits of the various agricultural development strategies, programmes and projects in the municipality by the local government and its department responsible for agriculture, twenty-five farmers were interviewed across the municipality. These farmers cut across the various sub-sectors of agriculture. About 20 representing 80% of this number were aware of the agricultural promotional drive of the local government and the Municipal Agricultural Development Unit (MADU). Only 5 representing 20% of them were not aware.

About 5 of these farmers got to know these from officers of the municipal agricultural development unit, 6 from local government members and the remaining from friends and colleague farmers in the municipality. About 19 out of the 20 farmers have really benefited from these packages. They have benefited from the credits and small loans, extension services, the cocoa mass spraying exercises, fertilizer provision and the provision of seeds, seedlings and cassava sticks. They found these packages very beneficial and called for the scaling up of these activities. They were of the view that the credits helped some of them to expand their farms and acquire new breed of animals to rear. The new seeds introduced and the cassava sticks provided also helped them boost their production and productivity. The roads have made access to marketing centres a lot better than previous times and the market centres provide a place for the sale of their produce on market days. Also the interactions with extension staff helped them to

have new ideas concerning farming practices. All the 20 farmers who have heard of the agricultural promotional activities and the 5 who are not aware all know that, it is the Municipal Agricultural Development Unit that is in-charge of agricultural development in the municipality. Some also made mention of the Department of cooperatives in the local government as the institution that registers farmer cooperatives in the municipality. They were of the view that the MADU provides extension service, provide seeds to farmers and implement the development policies of the local government in relation to agricultural development.

The above discussion creates the impression that agricultural development activities are propagated very well in the municipality by the local government through its department. This development may be attributed to the fact that MADU has better capacity as it has been in existence for a longer period of time, and has developed good outreach programmes. There is also a strong relationship between the MADU and the local government and also with its mother ministry-the Ministry of Food and Agriculture. It also receives support from the central government and development partners. In spite of all these, the impact of agricultural activities is not felt so much across the length and breadth of the municipality as everyone seems to be farming. The capacity of the extension staff and services are stretched to their elastic limits in the municipality in this sense.

#### **7.5.2 The field of tourism, crafts and cultural development promotion**

The field of tourism, crafts and culture is dear to the development of the municipality's economy. Though tourism is less developed, the crafts sub-sector is very vibrant in the municipality. In this view, the local government is geared towards making the sector one of the engines of growth of the local economy. Tourism facilities are being gradually developed and revived to make the municipality one of the centres of attraction in the region for both domestic and international tourism. The main strategies adopted for the development of tourism are: the identification and development of these sites, provision of tourism support infrastructure, the marketing of tourism potentials and the opening up of proposed tourism sites. In line with this, the local government facilitated the location of hotels in the municipality through the zoning and re-zoning of land to investors in these areas. This has yielded some results with the location of certain hotels in the municipality, especially along the Ejisu-Kumasi highway, from Ejisu to Fomesua, Ejisu-Besease and Ejisu- Achaakrom. It also constructed a guest house at Bonwire in collaboration with the chiefs and people of Bonwire and the Ghana Tourists' Board. This Guest house is to serve the needs of visitors to the community. It has also in collaboration with the Ghana Museums Board refurbished the Ejisu-Besease Shrine and plans are far advanced to reconstruct the Yaa Asantewaa Museum at Ejisu which was raised to the ground by fire some time ago.

In terms of crafts development, the local government in collaboration with the Ghana Tourist Board established a functional training centre called the 'craft village' at Bonwire where the youth and other people interested in the craft of kente weaving could be trained. This centre provides a place where kente weavers in the municipality and beyond could attain further training and show case their products. It has through its Business Advisory Service provided training programmes on small business management, group dynamics and credit management to Kente weavers across the municipality. It again provided a technical workshop on leather works furnishing to upgrade the technical skills of these artisans to help them improve upon the quality of their products across the municipality. In terms of credits and small loans provisions, the



Business Advisory Centre granted some groups in kente weaving micro credit through the Afro Asian Rural Development loan scheme and funds provided by the local government through the local government's share of the District Assembly Common Fund.

The crafts and cultural development activities of the municipality were also examined by interviewing 20 people and one group of people involved in Kente weaving in the municipality. Out of the 20, 17 of them, representing 85% of those interviewed and all the 12 members of the group interviewed were very much aware of the promotional strategies by the local government in making their craft and profession a tourist attraction in the country. These respondents got to know of these activities of the local government through the BAC; Cultural Office, their local government member and colleagues. Twelve out of this number have directly benefited from the small loans and training programmes offered by the BAC and the Cultural Office of the local government while all the others are indirect beneficiaries of the craft village at Bonwire. According to these respondents, these micro loans helped them expand their weaving business. The training programmes also helped them to acquire book and record keeping skills. They were of the view of that these packages were good and relevant to them. In spite of this the coverage of this programme was limited to a few beneficiaries and the amount given out as loans were small. The respondents were of the view that though the local government was interested in promoting crafts, culture and tourism it does not put in much effort to support the units that are to champion this cause.

### **7.5.3 The field of business and industrial development promotion**

This sector forms the bulk of economic activities and one of the major sources of income to the people and the local government. The municipality's business and industrial development activities for enhancing local economic development is based on sustaining existing business entities as well as creating and attracting new ones. From the interviews and discussions, it came to light that the strategies for attracting new firms to the municipality are not so much elaborate. With the nearness of the municipality to the Kumasi metropolis and with the availability of land in the municipality, firms find it appropriate to locate in the municipality, especially on the stretch of land between Ejisu and Fomesua. The Town and Country Planning Department provides development permits to these firms wanting to locate in the municipality based on the land use in the area at a fee. It also assembles and makes investment opportunities in the municipality available to would-be investors upon request. The local government seeks to promote business development by promoting skills development; facilitating the acquisition of credit facilities to entrepreneurs and newly trained business people, equipping the Business Advisory Centre to cater for the needs of the business sector, facilitating the formation of business associations and groups and enhancing access to market avenues for entrepreneurs and businesses. Except with the provision of market infrastructure across the municipality for commerce and small enterprise development, the local government has not done so well in this sector.

In order to find out the appreciation of the business community about the business development drive of the local government and its strategies, thirty-five micro and small scale enterprise owners, five medium to large scale industries/enterprises and two business associations were interviewed to identify their awareness level, importance and relevance of these strategies and promotional activities by the local government. The kind of assistance they have received from the local government in terms of business development and how they got to know about the

business development activities of the local government were also identified. Out of the 35 micro and small scale enterprises interviewed, 21 of them representing 60% were not aware of any strategies put in place by the local government to promote business development in the municipality while 14 of them representing 40% were aware of some promotional activities of the local government.

With the 14 entities which were aware of the promotional activities of the local government, 5 of them had benefited from these promotional activities. The areas they had benefited from were the provision of micro loans and credits and training activities by the Business Advisory Centre (BAC). Others had also managed to register their businesses through the assistance of the BAC. Some of them were also members of the groups that were formed as a result of the sensitization programme by the BAC of the local government. Those business owners who were aware of the promotional drive of the local government were either beneficiaries of these strategies or had heard of it from colleagues. Out of the 14, 5 were beneficiaries and the remaining 9 heard of these promotional activities from colleagues and the BAC.

All those who were aware of the strategies by the local government to promote business development found these strategies to be very relevant and beneficial to their business development as these strategies could help them improve upon their skills, expand their business and their capital base. Their concerns were that, these promotional activities were not publicized enough by the local government and its departments. Also the local government did not pay much attention to business development. All that the local government did was to take fees, taxes and tolls from them at higher rates. Also, they or their association leaders were not involved in any decisions concerning business development by the local government. Also the Business Advisory Centre in the municipality was not strong enough to cater for their needs as the office had only two staff members who had many duties to perform without the necessary logistics. In their view, the local government needed to put in pro-active measures and be committed to business promotion as this sub-sector is a major source of employment and income to individuals, households and the local government. Also, 25 of the business owners interviewed were of the view that the activities of the local government towards business promotion were not widespread. Out of the 35 business owners interviewed, only 9 of them knew of an outfit of the municipality that assisted businesses. This indicated that the relationship between the local government and the business community was low. Those who were aware made mention of the BAC of the NBSSI. They got to know of them through their own efforts and through colleagues who had contacts with the BAC. They knew the BAC to be an entity within the local government that provides support in terms of training, facilitation of access to credit, registration and certification.

With regards to the five medium to large scale enterprises interviewed, they were all of the view that they do not know of any measures and strategies put in place by the local government to promote business activities in the municipality except the provision of development permits by the Town and Country Planning Department for the commencement of the construction of their premises. They were of the view that the local government should do more to attract other medium to large scale firms to the municipality to create jobs for the people. It should focus on creating land banks that can be released for industrial purposes in the municipality.

The BAC of the local government also confirmed that though the strategies proposed in the various development plans were laudable as far as business development in the municipality was

concerned, their implementation was far below expectation. Most of these programmes were left out during implementation in favour of other sectors such as social services and infrastructure development. The training programmes were not effective as trainees were not provided with start-up capital or linked to institutions that could help to that effect. Also the provision of credit and loans to micro-and small scale enterprises is not effective as the amount normally given out to individuals and groups are not large enough to help them expand their activities. Also their coverage was low. A few craftsmen and women in the municipality had benefited from such loan schemes.

The general weakness and ineffectiveness of the local government's business promotional activities were attributable to several factors as identified on the field with staff and leaders of the local government and other stakeholders in the municipality. These include perceptions held by the leaders of the local government concerning business promotion and development, competition for the meagre resources of the local government by other sectors and the lack of business development projects coming from development partners, Non-Governmental Organizations and the central government to the municipality. Moreover, the emphasis of the local government was on administration, social and infrastructural development. Finally, there was the neglect of stakeholders in business decisions and programme implementation. It can therefore be conclude that there was a general weak commitment of the local government to business development in the municipality.

#### **7.5.4 Assessment of the various fields of local economic development by the local government**

The various fields through which the local government promotes local economic development have varying strengths, weaknesses, reliability and sustainability levels. A summary of these are presented on table 7.1 below to conclude this chapter.

Table 7.1: Summary of strengths, weaknesses, reliability and sustainability levels of local economic development fields

	<b>Field of Agriculture</b>	<b>Field of Business Development</b>	<b>Field of Craft and Tourism Development</b>
<b>Strengths</b>	<ul style="list-style-type: none"> <li>-Production of raw materials for other sectors</li> <li>-Strong linkages with other sectors through its demand and needs</li> <li>-Employment avenue for a large number of people</li> <li>-Support from major stakeholders</li> <li>-High demand for outputs</li> <li>- Untapped resources for this sector</li> </ul>	<ul style="list-style-type: none"> <li>-Free entry and exit of business entities</li> <li>-Strong linkage with other sectors of the municipal economy</li> <li>-Wide coverage in the municipality</li> <li>-Employs more people and also has the ability to expand employment avenues</li> <li>-High income levels</li> <li>-Requires no special skills</li> </ul>	<ul style="list-style-type: none"> <li>-Based on well-practiced and tested skills and traditions</li> <li>-Sector is popular in the country-crafts</li> <li>-Appreciable high level of demand for crafts (kente only)</li> <li>-high income from the sector, especially crafts</li> <li>-available traditional and undeveloped sites</li> </ul>
<b>Reliability</b>	<ul style="list-style-type: none"> <li>-Field has been in existence for a longer period of time</li> <li>-Has ability to continue to support the economy and play a major role in the development of the municipality</li> <li>-Employs majority of people and continue to have a wide avenue for employment generation</li> <li>-Easy entry and exit</li> </ul>	<ul style="list-style-type: none"> <li>-Continuous expansion of the sector due to its free entry and exit</li> </ul>	<ul style="list-style-type: none"> <li>-High income yielding-(crafts)</li> <li>-Provision of life-long skills for people</li> </ul>

Source: Fieldwork, 2010

Table 7.2: (continued)

	<b>Field of Agriculture</b>	<b>Field of Business Development</b>	<b>Field of Craft and Tourism Development</b>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>-Activities depend mostly on natural conditions</li> <li>-small scale production/subsistence production</li> <li>-less educated people involved</li> <li>-Challenges with access to land</li> <li>-Inadequate support infrastructure</li> <li>-Low income from the sector</li> <li>-High level of poverty among farmers</li> </ul>	<ul style="list-style-type: none"> <li>-Most activities are informal</li> <li>-Activities are small scale in nature</li> <li>-Lack of support from development agencies and partners</li> <li>-Needs an appreciable level of start-up capital</li> </ul>	<ul style="list-style-type: none"> <li>-Inability to compete with other sectors and products</li> <li>-Less attractive tourism sites and concentration on a few tourist site and activities</li> <li>-Needs special skills and appreciable level of capital</li> <li>-In terms of crafts, it takes a longer time for one to get skills</li> <li>-Has limited capacity for employment and expansion</li> <li>-Skewed towards a few settlements</li> </ul>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>-Continuous support for the sector by development agencies and partners, central government and , ministries</li> <li>-modernization of the sector by all governments of the country</li> <li>-Introduction of new programmes and projects by major stakeholders</li> <li>-Continuous demand for outputs</li> </ul>	<ul style="list-style-type: none"> <li>-Current focus of central Government</li> <li>-Sector continues to expand and create employment as public sector employment dwindle</li> </ul>	<ul style="list-style-type: none"> <li>-Continuous demand for produce locally</li> <li>-Government support for tourism development activities is increasing</li> </ul>

Source: Fieldwork, 2010

Though these fields have some weaknesses, they are worth pursuing as they have the potential of making use of the local resources in the municipality, increasing employment opportunities and creating income for the inhabitants and the local government. This notwithstanding, the local government can broaden its field by adding programmes in the field of ICT (Information Communication Technology).

## **7.6 Summary of emerging issues**

The chapter captured the discussions on the roles of the local government in local economic development and the sectors in which it was engaged. It also brought out some of the issues that affect the ability of the local government to promote local economic development effectively in the municipality. A summary of the various emerging issues from the analysis are presented.

It can therefore be deduced and concluded from the above discussions that though the local government is putting in efforts to promote local economic development in the municipality,

- It is less committed to the implementation of programmes and projects in its development plans that have direct bearing on local economic development in the municipality.
- The major focus of the local government is on the ‘hardware’ aspects of local economic development promotion than the ‘software’ aspects. The hardware aspects includes the provision of infrastructure and others that are tangible while the software aspects include training programmes, access to credit and other intangible strategies that promote local economic development.
- The local government is also not well focused enough in its promotional activities. The strategies generally applied in the various roles and fields are not strong enough to help the local government utilize effectively existing potentials for the municipality’s local economic development. The scale of operation of the various roles is again limited in terms of scope and time.
- The major focus of the local government is on traditional fields or sectors. There is the need for it to embrace and promote new and emerging economic activities that are more rewarding in terms of income to entrepreneurs.

These are some of the issues that influence the ability of the local government in promoting local economic development effectively in the municipality. The next chapter of the report discusses the capacity and institutional setup of the local government in supporting its local economic development drive in the municipality.

## **8. Local government capacity, institutional set-up and planning process for local economic development**

### **8.1 Introduction**

The capacity of an entity determines how far it can carry out a particular task or development activity. Many institutions and organizations have failed to achieve much in the area of local economic development due to capacity challenges, the kind of institutional arrangements and how the local economic development process is pursued. This chapter consequently discusses the capacity of the local government and its institutional set-up for local economic development in the municipality. The discussions also bring to the fore how its local economic development initiatives are financed. It again describes and assesses the planning process followed in carrying out local economic development activities in the municipality. The data for writing this chapter was collected through discussions and interviews with key staff members of the local government, especially the planning officers, the finance officer and some other staff members of the finance department, the officer in-charge of personnel and logistics and heads of some of the departments involved in local economic development activities in the local government. Their views were also supported with documentary evidence from the municipality's development plans and annual financial statements of the local government. The outcome of the analysis of these issues is presented in the sections following.

### **8.2 Local government's capacity for local economic development in the municipality**

This section of the chapter discusses the capacity or competences of the local government in local economic development. These include its financial, human and technical capacity for local economic development. It was not easy isolating capacity issues only on local economic development activities of the local government at this stage. The section therefore discusses capacity issues bothering the entire local government and does well to narrow down to its local economic development activities where possible.

#### **8.2.1 An Analysis of the financial competence of the local government for local economic development**

This is categorized into the sources of revenue and the challenges associated with each of the sources, patterns of expenditure, borrowing capacity and financing activities geared towards local economic development promotion in the municipality by the local government.

##### *Sources of Revenue to the local government*

The local government obtains its revenue for its day to day activities and for development purposes from varying sources. These include internally generated sources, locally termed as Internally Generated Funds (IGF) and central government transfers. It receives greater part of its annual income through central government grants. Table 8.1 presents the proportion of the incomes received through grants and the internally generated funds from 2006 to 2008.

Table 8.1 Proportion of revenue from the major source (Amount in Ghana cedis)

Source- Year	2006		2007		2008	
	Amount	%	Amount	%	Amount	%
Internally Generated Funds	22,702.8	1.7	167,892.42	8.1	518,737.34	12.7
Central Government Grants	1,344,178.28	98.3	1,896,733.84	91.9	1,915,371.98	87.3
<b>Total</b>	<b>1,366,881.08</b>		<b>2,064,626.2</b>		<b>2,334,109.32</b>	

Source: Ejisu-Juaben Municipal Assembly's financial statements

The figures presented on the table above brings to the fore the local government's high dependency on grants from the central government as its main source of income for that period. Generally the grants form a greater percentage of its total income in a year. The breakdowns of the grants received by the local government from 2006 to 2008 are presented on table 8.2.

Table 8.2 Breakdown of central government grants to the local government

Year	2006		2007		2008	
	Amount	%	Amount	%	Amount	%
1. District Assembly Common Fund	722,517.92	53.75	814,768.20	42.96	1,172,181.42	61.2
2. HIPC	40,000.00	2.98	112,000.00	5.9	20,000.00	1.04
3. Government Salaries/Wages	99,989.64	7.43	114,081.50	6.10	188,645.48	9.85
4. MP's Common Fund	17,299.63	1.29	40,325.72	2.13	53,613.34	2.80
5. Water and Sanitation Programme	287,248.72	21.37	504,588.46	26.6	83,649.83	4.37
6. M-Shap	21,098.75	1.57	18,433.20	0.97	26,100.00	1.36
7. CODAPEC	47,130.12	3.5	57,875.82	3.05	58,974.95	3.01
8. Youth Employment	53,758.98	4.0	150,483.44	7.93	142,510.00	7.44
9. Ghana School Feeding Programme	17,346.20	1.3	64,177.50	3.38	104,233.60	5.44
10. VIP		-			65,457.36	3.42
11. GARFUND Grants	37,788.32	2.81				
12. CBRDP		-	20,000.00	1.05		
<b>TOTAL</b>	<b>1,344,178.28</b>		<b>1,896,733.84</b>		<b>1,915,365.98</b>	

Source: Ejisu-Juaben Municipal Assembly's financial statements

The major forms of grant programmes emerging from the grants as received by the local government included salary grants, water and sanitation grant, educational grant, HIPC grants, development grants, and grants for other central government projects in the municipality.

- i. Salary grants: This is made up of the full payment of staff emoluments of the local government by the central government. These staff members of the local government are paid from the Controller and Accountants General Department and the total payment is included in the list of grants to the local government. This constituted



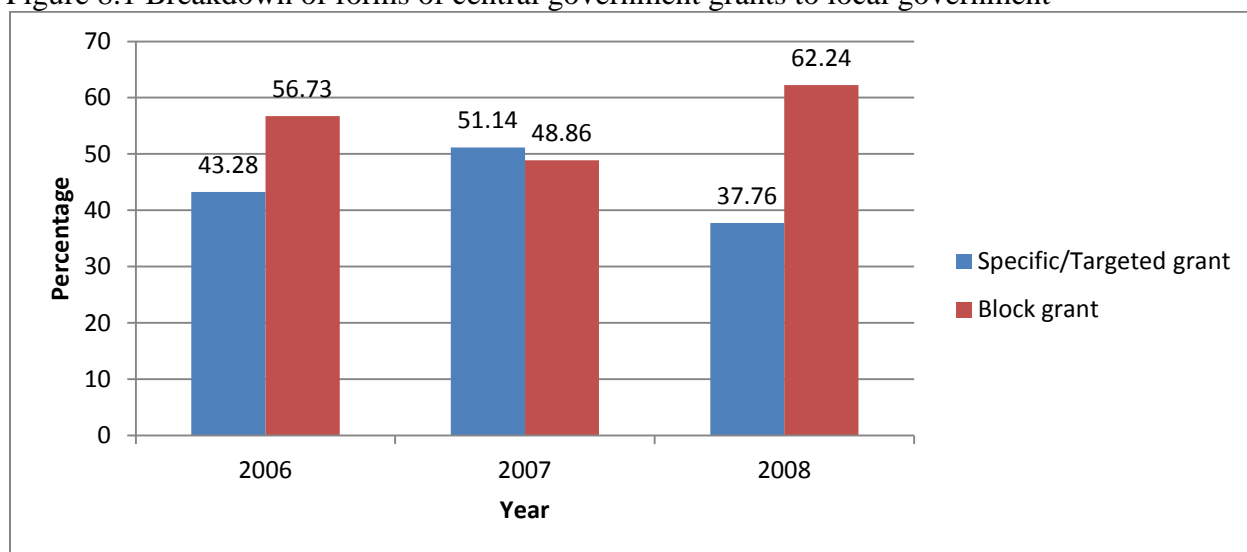
- about 7.4%, 6.1% and 9.85% of the grants received in 2006, 2007 and 2008 respectively.
- ii. Water and sanitation grants: These grants were used to promote and expand the water sector in the municipality and formed 21.37%, 26.60% and 4.37% of the grants received in 2006, 2007 and 2008 respectively.
  - iii. Educational grant: This was in the form of funds received to support school feeding activities in the municipality. This ranged from 1.3% in 2006 to 5.44% in 2008
  - iv. Development grants: These included the District Assembly Common Fund, the MPs common Fund and the HIPC. The MPs common fund is given to the Member of Parliament in the municipality through the local government for the development of the municipality. The Member of Parliament should inform the local government what the money is to be used for. These funds are received every year by the Member of Parliament through the local government. The HIPC<sup>15</sup> grants supported the establishment of the municipality's mutual health insurance scheme, access to education, health and sanitation, rural electrification and other areas to supplement the efforts of the local government in these areas of activities. These grants have since ceased as the country has exhausted all its benefits from it. Out of these development grants, the DACF constituted 92.65%, 84.25% and 94.09% of all the amounts received by the local government in 2006, 2007 and 2008 respectively.

From table 8.2, it could also be realised that the local government receives both specific grants or targeted grants and block grants from the central government. Items 3 to 12 on the table are deemed as specific grants. This is because these funds were provided for certain activities, projects and programmes in the municipality before receipt by the local government. These included water and sanitation grants, educational grants and salary grants. This leaves the local government with less flexibility in their use. The block grants included items 1 and 2 on table 8.2. The local government is supposed to use these grants within specified areas according to specified guidelines. These grants included the District Assembly Common Fund and the HIPC funds. Though the local government has some restrictions in the use of these funds, their use is seen to be more flexible than the specific or targeted grants. The proportions of the various targeted and block grants received by the local government are presented on figure 8.1.

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<sup>15</sup> These are funds received by the Government of Government from the Highly Indebted Poor Country (HIPC) Initiative in March 2001 and made available to local governments in the country.

Figure 8.1 Breakdown of forms of central government grants to local government



It can therefore be deduced that between 37.76% and 51.24% of the central government grants received during this period were already ear-marked before receipt as they were for specific activities, projects and programmes. The local government was then left with between 48.86% and 62.24% of the funds for its own municipal development activities. This reduced the actual amount of financial resources at the disposal of the local government for its own discretionary development activities.

Out of these block grants, the most common and permanent which is given to it by the central government to initiate its own development activities is the District Assembly Common Fund (DACF). The DACF is transferred quarterly to all assemblies in the country. Also, part of this fund is earmarked by the central government before it is released to it. Data on the amount of the DACF released from 2006 to 2008 indicates an upward trend in the amounts and also these amounts that are normally accumulated at the end of the financial year exceeds what is budgeted for by the local government. The total amounts budgeted for and received between 2006 and 2008 are indicated on table 8.3.

Table 8.3 DACF accumulated as against amounts budgeted for from 2006-2008(Amount in Ghana cedis)

Year	Budgeted	Accumulated	Percentage change
2006	700,000.00	722,517.92	3%
2007	800,000.00	814,768.20	1.8%
2008	1,000,000.00	1,172,181.42	1.7%

Source: Ejisu-Juaben Municipal Assembly's Financial statements (December 2006, 2007 and 2008)

*Utilization of and deductions from the DACF:*

In the year 2009, the guidelines for the utilization of the fund stated that out of the total amount to be received, one per cent is to be deducted to finance the cost of training and other capacity building programmes for the local government, 35 per cent to be utilized to set up a fund for the

purpose of youth employment programme, 0.5 per cent to support district response initiatives on HIV/AIDS, 0.5 per cent on malaria prevention and 2 per cent on people with disabilities. This indicates that about 39 per cent of the fund is already ear marked and deducted at source. The remaining was to be used in areas such as economic ventures including energy, markets, industry, agricultural services, roads, streets, bridges and culverts, ICT, private sector support and counterpart funding. The rest include social services such as education, health, electricity, water supply, housing, sports and recreation, culture and community self-help projects. The other areas where the un-earmarked fund is to be spent are administration consisting of human resources management, accommodation, office facilities and equipment as well as project management and governance structure and environmental protection. Though these guidelines relate to the year 2009, the trend of deduction has been similar over the years with about 39-42 percent of the fund being already ear marked before receipt. This is a general trend in the country concerning the release of this fund to the local governments across the country.

Based on these deductions, it can be deduced that the local government was left with about 61% of the DACF for its own development initiatives. This then help to deduce that out of the total central grants received during the period under consideration, about 32.76%, 26.21% and 37.33% of these grants<sup>16</sup> were actually free to be used by the local government without any restrictions for 2006, 2007 and 2008 respectively.

For instance between the third quarter of 2008 and the first quarter of 2009, the following were the deductions from the local government's share of the DACF.

Table 8.4 Deductions from the share of DACF (Amounts in Ghana cedis<sup>17</sup>)

Item	3 <sup>rd</sup> Quarter 2008	4 <sup>th</sup> Quarter 2008	1 <sup>st</sup> Quarter 2009
	Ghana Cedis	Ghana Cedis	Ghana Cedis
National Youth Employment Programme	93,950.76	114,145.92	150,600.42
Waste Management	42,000.00	42,000.00	42,000.00
NALAG Dues	1,002.14	1,217.56	1,376.92
Fumigation	15,000.00	15,000.00	15,000.00
Electricity Poles	36,000.00		
Gender			50,127.00
Training			4,302.87
Others	40,825.00	170,648.06	10,400.00
<b>Balance</b>	<b>84,391.30</b>	<b>37,474.85</b>	<b>156,479.38</b>
<b>TOTAL</b>	<b>313,169.76</b>	<b>380,486.38</b>	<b>430,286.90</b>

Source: Municipal Assembly, 2010

Considering these deductions, and the conditions attached to the use of these funds, the local government is left with limited financial resources to be able to adequately fund all development activities in the municipality. This therefore compels it to support pressing needs of the municipality, especially in the area of infrastructure development with this limited financial

<sup>16</sup> These figures were arrived at by multiplying 61% representing the part of DACF not ear-marked by the DACF proportions of the total grants on table 8.2.

<sup>17</sup> One Ghana cedis is exchanged for 1.4 US dollars and 1.81 Euros at the time of the data collection

resources from the DACF. In view of this, the software aspects of local economic development promotion are affected as the departments, local people and businesses are left on their own to see to address most of their own needs and challenges concerning job creation and other income generating activities.

The other source of funds that the local government falls on is its internally generated funds. These sources include revenues from rates, licenses, lands and fees and fines and rent on its properties. The various key sources for the internally generated revenue are presented on table 8.5.

Table 8.5 Sources of internally generated funds

Revenue heads/sources	Sub revenue heads/sources
i. Rates	<ul style="list-style-type: none"> <li>• Basic Rate</li> <li>• Special rates</li> <li>• Rates payable by companies and institutions owning property in the municipality</li> </ul>
ii. Land	<ul style="list-style-type: none"> <li>• Share of stool land revenue</li> <li>• Sale of building permit jackets,</li> <li>• Plot registration and transfers</li> <li>• Penalties for building permit acquisition defaulters</li> </ul>
iii. Fees and Fines	<ul style="list-style-type: none"> <li>• Market and lorry park fees</li> <li>• Court fines</li> <li>• Fees from trading activities</li> <li>• Fees from the registration of contractors</li> <li>• Advertisement and bill board fees</li> <li>• Marriage and divorce registration fees</li> </ul>
iv. Licenses	<ul style="list-style-type: none"> <li>• Restaurants and food sellers</li> <li>• Artisans and other self employed</li> <li>• Hawkers</li> <li>• Distillers of alcoholic beverages</li> </ul>

Source: Field survey, 2010

Though the various sources seem to be many, only a few are active and yielding revenue for the local government. Also, the volume of yield varies from one financial period to the other. The various estimated revenues and actual amounts realized from the sources for three year period spanning 2006 to 2008 are presented on table 8.6

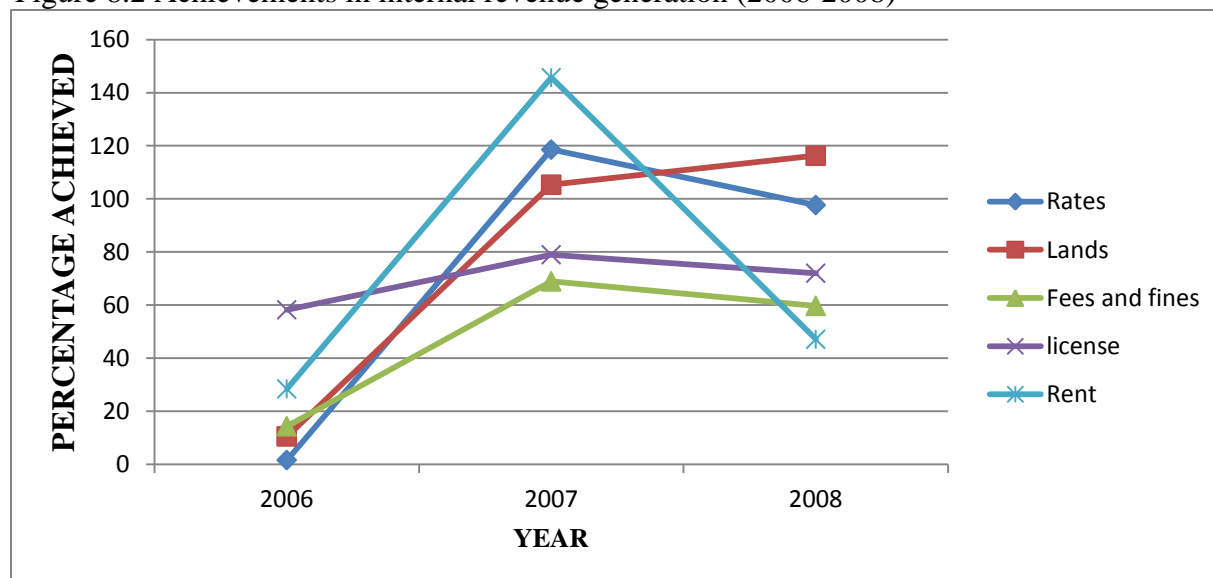
Table 8.6 Yield of sources of Internally Generated Revenue (Amounts are in Ghana cedis)

Source and year	Estimated Revenue	Actual amounts realized	Percentage achieved (%)
2006	54,500	907.2	1.67
2007	55,000	65,211.62	118.57
2008	104,700	102,268.53	97.68
<b>Lands:</b>			
2006	40,700	4,305.4	10.58
2007	50,700	53,420.0	105.36
2008	107,130	124,573.21	116.28
2006	39,450	5,695.4	14.44
2007	40,500	27,932	68.97
2008	55,273	33,019.84	59.74
<b>License</b>			
2006	17,380	10,127.2	58.27
2007	16,200	12,798.8	79
2008	18,681	13,455.2	72.03
<b>Rent</b>			
2006	5,856	1,667.5	28.48
2007	5,820	8,530.0	145.67
2008	5,820	2,744.2	47.15

Source: Ejisu-Juaben Municipal Assembly Revenue and Expenditure Statements (2006-2008)

For a clear view and discussion on the various achievement rates of the local government in its internal revenue generation, the percentage achievement rates on table 8.4 are converted into a chart in figure 8.2.

Figure 8.2 Achievements in internal revenue generation (2006-2008)



There is a clear indication that the local government has not been able to achieve all its targets set for its internal revenue generation for the years under review. It did well in the year 2007 when the achievement rate ranged from 68% to 145%. In the year 2006, it was not able to achieve any of its set targets, even in the case of land where it does not need to go out to mobilize. The non-achievement of targets can be attributed to over estimation or challenges in the mobilization process. This then affects the ability of the local government to finance all its development activities in the municipality.

#### *Challenges with the mobilization of Internally Generated Funds*

The mobilization of internal funds by the local government is not without challenges. These include inadequate data on existing rateable and all economic entities and the list of properties and their owners in the municipality that could be taxed. Property owners also default in paying property rates approved by the local government due to their non-involvement in the fee fixing process. Due to the absence of an advance system of revenue collection in the form of automated revenue collection systems, revenue collectors are able to take advantage of the loop holes in the revenue collection process to dupe the local government by under reporting what is actually collected. Again the revenue collectors are not well equipped in terms of skills and logistics to be able to collect revenue effectively in the municipality. It is therefore high time that it took a new look at internal revenue generation to meet the needs of the municipality.

#### *Financial borrowing capacity of the local government*

The Act (Act 462, 1993: section 88) establishing the local government system in the country states that ‘a district assembly may raise loans or obtain overdrafts within Ghana of such amounts, from such sources, in such manner, for such purposes and upon such conditions as the Minister in consultation with the Minister responsible for finance, may approve; except that no approval is required where loans or overdrafts to be raised does not exceed US\$1400 (2000 Ghana Cedis). Based on this section of the act, local governments cannot borrow funds from outside the country or enter into any financial agreements with any entity from outside the country for any purpose and also carry out borrowing in the country without the prior approval of the Ministers concerned. The procedure for approval of sums above the threshold entails all the bureaucracy of the corridors of governance and power in the country and the delays involved. This is therefore not attractive to most local governments in the country to borrow additional financial resources for their development activities.

This condition though an impediment to local government borrowing in the country, serves as a good check on deliberate, unplanned borrowing. Kessey (1995:3) notes that borrowing to finance local budgets is hardly used by local governments because of control from central governments and the credit unworthiness of these institutions themselves. He continued to state that even when they have been granted subsidized loans, they have found it difficult to repay. A case in point he emphasized was the high indebtedness of local governments in Kenya to the local government loans authority which gave them subsidized loans.

The Ejisu-Juaben Municipal Assembly (local government) just like all other assemblies and for similar reasons is allowed to raise loans, or overdrafts or borrow funds up to the stated sum of 2000 Ghana cedis for its activities and development purposes. The local government takes overdrafts from banks in the municipality to finance its activities in the short term and these are

paid as soon as funds are available to it. This is one of the main relationships between the local government and the financial institutions in the municipality. Based on the conditions of borrowing, the local government is not able to borrow long term funds on its own for its development activities making it dependent on central government transfers and internally generated funds.

### **8.2.2 Financing local economic development activities by the local government**

This section focuses on how the local government finances its strategies and activities in Local economic development. These analyses were not without difficulties. There were several challenges of access to the financial data of the local government. This made it very difficult to get the breakdowns of amounts from the various specific sources for implementing some of the programmes and projects. Where the actual amounts are not found, the various sources were indicated.

#### *i. Financing the preparation of the of the Municipal Assembly's Medium Term Development Plan*

The plan preparation process is fully supported by the local government with its own resources set aside for this purpose during every plan preparation period. It finances the preparation of its medium term development plans from its share of the District Assembly's Common Fund and its internally generated funds. Since plan preparation is obligatory every period, and the cost of preparation is not normally very high access to funds is usually not hindered.

#### *ii. Financing the provision of basic infrastructural facilities*

The funds for financing infrastructure development activities implemented are diverse in relation to the various types and forms and the services to be provided.

*Market infrastructure:* Over the years, the local government has financed the construction of market facilities across the municipality with funds from its share of the DACF and also with support from development partners and the central government. Out of the four major marketing centres considered, their construction was mainly supported by the local government with its share of the DACF, funds from the European Union Micro Projects and KFW without the involvement of beneficiary communities. It again presents the nature of its dependency on development partners for market infrastructure provision in the municipality.

*Financing feeder roads in the municipality:* The construction and maintenance of feeder roads in the municipality was financed with funds from its share of the DACF and also with funding support from projects such as the Community Based Rural Development Project, the Village Infrastructure Project and the Social Investment Funds, all in Ghana.

*Construction of tourist infrastructure:* The local government shared the funding of this type of infrastructure with the Ghana Tourist Board under the Ministry of Tourism in the country. It again supported this with funds from its share of the DACF. The construction of the Bonwire Tourist Centre is a case in point.

*Construction of telecom facilities:* Concerning the telecommunication facilities, it does not directly incur any financial cost. It facilitates the process and the various private sector

companies wanting to invest in the municipality bear the actual financial expenses in constructing and maintaining these facilities.

*Extension of electricity and water facilities:*

In facilitating the provision of electricity to communities in the municipality, it supported the process by utilizing part of its DACF. For instance it spent 36,000 Ghana cedis (US\$25,700) of its third quarter allocations of the DACF in 2008 on the provision of electricity poles supplied to communities that were to be connected to the national electrification grade.

*iii. Financing the marketing of the municipality*

This function entails a lot of activities ranging from the participation of local entrepreneurs in local, national and international trade fairs to the printing of brochures and advertising the municipality through the media and the creation of an internet site for the local government and the municipality. The local government is not very active in this role and special funding is not set aside specifically for this purpose. With the few brochures that were prepared some years ago, it financed them through its own funds.

*iv. Support for and implementation of central government, ministries, departments and agencies, programmes and projects*

The projects implemented by the local government on behalf of these outfits are most of the times fully financed except in the case of the National Farmers' Day celebrations and the National Youth Employment Programme. The National Farmers' Day Celebrations is funded with part of its DACF and supported by private economic entities in the municipality. It also supports the National Youth Employment Programme with funds from its share of the DACF. This happens every year. For instance, it used 53,758.98 Ghana cedis (US\$38,399.21), 150,483.44 Ghana cedis (US \$107,488.17) and 142,510 Ghana cedis (US \$101792.86) in 2006, 2007 and 2008 respectively.

*v. Provision of skills training programmes and micro credit*

The funds for the provision of skills and micro credit came from varying sources. These included the Community Based Rural Development Project which supported the provision of skills training in the area of leather works and also from the Ghana Tourist Board which supported the training of craftsmen in kente weaving in the municipality. For the provision of micro credit, the local government through the NBSSI received an amount of 8000 Ghana cedis (US \$5700) as part of the Ministry of Local Government and Rural Development and the Afro Asian Rural Development Organization loans for small scale enterprise development for disbursement. In times past, the guidelines for the utilization of the DACF also made provision for about 5% of the fund received by the assemblies to be utilized for poverty alleviation activities. These funds were to be given as loans to people for economic activities. Records of the disbursement of these funds were not the best. Part of these funds was given to individuals and other small business entities but it could not retrieve these monies back. Generally across the country, these funds were not applied for the purpose for which they were reserved for. They found their way into the hands of political party supporters and cronies of ruling governments and others across the country. The recovery of these funds was problematic and the funds were lost. Also the distribution of Micro-Finance and Small Loans Centre (MASLOC) were also influenced by political affiliations and these also found their way to party faithfuls and not to business entities.



Most of these funds administered by the local government were not part of their actual development budget. They were additional resources received. This indicates that in terms of micro credit disbursement, the local government cannot be trusted. What it can therefore do is to make any funds available for this purpose to financial entities that have the capacity to do so. Once this is done, it can link economic entities in the municipality to these institutions for funding.

*vi. Maintenance of peace and security*

This is an activity that is essential for all forms of development in the municipality. The actual security functions are performed by the various security agencies in the municipality and are financed by the central government. This notwithstanding, the local government oversees the peace and security situation of the municipality. To this activity, it allocates no specific funds except for the construction and maintenance of infrastructure facilities in the form of offices accommodation and other premises to enhance their activities.

*vii. Land use planning*

Land use planning activities of the municipality are carried out by the Department of Town and Country Planning office in the municipality. Over the last five years, the local government has not allocated any substantial funds to this course. The Department received only one hundred and fifty Ghana cedis from the local government for its activities in 2009. The few physical planning activities in the municipality are carried out by the department through its internally generated funds and also with funding from its supporting ministry, agencies and projects such as the Land Administration Project (LAP).

It could be realized that the local government depends to an extent on the DACF, the central government and development partners and funds from certain projects to finance its local economic development roles. The funding sources for the various roles and the activities of the concerning local economic development is summarized in figure 8.3. It is evident that the activities of the local government such as the provision of infrastructure and the provision of skills receive funding from all the sources identified while the others receive funding from at most two sources. In all, the DACF supports all the strategies and activities of the local government identified.

Figure 8.3 Summary of the sources of funding for the various local economic development strategies

<i>Strategies</i>	<i>Sources of funds</i>			
	<i>Projects</i>	<i>Development Partners</i>	<i>Government</i>	<i>DACF/IGF</i>
Skills provision				
Maintenance of peace				
Support for government				
Land use planning				
Marketing of the municipality				
Provision of basic infrastructure				
Micro-credit provision				
Municipal Planning				

Source: Author's own construct, 2010

With about two fifths of the DACF allocated before receipt and it being the main source of income for most of the activities of the local government coupled with its inability to generate enough funds internally, it clearly brings to the fore that it will not be able to sustain and expand its activities in the current period and in the future. Also, in most of these roles and activities, beneficiaries are excluded from the funding of these activities, except in the area of electricity and water provision where they provide about 5% of the cost. In this light, it behoves on the local government to find additional and alternative means of financing its current and future activities in promoting local economic development activities in the municipality. The presentation above again brings to light the kind of financial commitment of the local government to its identified roles and their execution. It indicates clearly that it is committed to certain roles and activities than others in terms of funding. It is more focused on funding physical or the hardware aspect than the software aspects of local economic development. While it provides more funds for infrastructure provision, less is committed to direct skills provision and acquisition and leaves activities such as land use planning and others to the departments and units involved to fund these activities on their own. This has the tendency of weakening the software and 'orgware' aspects which are necessary for local economic development.

### **8.3 Local government's institutional set-up for local economic development promotion in the municipality**

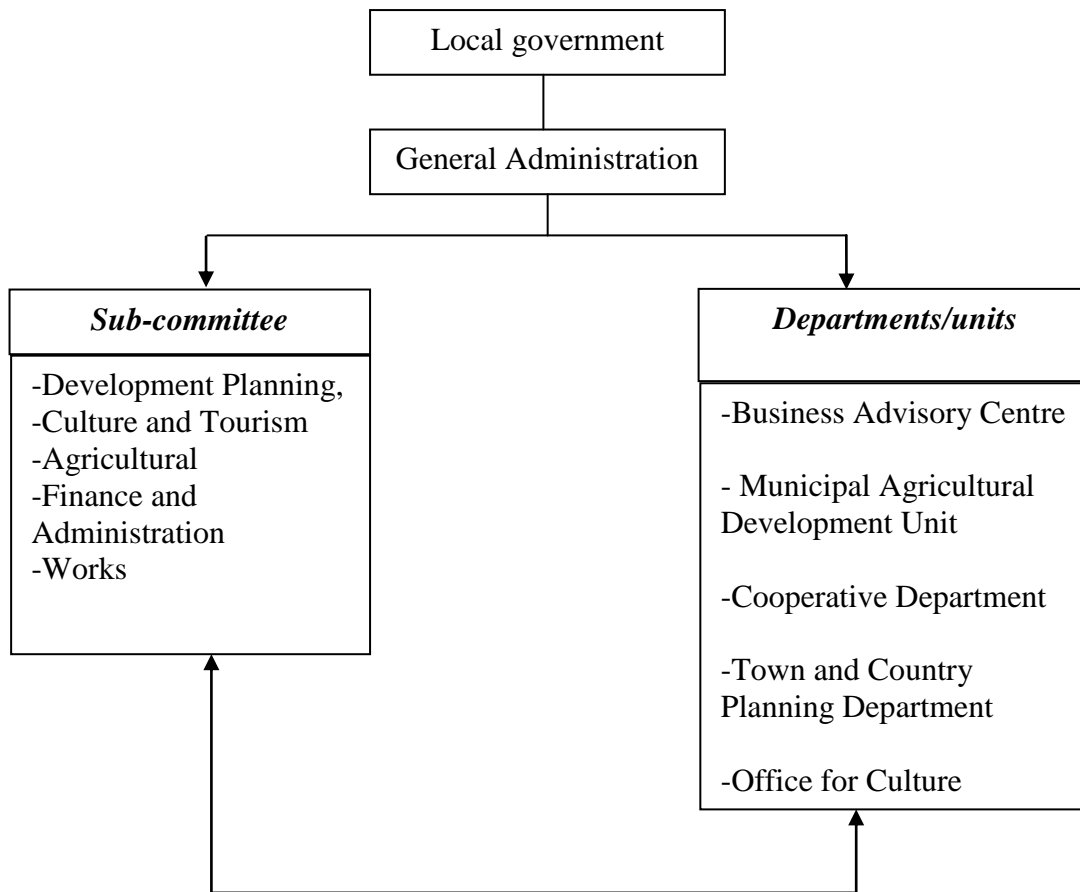
Local economic development as a process oriented activity depends on existing institutions, the creation of new ones and their ability to manage the process. These institutional set-ups reflect decisions about the organisational channels and relationships that exist or are established for economic development oriented activities. The local government has different departments and

committees that promote and implement economic activities at the municipal level. These departments are the Business Advisory Centre; Agriculture Development Unit and the Office for National Culture. The others include the Department of Town and Country Planning, Department of Cooperatives, Works department and the Department for Community Development. They are responsible for promoting economic activities in the various fields of economic development pursued by the local government. The sub-committees that are directly involved in local economic development are the Development Planning, Culture and Tourism and Agricultural. Though there is no organogram representing the institutional set-up for local economic development promotion by the local government in the municipality, the picture of this frame can be viewed as presented in figure 8.4.

There exist consultative and cooperative relationships between the local government through its administrative body and the sub-committees and also the various departments at the municipality level. If the local government wants to implement any activity on local economic development, it is supposed to consult or collaborate with these departments as most of them, though on paper, are supposed to be departments of the local government, in actual fact, they belong to parent ministries, departments and agencies at the national level. There also exists consultation, collaboration and cooperation between the sub-committees and the departments. The consultation process involves the provision of information, discussion of issues concerning each other and the making of decisions that affects both parties. As part of the cooperative and collaborative process, they work together to achieve common purposes for the development of the municipality and the local government.

Within this frame, there exists no institution that serves as a coordinating body within and between these departments, sub-committees and the general administration of the local government. There is therefore the need for the constitution of a central body to coordinate all activities on local economic development by the local government and this should be expanded to link up with other stakeholders in the municipality which are involved in local economic development.

Figure 8. 4 Institutional set-up for local economic development at the local government level



Source: Author's own construct

### 8.3.1 Description and characteristics of the various departments involved in local economic development at the local government level

The various characteristics of the departments named above are discussed below. The discussion captures their mandate, roles and capacity assessment in line with their functions. It also brings out their relations with the local government and among themselves.

#### *The Business Advisory Centre*

The Business Advisory Centre of the local government is a unit of the National Board for Small Scale Industries in Ghana and under the Ministry of Trade and Industry. The National Board for Small Scale Industry (NBSSI) is an apex government body responsible for the promotion and development of micro and small scale enterprises sector in Ghana. It was established by an Act of parliament, Act 434 of 1981. Governments of Ghana both past and present see the sector as having the potential to contribute to job creation and the rate of economic growth of the country. The objectives of the NBSSI are to contribute to the creation of an enabling environment for the development of small and medium scale enterprises; contribute to the development of an entrepreneurial culture in Ghana; facilitate access to credit for small enterprises; provide non-financial support for sustainable small-scale enterprise development; and to facilitate the growth of enterprise sector associations. The activities of the Board fall into two broad categories,

namely financial and non-financial. The Credit Unit, located in all regional secretariats of the Board, is responsible for the financial function while the Business Advisory Centre (BAC) located at the district level in the country is responsible for the non-financial function. The BAC has the objectives of facilitating the improvement of the environment for small scale business creation and growth; facilitating medium and small scale enterprise development and access to business development services; providing advisory, counselling and extension services; and promoting group formation and strengthening small and medium scale enterprise associations.

The BAC at the municipal level also performs similar duties and functions based on demand by clients of the business community in the municipality. Some of the programmes and activities of the BAC to promote business activities include employment needs assessment, advising and extension services, technical workshops on leather works, provision of financial support schemes, group dynamics training and credit management seminars and assistance for business registration. The centre is manned by a two-member staff- a project and operations officer and a secretary. The staff have the responsibility of seeing to the needs of all small and medium enterprises in the municipality. Though, there exists no clear number of enterprises in the municipality, it could be inferred that the two members of staff were overwhelmed with the functions and duties they were to carry out. The centre has no means of transport at its disposal to move round the municipality to carry out its activities. This in a way hampers its activities. Also, logistics in the form of computers and other equipment were not available. The centre prepares its plan and budget and submits them to the Board and the local government for funding. These budgets are not met by these institutions to enable it carry out its activities effectively. For instance in the year 2009, less than a quarter of its budget submitted to the local government was met. The local government provided it with funds when it deemed it necessary. The local government only falls on it when it needs its support urgently. The challenges facing the centre are numerous and include inadequate staff to man its activities, inadequate logistics and funds for programmes and projects implementation. Generally, the centre has weak capacity for business development in the municipality. The head of the centre is also not a direct member of the Development Planning sub-committee of the local government that over sees business development in the municipality.

#### *The Municipal Agricultural Development Unit*

This unit is responsible for the agricultural development of the municipality. Under the current decentralization dispensation in the country, this unit though under the Ministry of Food and Agriculture is supposed to be a department of the local government and so should take directives from it. Over the years, the department and many others have not been fully integrated into the local government concept being implemented in the country. It has dual allegiance to the Ministry and the local government.

The unit provides training to farmers on improved farming methods and ensures effective and efficient delivery of agriculture services to clients including women, the youth and the disadvantaged in the municipality. It also advises farmers on the application and adoption of technology with the objective of increasing their productivity, income and well-being through sustainable environmental conditions. It also facilitates the development of the private sector extension and farmer-based organization development. The sector supports all forms of agriculture in the municipality. This includes crop and livestock production including poultry.

All these activities have the potentials of supporting local economic development activities in the municipality. About 95% of its activities and funding are received from the Ministry of Food and Agriculture order than the local government. The unit has seven professional staff, five sub-professionals and other supporting staff who oversee the activities of the unit. They are employees of the Ministry of Agriculture. Though the unit has not got its entire required staff, it at least has enough staff for its activities at the moment. A list of the personnel capacity needs of the unit is presented on table 8.7. The various logistical capacity of the unit is also presented on table 8.8.

Table 8.7 Personnel Capacity

Type of Personnel	Required	Existing
Professionals	7	7
Sub-professionals: Extension officers	24	5
Drivers	2	1

Table 8.8 Logistical Capacity

Logistics	Required	Existing
Vehicles	3	2
Motor bikes	30	12
Computers	3	1

Source: MADU, 2010

The unit has been in existence for a longer period and has a wider coverage of the entire municipality. It is making progress in promoting agricultural activities in the nukes and cronies of the municipality. The unit has strong relations with the local government. The unit also has a direct link with the agricultural sub-committee. The Director of the unit is a member of the Agricultural sub-committee and is consulted by the leaders of the local government on issues relating to agricultural development in the municipality. The form of relationships can be described as consultative and cooperation. It also submits its activities to the local government for inclusion in the medium term development plan of the municipality.

#### *Municipal Centre for National Culture*

The Municipal Centre for National Culture is a representative of the Commission on National Culture (under the Ministry of Chieftaincy and Culture) at the district level. The centre's objectives are to document and promote Ghana's traditional cultural values such as those enshrined in attitudes to nature and environment, law and order, unity and peace, family, community and national solidarity. It is also to ensure the growth and development of cultural institutions and make them relevant to human development to enhance Ghanaian cultural life and develop cultural programmes. The Municipal Centre for Culture exists in the municipality to promote cultural activities to attract tourists into the municipality. These include the formation of performing art groups, drama, drumming and dancing groups; promotion and development of art and craft centres; and the development and promotion of tourist sites in the municipality with assistance from the local government. The centre has one officer in-charge of all these activities and is assisted by other key staff of the local government when it comes to its operations. This centre depends to a larger extent on the local government for funding its day to day activities and its logistical needs. This indicates that should there be the non-availability of logistics and other resources from the local government, its operations and activities would be halted. Though it is supported financially by the Centre for National Culture, this is inadequate. The centre has a direct relationship with the office of the Municipal Chief Executive as it serves as a link between traditional leaders and the local communities and their leaders. It also has a direct relationship

with the culture and tourism sub-committee and the municipal cultural officer is a member of this committee.

#### *The Department of Cooperatives*

This department at the municipal level exists to facilitate the development of vibrant cooperatives and enterprises that are capable of contributing positively to sustainable employment generation, agricultural growth and poverty reduction in the municipality. It plays facilitating/regulatory, advisory/counselling and social functions in the municipality as far as cooperatives development is concerned. It registers cooperatives and provides on the job training for managers and other employees of cooperatives in the municipality. The department is also under the Ministry of Manpower Development and Employment and implements mostly activities of the ministry. It receives its budget allocations for its operations from the ministry order than the local government. It has four officers who man the department and its activities in the municipality. The department has inadequate funds and staff for its activities. Also basic logistics such as computers and transport for its activities are not available to it. These hinder its efforts at the municipal level to effectively promote the development of cooperatives which are key to local economic development in the municipality.

#### *The Town and Country Planning Department*

The Town and Country Planning Department exists to plan, control and ensure the harmonious, sustainable and cost effective development of human settlements in accordance with sound environmental and planning principles in the municipality. It prepares land use plans (structure plans) to direct and guide the growth and sustainable development of settlements in the municipality. It performs assessment of zoning status of lands and proposal of re-zoning where necessary. It again coordinates diverse physical developments promoted by departments, agencies of government and private developers. Moreover, it administers land use management procedures in settlements and channel day to day physical development into efficient forms and sound environmental places of residence, work and recreation. It again processes development/building permit application documents for consideration by the statutory planning committee and create awareness about the need to obtain planning and development permits as well as the right procedure to use. The department is under the Ministry of Science. The mandate of the department is derived from five main legal instruments, namely; Local Government Act, 1993 (Act 462), National Development Planning Commission Act, 1994 (Act 479), National Development Planning (System) Act, 1994 (Act 480), National Building Regulation, 1996 (LI 1630) and the Town and Country Planning Ordinance, 1945 (CAP 84). The department is faced with inadequate staff, logistics including vehicles for its activities and computers and computer software. The department is also starved financially and it is not able to carry out its mandate extensively. There is also a missing link between planning and implementation. Permitting procedures delay the granting of permits. The processing of permits which should normally take three months, takes close to a year before it is granted. Also layouts prepared by the department are often not consulted by the local government when it comes to the implementation of activities leading to haphazard development. The local government again fails to involve the departments in its development planning activities unless it is very critical or when it has a problem.

### **8.3.2 An assessment of the various local economic development implementing institutions**

The examination of the various institutions in local economic development promotion on behalf of the local government revealed that all of them are not actual and active departments of the local government. They all have partial relations to it. The MADU is a unit of the Ministry of Food and Agriculture while the BAC belongs to the NBSSI of the Ministry of Trade and Industry. The Town and Country Planning Department at the municipal level is also a unit of the main Town and Country Planning Department at the national level which is under the Ministry of Environment, Science and Technology. Also, the Office for National Culture is a unit of the National Commission on Culture which is also under the Ministry of Chieftaincy and Culture. This leaves it with no specific unit of its own to promote its economic development drive. The preferences of these institutions are in relation to the activities of their parent organizations while issues of the local government are second in all cases. A greater part of the activities of these units are also from their mother organizations, ministries and departments than the local government. So also it is with funding, recruitment of staff and the provision of logistics. As the saying goes, the one who pays the piper calls for the tune, this leaves these units to have stronger relations and ties with their mother organizations, ministries and departments and a weak one with the local government. These undermine the ability of the local government to effectively command these departments to carry out its activities in the municipality. It also complicates the form of relationships between these units and the local government in terms of command structure. Should it deal directly with these units or through their mother organizations, ministries and departments? This is a question that is not yet answered very well, but relevant to the effective involvement of local governments in local economic development in the country.

#### *Capacity of the various units for local economic development*

All the departments and units in-charge of local economic development activities except the MADU have inadequate staff, vehicles and other logistics that will improve their performance and execution of their roles in this regard for the local government. Though there is no standard requirements of the number of staff that will make them function effectively, the available number of staff which ranges between 2 and 5 is not adequate enough for them to carry out their activities in the entire municipality. Also less than a quarter of their budget is met in a year and this form of support by the local government to them is either absent or not forthcoming. Vehicular support for all the departments except the MADU is not available. They tend to depend on the pool of the local government's vehicles which are also not always available for use by these departments. This inadequate capacity has the likely ability of affecting their effectiveness in the local economic development process.

#### *Relationships between departments*

These departments collaborate with each other in their activities. The main area of collaboration between the MADU and the BAC is in the training of farmers and organized agricultural related groups in entrepreneurial, business development and management skills. Since the BAC is the unit that exists to provide technical and financial management training for all small and medium scale economic entities in the municipality, the MADU usually depends on the BAC for its training workshops organized for farmers in these respect. The MADU has no direct relations with the Office for National Culture. The BAC again provides skills training in the areas of business management and records keeping to the various entrepreneurs involved in crafts in the municipality. This brings to light the importance of the BAC in the development of small and



medium scale economic entities in the municipality. The Department of Cooperatives also registers cooperative societies in all sectors of the municipal economy be they farmers, small business entities or cultural organizations. The Department of Town and Country Planning Department assists business entities to acquire permits and space for their economic activities.

Generally, these departments assist each other in one way or the other in carrying out their activities that lead to the economic development of the municipality. But this notwithstanding, these relationships need to be enhanced by the assembly to help achieve full benefits and effectively promote local economic development.

#### **8.4 The planning process for local economic development at the municipal level**

A critical analysis of the data collected through the various interviews and documentary analysis at the local government level indicated that the local government did not follow a separate planning process in promoting economic development in the municipality. It followed an integrative planning process which covered all sectors and aspects of the development of the municipality of which economic development is part. This implies that the process or model followed in promoting the economic development of the municipality is captured in an integrative manner as part of the entire development process followed. This process includes data collection and analysis, planning, implementation and management, monitoring and evaluation. It entails planning for infrastructure, social, governance, environmental, cultural as well as economic development. This process leads to the preparation of an integrative development plan which contains the policies, goals and objectives covering all sectors of the municipality's development. The policies, programmes and projects that are implemented in line with local economic development are sourced from these developed plans. This planning process followed by the local government is issued through guidelines by the National Development Planning Commission (NDPC) of Ghana which oversees all statutory planning activities in the country. New guidelines are issued during each planning period.

##### **8.4.1 Content of plan preparation guidelines on local economic development**

The National Development Planning Commission (NDPC) has issued four plan preparation guidelines for all local governments in the country since the year 1996. The first guideline was from 1996-2000. The others were from 2002-2004, 2006-2009, while the latest is supposed to be for 2010-2013. A review of these documents indicated that the first three guidelines did not make mention of the concept of local economic development, but issues covering the concept were captured under thematic areas such as production and gainful employment and skills and entrepreneurial development under human resource development in the 2002-2004 guidelines and Priorities for Private Sector Competitiveness in the 2006-2009 guidelines. The 2002-2004 guidelines enjoined the local government to analyse their resources to generate gainful employment. In this respect, they were to analyse their production systems and level of technology, support given to the improvement of storage facilities to minimize post-harvest losses and streamline distributions. In the 2006-2009 guidelines, local governments were to formulate goals, objectives, programmes and projects that bordered on modernizing agriculture, support services, the development of additional sector to support growth, employment generation and improvement and expansion of safety nets at the local level.

The guidelines spanning the period, 2010-2013, made actual mention of local economic development and what the local governments should do in this area. It contained a general direction on local economic development at the local level. It stated that in promoting local economic development, the local governments should consider introducing innovative programmes such as facilitating the upgrading of technological and managerial capabilities of micro, small and medium enterprises. It should also embark on marketing strategies to advertise the economic endowments of the local areas and create good image to attract investment. It again has the duty to facilitate the formation of community saving schemes to provide financial services and also the promotion of land use rights (Government of Ghana, 2009:19). This provision in the current guidelines is to compel local governments to include programmes for local economic development in their plans. Though it is good for the guidelines to force local governments to include programmes and projects bothering on local economic development in the plans, the National Development Commission should supervise them to actually implement these programmes and projects.

#### **8.4.2 Human resource capacity for planning at the local government level**

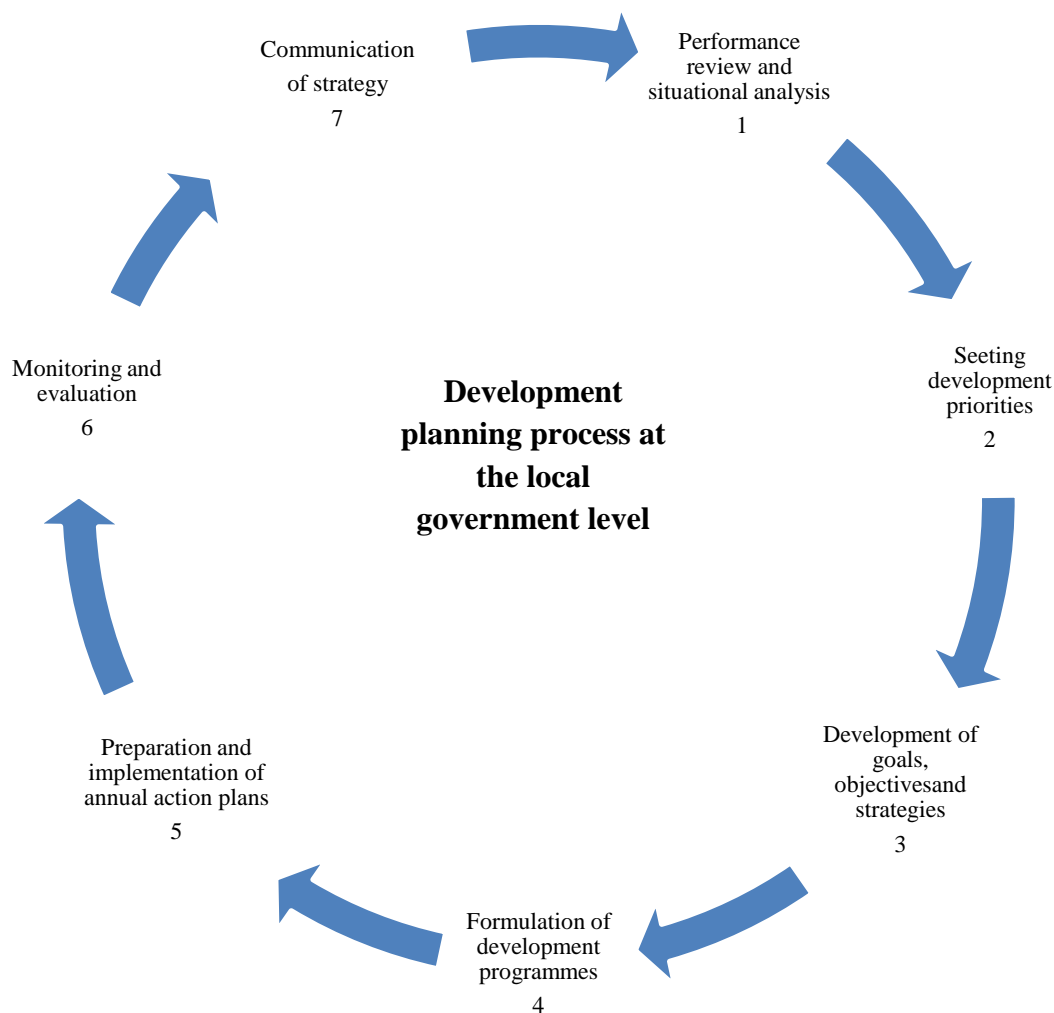
The development planning activities of the local government is carried out by the Municipal Planning and Coordinating Unit (DPCU). The establishment of this unit is based on a proposal made in the local government act, 462 section 46. This unit is made up of the planning and budgeting units of the local government and all the heads of the various technical departments of the local government. These heads are deemed to be the specialist and professionals of their departments and units. The unit coordinates the planning and budgeting activities of the various units and departments for implementation. The core planning activities and functions of the local government is carried out by the planning unit in consultation with the budgeting unit and finance department of the local government. The planning unit has two planning officers to man it and lead the planning activities of the local government. These two personnel have bachelor degrees in development planning and development studies. They have been involved in planning activities for a period not less than five years. This puts them in a good position to plan for the local government in all areas of local level development. Despite this, there is the need to improve their planning skills in the area of local economic development to help them plan very well. They have also attended several in-service training workshops that have equipped them to plan for the municipality. But these notwithstanding, they are overburdened with activities every day in the week from project inspection to report writing and to attending courses and workshops with less time for actual planning. There are budget and finance officers supported by other categories of staff members who see to the budgeting and financial planning activities of the local government. All these staff have the requisite skills and are available to enhance the planning, budgeting and financial activities of the local government in the municipality.

#### **8.4.3 Description of the current planning process at the local government level**

The first stage of the current planning process entailed the analysis of the performance of the municipality in implementing programmes and projects under the previous medium term development plan and other interventions during the period under review covering all the sectors in the district. It also involves an analysis of the current situation and profile of the municipality. It provides a summary of the key development issues and problems in the municipality. The second stage sets out the development priorities of the municipality with inputs from sectoral directorates in the municipality and linked to the appropriate thematic areas of the particular

policy framework guiding the country’s development at the time. The third stage entails the development of goals, objectives and strategies that will guide the development process of the municipality for the period. The fourth stage covers the development of programmes and this normally includes a statement on broad programmes to be implemented for the period, including joint programmes if any with neighbouring districts and an indicative financial plan. At this stage, the local government is enjoined to introduce innovative programmes in the area of local economic development for implementation among many others. These programmes are then broken down into annual action plans in the fifth stage. The annual plans are also to be linked to the annual budget of the local government. The sixth step covers the design of monitoring and evaluation arrangements for the plan while the final stage brings out the strategies on how the plan will be communicated and the form of the annual progress report to be made to the stakeholders concerned. A summary of the process followed so far by the local governments in the country as prescribed by the NDPC over the last decade is presented on figure 8.5.

Figure 8.5 Medium development term planning process



Source: Compiled from NDPC Guidelines (2002, 2006 and 2009)

#### **8.4.4 Local economic development planning in the context of the district level planning process**

It is evident in the steps enumerated in the above planning process followed by the local government that local economic development planning is a fraction of it. Issues concerning it are considered at all the stages of this process. At the review stage, issues concerning local economic development are considered as part of the broad issues reviewed. The analysis of the district economy is also considered at this stage. At the setting of the development priorities of the municipality, consideration is also given to local economic development by the local government. The various goals, objectives and strategies for the development of the economic sectors of the municipality are catered for at this stage. The various programmes for each economic sector are developed at this stage. These are implemented over the planned period and are again reviewed during the beginning of the new plan preparation period. Though some aspects of local economic development planning are captured in the entire planning process at the municipality level, the current process has various prospects and challenges for effective local economic development in the municipality that need to be critically analysed.

#### **8.4.5 Prospects and challenges of the current process for local economic development planning**

The process is very comprehensive and tries to capture most of the issues concerning the municipality's development. It covers issues on economic, social, cultural, spatial and most aspects deemed to be of importance to the development of the municipality. It links all the sectors together in the process and indicates that no sector stands on its own or is of greater importance than the other. Also, it entails most of the stages and steps as identified in the local economic development process indicated in chapter three of this report. It includes the identification of stakeholders and their involvement in the process. It also hinges on participatory planning where the necessary stakeholders in the process are supposed to take part in analysing and visioning for that particular spatial entity and also in the formulation of goals, objectives, strategies and action plans and their implementation and management. The process again links its outputs to the national policy framework and the goals and objectives of the country prevailing at the time. Despite all these prospects, the process poses certain challenges to effective local economic development planning at the local level and these have been discussed below.

The process followed by the local governments though very broad, integrative and all inclusive, has the ability of paying little attention to specific sectors of the local economy including local economic development. It again has the potential of overlooking the basics and other needs of local economic development and in actual fact it does not put major emphasis on local economic development. Also, the consultation of all stakeholders in the process, especially the local ones is not thorough to be able to capture most of their needs and aspirations. This is because the process covers many stakeholders spread across various sectors and areas of the municipality over a short period of time. As a result of this it is likely that the number of stakeholders involved in the process is greatly reduced. Moreover, the process is so much attached to the particular development policies of the country at the time of the plan preparation and the focus of this policy document determines the content of the plan including the goals, objectives, programmes and projects to be implemented during the period. In this view if local economic development is not a major focus of the national policy framework, it may not be captured very well in the process. During plan implementation, all the aspects planned for during the planning process would have to be carried out. It is always the case that most of the programmes and

projects implemented are physical infrastructural projects which can help the local politicians score high points in the eyes of their electorates and constituents. The software aspects of local economic development promotion are normally ignored, though they are most of the time captured in the plan. The process again talks about the communication of the plan to the necessary stakeholders in the municipality. Data from the stakeholders as shall be discussed in the next chapter brings to the fore that many of them do not know what happens after the plan preparation process. These are a few of the challenges with the current process.

To make planning for local economic development very comprehensive, the various aspects of local economic development, especially the development and sustenance of economic activities should be elaborated and expanded further after the main integrated planning period. The local government should engage further the necessary stakeholders in the field of economic development and have a detailed analysis of the situation of the municipal economy and plan accordingly for implementation.

### **8.5 Summary of emerging issues**

The chapter captured the analysis of the capacity of the local government in local economic development promotion in the areas of finance, human resource and technical capacity and its institutional set-up for the process. It also analysed the process it followed in local economic development planning and implementation in the municipality. The following were the issues that emerged from the discussions above:

- i). The local government is challenged financially in its local economic development promotion drive as it depends to a greater extent on central government grants for its financial resources. Its internal revenue generation is fraught with several challenges. It depends on its share of the District Assembly's Common Fund to a larger extent in implementing its local economic development initiatives. It again has limited financial borrowing capacity. The local government does not ear-mark specific financial resources for promoting the software and 'orgware' aspects of local economic development.
- ii). The local government has no clear institutional set-up for local economic development promotion. The responsibility for local economic development within the local government lies with several departments. These supposed departments have dual allegiance to their mother ministries and the local government. There is also no coordinating unit among the various departments and sub-committees involve in local economic development.
- iii). The local government follows an integrative planning process and does not specifically plan for local economic development separately. Though the process is broad, it have some challenges that are inimical to comprehensive local economic development planning. There is therefore enough evidence to conclude that local economic development planning is not strongly integrated into the local government planning system.

The next chapter covers the analysis of the involvement of the various actors/stakeholders by the local government its local economic development process.

## **9 Stakeholder involvement by the local government in local economic development promotion in the municipality**

### **9.1 Introduction**

The field of local economic promotion involves several actors playing either formal, informal, direct or indirect roles in the process. Generally, actors do not carry out this task alone, but with the involvement of several other actors who are involved in this course. This may be conscious or unconscious to the main actor concerned in carrying out this course of action. Local governments also do not promote local economic development alone. They need to build and maintain relationships with other relevant stakeholders or actors involved in local economic development promotion either directly or indirectly. Therefore, the involvement and relationships between local governments and these other stakeholders are of particular importance. While there is the need for involvement, there is a lack of clear understanding of how local governments involve other stakeholders in the process and how to improve upon these relationships. This chapter therefore endeavours to present and throw light on the involvement of other stakeholders in the local economic development drive of the local government. It also presents how the sub-structures of the local government are involved in the process. The analysis bring to the fore the forms of involvement and the kind of relationships between the local government and the other stakeholders. The needed data for arriving at this chapter and its conclusions were obtained through interviews and discussions with key actors in local economic development and responsible officials of the local government, business owners, financial institutions, local leaders, local institutions and the review of documentary evidence including the development plans of the local government.

### **9.2 Background and characteristics of identified key stakeholders**

The other key stakeholders in the process of local economic development in the municipality as identified through the data collection process varied. Some were located in the municipality while others were outside the municipality. They also ranged from economic entities both within and without the municipality, local leaders and individuals, research and educational institutions and central government and its units. From the data collected, the various stakeholders that the local government interacted with in the process of local economic development is presented on table 9.1 below. These stakeholders were classified based on their spatial level and domain.

Table 9.1 List of stakeholders as identified and their spatial levels

<b>Spatial level</b>	<b>Domain</b>	<b>Type</b>
<i>International level</i>	International development partners	KFW, GTZ, the European Union, DANIDA
<i>National level</i>	The Government of Ghana	The central government, ministries, departments and agencies
<i>Local level</i>	Research Institutions	Crop Research Institute (CRI), Forest Research Institute of Ghana (FORIG), Building and Roads Research Institute (BRRI),
	Educational institutions	Kwame Nkrumah University of Science and Technology <sup>18</sup> , Kwaso Rural Development College, Local technical and vocational schools
	Financial institutions	Juaben Rural Bank,
	Local businesses and entrepreneurs	Retailers, wholesalers, service providers, manufacturers, agri-business
	Local business/ Trade associations	Transport operators, oil palm producers, farmer cooperatives, hair dressers and beauticians, dressmakers and tailors associations
	Local community leaders, politicians and individuals	Chiefs and elders, assembly members and other opinion leaders

Source: Field work, 2010

### 9.2.1 International Development Partners<sup>19</sup>

These international development partners have provided funds and technical assistance in the provision and management of development infrastructure and other activities in the municipality. These included water, market and road infrastructure and capacity development programmes for the local government. These stakeholders operate at the local level through cooperation agreements with the central government. The local government has access to them through the central government. Any agreements of cooperation between the local government and these

<sup>18</sup> Though this institution is outside the municipality, but within the region, it was classified as local to distinguish it from those at the national level

<sup>19</sup> Data on the international development partners were collected through interviews with officials of the local government and supported with documentary evidence from the local government.

levels of actors should be sanctioned or approved by the central government. This type of stakeholders does not have a permanent interest in the local development activities of the local government in the municipality. Once their programmes or projects are through, they leave the municipality or local area, though they at times come back to evaluate the outcomes of their activities. The main form of contact between the local government and this level of stakeholders is through reports on the progress of various projects and programmes in the municipality they are involved in and through joint inspection, monitoring and evaluation of such programmes, projects and activities. This category of stakeholders has the ability of augmenting the resource and capacity base of local government. More so, they have the potential of instituting local economic development oriented initiatives which the local government may not be able to carry out. Their direct contact with communities is also a means of enhancing bottom-up planning and decision making at the local level.

### **9.2.2 The Government of Ghana**

The government of Ghana is the main development agent and manager in the country. It provides policy guidelines and direction to the local governments and provides them with the necessary financial and other resources for their activities and functioning. It does these through its ministries, departments and agencies both at the national, regional and district or local levels. Through its ministries, it also implements specific programmes at the local level to promote economic activities. These include poverty alleviation programmes, capacity building programmes for local economic and business entity owners. It also provides employable skills to the youth through training and apprenticeship programmes. Furthermore, it provides infrastructure that the local government cannot provide with its allocated financial resources and links it up with other development partners in the development process.

### **9.2.3 Financial Institutions**

These financial institutions operate in the municipality and have various products that can enhance economic development activities in the municipality. They provide credits to individuals and economic entities in the municipality. They also administered funds on behalf of the local government to beneficiaries of its funded activities such as its poverty alleviation initiatives.

### **9.2.4 Local economic entities, business and trade associations**

This category of stakeholders constitutes the base of economic development activities in the municipality. They perform the production function of local economic development in the municipality. They generate income and wealth through the creation of, and engagement in a range of production activities. These ‘producers’ in the municipality include formal, informal, micro, small, medium to large scale craft, agricultural, industrial and service focused economic activities. The economy of the municipality is dominated by a number of small and medium scale enterprises of various sorts. They are distributed across the length and breadth of the municipality. The trade and business associations represent various trades and economic activities engaged in by the various individual businesses and entrepreneurs. These serve as the mouthpiece of the various individual businesses and entrepreneurs in the municipality and beyond.



### **9.2.5 Local community leaders, politicians and individuals**

These include traditional leaders who are the custodians of the lands and all settlements in the municipality. They provide land for the development of all activities in the municipality. Though this category of stakeholders is not directly involved in local economic development, some have chosen to be entrepreneurs in the municipality thereby contributing immensely to the process. Some have through their networks established big economic entities that employ people in the municipality and also sponsored many agricultural and craft related activities in the municipality. The local politicians include Assembly persons and members of parliament. They represent the local people at the local municipal assembly and the national parliament respectively. They are key in the process of local economic development promotion in the municipality as they know the needs of the local business sector and other stakeholders and could present these for deliberation at their various levels.

## **9.3 Assessment of the importance, power and influence levels of identified stakeholders**

This assessment was carried out by identifying the perceptions of the various stakeholders in the process. These perceptions were then analysed and conclusions drawn from them by the researcher. The stakeholders identified above have various levels of relevance to the local government. All the stakeholders interviewed in the process were of the opinion that they render important activities that are helpful to the local economic development of the municipality and also support the efforts of the local government in one way or the other in its local economic development promotion efforts. Some of the comments and perceptions of these stakeholders that buttress this point are presented below:

*‘we are the engine of growth, we produce the goods and render services in the municipality, we make and sell goods to the people and generate money. We pay taxes and fees to the assembly. We also employ people’.* (a small scale enterprise owner).

*‘we provide the youth with the needed skills to make them employable and earn a living’* (a dressmaker).

*‘we control the land and make them available to individuals, the assembly and businesses for their activities. Some of us through our connections are able to open jobs and bring in investors into our communities and areas for economic development’* ( a local community leader).

These assertions were confirmed by officials of the local government interviewed. According to them, most of the activities of the local government would not have been possible without them. This notwithstanding, not all the stakeholders wield the same level of importance to the local government.

### **9.3.1 Importance level of stakeholders**

This assessment was done by considering two major issues linked to the category of the stakeholders. These were *‘support or supply’* side stakeholders and *‘need or demand’* side stakeholders. The supply side issues include the level of support that these stakeholders can contribute to the local government and its activities in line with local economic development promotion. This was analysed based on the forms of roles they play. Factors such as the

provision of financial resources, policy controls, political control, human resource provision, logistical support, provision of land and other support programmes were considered. The demand side also implied the level of dependence of these actors on the resources of the local government for their development and promotional activities. This is translated into what these stakeholders need and require from the local government in its local economic development drive and the benefits they stand to gain. Factors such as the need for infrastructure, funds, skills provision, logistical support, and support projects and programmes in local economic development were considered. Based on these factors the various levels of importance of the stakeholders were scored and ranked by some selected key ranking officials of the local government interviewed. A summary of the results is presented on tables 9.2 for the supply side efforts; table 9.3 for the demand side and a summary of the two tables on table 9.4.

Table 9.2 Scores of stakeholder support to local government

<b>Stakeholders</b>	<i>Measuring factors</i>							<b>Score</b>	<b>Rank</b>
	Policy Controls	Policy Focus	Political Controls	Human Resource	Financial Support	Logistical support	Other support		
<i>International development partners</i>	2	2	1	3	4	4	4	<b>20</b>	<b>2</b>
<i>The Government of Ghana</i>	4	2	4	4	4	4	4	<b>26</b>	<b>1</b>
<i>Research Institutions</i>	0	0	0	1	0	1	2	<b>4</b>	<b>6</b>
<i>Financial institutions</i>	0	0	0	1	3	0	3	<b>7</b>	<b>5</b>
<i>Local businesses, entrepreneurs, and associations</i>	0	3	0	3	3	0	4	<b>13</b>	<b>3</b>
<i>Local community leaders</i>	0	2	1	1	1	3	2	<b>10</b>	<b>4</b>

Source: Field work, 2009

Table 9.3 Scores of stakeholder needs from local government

Stakeholders	Measuring factors					Score	Rank
	Infrastructure needs	Financial needs	Programme and project needs	Logistical needs	Skills needs		
<i>International development partners</i>	1	0	0	0	0	<b>1</b>	<b>5</b>
<i>The Government of Ghana</i>	0	0	0	0	0	<b>0</b>	<b>6</b>
<i>Research Institutions</i>	1	0	1	1	0	<b>3</b>	<b>4</b>
<i>Financial institutions</i>	3	0	2	0	0	<b>5</b>	<b>3</b>
<i>Local businesses, entrepreneurs, and associations</i>	4	1	2	2	2	<b>11</b>	<b>1</b>
<i>Local community leaders</i>	4	0	3	1	0	<b>8</b>	<b>2</b>

Source: Field work, 2009

From the responses of the key selected staff of the local government as presented in table 9.2, it becomes evident that the central government seems to provide the local government with the greatest level of support in its local economic development drive. This is followed by the international development partners, local businesses and the other stakeholders respectively. In terms of the level of need or demand on the resources and activities of the local government, and as presented on table 9.3, the local businesses, and their trade and business associations demonstrated the greatest need and demand. It was followed by the community leaders while the central government was ranked last. The level of support and demand of the various stakeholders is summed up on table 9.4, where the support side is presented as positive and the demand side as negative. Therefore basing the level of importance of these other stakeholders on their level of support to and demand from the local government, it can be concluded that the central government together with its ministries, departments and agencies in the area of local economic development are the most important. This is followed by the international development partners, the local business sector including their associations, local community leaders and financial institutions respectively. The research institutions were on the lowest level of the ladder.

Table 9.4 Summary of the supply and demand efforts of the stakeholders

Stakeholders	Supply side	Demand side	Score	Rank
<i>International development partners</i>	20	1	<i>19</i>	<i>2</i>
<i>The Government of Ghana</i>	26	0	<i>26</i>	<i>1</i>
<i>Research Institutions</i>	4	3	<i>1</i>	<i>6</i>
<i>Financial institutions</i>	7	5	<i>2</i>	<i>3</i>
<i>Local businesses, entrepreneurs, and associations</i>	13	11	<i>2</i>	<i>3</i>
<i>Local community leaders</i>	10	8	<i>2</i>	<i>3</i>

Source: Field work, 2009

These revelations measure up to the reality in the country where local governments are very dependent on the central government for almost everything. They also tend to depend on foreign interventions to a higher degree. This level of importance attached to these major stakeholders, though important has the ability to stifle local government initiatives. It will tend to suffer should these support fail to come and on time. A case in point is the effect of the late release of the District Assembly Common Fund on the implementation of activities of the local government as indicated in chapter eight of this report. The local stakeholders seem to provide less support to the local government. This attributable to the challenges confronting them and their inability to unite to form a formidable force in the local economic development process of the local government in the municipality. But the fact still remains that, these local stakeholders are the producers in the municipality and key to any meaning and effective local economic development.

### **9.3.2 Power level of identified stakeholders**

Power according to Mintzberg (1983), is the capacity to make someone do what he or she otherwise would not do. In line with this definition, the levels of power of the stakeholders were analysed. The analysis of the data revealed that the stakeholders identified do not have the same level of power as far as the activities of the local government are concerned in local economic development. Generally the 'influencers', 'supporters' or 'suppliers' have a higher level of power than the 'dependants' or the 'claimants'. The category of stakeholders above the local government namely the central government and its units have a higher level of power than all the others. This is because it has greater control of certain resources including funds, human, logistics, and the issue of mandates, political and policy directions and controls certain key programmes and projects. The central government in this light can be said to have normative power resulting from the laws and requirements of which the local government has no or little control over. It also has coercive power which makes the local government conform to its dictates and directions and finally it has utilitarian power as the local government depends on it for most of its authority, resources and policy direction. The international development partners wield greater amount of power than local stakeholders after the central government as a result of the resources they control in terms funds, human and logistical capacity development support and their technical know-how. The level and form of power of these stakeholders makes the local government to look upwards to them more than the local stakeholders in its local economic development drive. At the local level, local businesses and their associations were seen to have a higher level of power as they control the production capacity of the municipality in terms of local economic activities. These were followed by the local community leaders and local politicians. This is also because they control critical resources such as land in their various communities, a factor which is very important in production. The financial and the research institutions then followed. The various levels of power of the various stakeholders as analysed is presented on table 9.5.

Table 9.5 Power levels of identified stakeholders

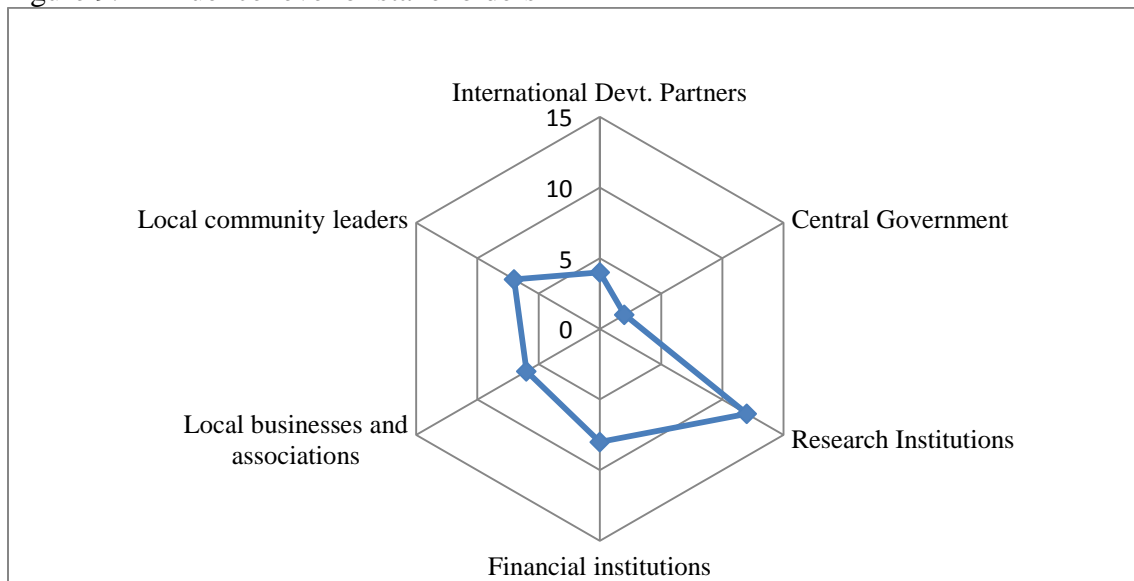
Stakeholders	Rank	Reasons
<i>International development partners</i>	2	Control over certain key resources including funds, capacity and technical development
<i>The Government of Ghana</i>	1	Has control of certain key resources, normative, coercive and utilitarian power
<i>Research Institutions</i>	6	Knowledge and technical capacity
<i>Financial institutions</i>	5	Key financial resources and products
<i>Local businesses, entrepreneurs, and associations</i>	3	Producers, engine of growth of the local economy, practical skills, source of employment, economic networks, etc.
<i>Local community leaders</i>	4	Key resource of land and social and economic networks

Source: Field work, 2009

### 9.3.3 Influence level of stakeholders

The level of stakeholder power and importance as discussed above charts the course in determining the influence levels of the various stakeholders. Influence in this sense is seen as the ability of a particular stakeholder to facilitate or impede the local government in its local economic development drive. This is determined by the importance and power levels of the stakeholder concerned. Therefore summing up the results of the analysis on the importance and power levels of the various stakeholders concerned, the results are presented on figure 9.1. The further away a stakeholder is from the centre of the diagram, the lower its level of influence on the local government’s activities in local economic development in the municipality.

Figure 9.1 Influence level of stakeholders



Source: Author’s own construct

From the above discussion and analyses, it is realised that the stakeholders above the local government namely the central government and its units and international development partners wield a higher level of influence than the others at the local level. This is followed by local businesses and their associations, local community leaders, financial institutions and finally the research institutions in the municipality.

The analysis so far indicates that the local government tends to look more and depends to a larger extent on the central government and other higher level actors than local stakeholders which can be considered as the engine of growth of the local economy. These higher level stakeholders shape the policy direction and the kind of role the local government is to play in local economic development at the local level. This may serve as a contribution to the explanation on why local government is not very effective in local economic development promotion as it may not be so responsive to the needs of the local stakeholders in the local economy. The local government therefore would have to focus a little more on local stakeholders in improving upon the local economic development in the municipality. Also in the context of endogenous development, a greater emphasis should be placed on local actors.

It can therefore be implied that, the higher the level of a stakeholder in terms of space, the higher its level of importance, power and influence to the local government in its local economic development drive. Also the greater a stakeholder's support level and the lower the stakeholder's dependence level on the local government, the greater its importance, power and influence level in the local economic development promotion of the local government. These then shape the focus of the local government in its local economic development process especially with regards to which stakeholder to look up to and the various levels to involve them in the local economic development process.

#### **9.4 Stakeholder involvement by local government in its local economic development promotional drive**

There seems to be a general consensus that the active involvement of stakeholders is a vehicle for improving the local economic development of a local area. With active involvement, there is a high tendency for stakeholders to be part of the process and contribute with all their might and capacities to its success. It also creates the avenue for stakeholders to influence the nature and scope of local economic development and accords them the privilege to collaborate in the crucial processes and to challenge the way priorities are spelt out and acted upon. If effective involvement is to be attained, then the local government in this case must demonstrate a willingness to discuss issues with the stakeholders and to incorporate their views in the process. Based on this, it is necessary therefore to find out how stakeholders are engaged by the local government in its economic development drive, their level of involvement within the roles performed and the field within which the particular activity is carried out by the local government.

##### **9.4.1 Stakeholder involvement in the local economic development strategies of the local government**

As has been identified and analysed in chapter seven, the local government performs different types of roles and carry out a host of activities in promoting economic development in the

municipality. The various levels and modes of involvement of other stakeholders in these activities are discussed below.

#### *Municipal development planning*

The preparation of development plans as noted earlier in this report is sanctioned by the central government and its responsible commission, the National Development Planning Commission and supported by allied ministries. These bodies also supervise the preparation and implementation of these plans by providing the needed guidelines. The local stakeholders served as the sources of data used in the planning process, though greater proportion of the business units and their associations said that they do not remember if they were consulted in the preparation processes. They were also of the view that after the process, they do not hear anything about its content and the implementation process. According to some of them, they have no access to these plans after their preparation. Due to this they are not able to hold the local government accountable to its proposals. The local community leaders and local politicians however were of the opinion that they were involved at various stages as the plan preparation teams called on them and they also provided data to them. Also there were public hearings involving members from all sectors and walks of life in their communities of which they were present. Concerning the implementation of the various plans, the various stakeholders have been involved in several ways. These included the provision of technical guidance, funds and land. The post implementation management of some of these projects emanating from the plans also involved at times a cross section of these stakeholders depending on the particular programme, project or activity. From the above, it is evident that the local stakeholders are involved in the execution of the plan preparation process where they are consulted for data. During the implementation of the outputs of the plan some of them also contribute to the implementation in terms of land and funds and also assist with post implementation management. In terms of planning the process, they were not actively involved. The higher level stakeholders were involved in the inception phase of the process where they provided the guidelines through to the implementation and management of the process.

#### *Basic infrastructure provision*

The local government is engaged in the provision of several types of basic infrastructure in the municipality that are related to local economic development as discussed in earlier chapters of this report. These range from market to road infrastructure. As the cost and technical capacity demands of these are high, the levels and mode of involvement of the stakeholders vary. The data revealed that the initiation and planning of market infrastructure is with little involvement of the business community and the other local stakeholders. During implementation, the communities led by their traditional leaders provide land for the projects and the actual implementation works were carried out by contractors on behalf of the local government. The central government and international development partners including the EU, GTZ, and KFW provided the needed funds and other technical capacity for these projects. In terms of management, some of these facilities were managed by committees made up of local traders, representatives of the communities and the local government. Traders and other users of these facilities also paid user charges to the local government for utilizing these facilities on a periodic basis.

The construction and improvement of culverts, bridges and feeder roads were initiated and funded by the local government without the actual involvement of local stakeholders. The central government and the international development partners did provide the needed funds for some of these projects.

In the facilitation and provision of telecommunication infrastructure and facilities, communities through their leaders provided the needed parcels of land for these projects at a cost to the companies. The other stakeholders are only end users of the facilities and services provided. The initiation, planning and implementation were the sole responsibility of these telecom companies. The telecom companies consulted the local government for permission to site their facilities in the municipality.

Concerning the provision of electricity, the local communities paid a counterpart fund of about 5% of the total project cost while the rest and the technical aspects were borne by the local government and the central government through the Electricity Company of Ghana. The local stakeholders are not involved in the design, planning and management of these projects as the study found out.

#### *Marketing of the municipality*

This is mainly carried out by the local government and its units. The planning, implementation and management of the process is done by the local government and its agents. The local stakeholders such as local businesses, community leaders and members did so on their own volition either within the municipality or when they were outside it.

#### *Land-use planning*

This was a technical issue or role of the local government and it is mainly carried out by the responsible unit of the local government, the Department of Town and Country Planning. This is done in collaboration with the land owners, mainly local community leaders who are the custodians of the land in the municipality. The design, planning, implementation and management of the process were mainly the preserve of the technical department of the local government. The local government received financial support from the central government and responsible ministries for implementation. Other local stakeholders were only end users of the end product of land-use planning in the municipality. This may demonstrate why the land-use needs of the informal sector were most often not catered for in such plans.

#### *Maintenance of peace in the municipality*

This is the responsibility of all stakeholders whether they were involved in economic activities or not. All stakeholders are to abide by the laws of the land to ensure peace. From the view point of most stakeholders, the maintenance of peace and security is purely the concern of security agencies in the municipality. Other stakeholders do take active part when their services are required by the agencies involved. In terms of security, the medium to large scale enterprises engaged both private and public security agencies to man their facilities and business establishments in the municipality.

#### *Provision of credit facilities*

The central government, the ministries and international development partners provided credit facilities in terms of funds and these were administered by some of the units of the local government through the local rural banks in the municipality. The local businesses and the



individuals were only recipients and beneficiaries of these facilities. The financial institutions in the municipality have various facilities that the local government can make use and link other economic entities to. This is a likely source of credit to local businesses which may not qualify directly to take loans from these financial institutions.

#### *Provision of training and capacity building programmes*

The local government depended mainly on programmes by the central government and its ministries, departments and other international partners for its training and capacity building programmes and activities. This level of stakeholders provided the technical know-how and the needed resources for these programmes. Local businesses, their associations and individuals served as the recipients of these facilities. The planning is normally outside the domain of the local stakeholders. They only got involved as beneficiaries at the implementation stage. Other stakeholders such as NGOs and other private organizations outside the municipality but within the region have similar facilities that the local government can link up with to promote its local economic development drive in the municipality.

The various stakeholders identified so far in the study are involved to a certain extent and degree by the local government in its local economic development promotional activities. The form of involvement is dependent on their level, be they local or non-local, their capacities and competence. Also their degree of involvement depends on the kind of role being performed by the local government and the kind of activity being carried out and also the field within which that activity or role is being carried out. Almost all the higher level stakeholders including the central government, some of its ministries, departments and agencies were involved in all the roles of the local government concerning local economic development. They provided the policy guidelines and direction, technical know-how and the needed resources to enhance the roles of the local government in local economic development. The international development partners also provided the needed funds, technical capacity and other resources to the local government in many of the roles. In the light of this, the local government is tempted to associate closely with this level of stakeholders than those at the local level in its local economic development activities. Also due to the level of influence of these stakeholders at this level, they served as the basis for the initiation, planning and implementation of the various roles performed by the local government in relation to local economic development in the municipality. Local stakeholders served as the source of information or data for the activities that enhances the roles of the local government. They also served as a source of counterpart funding when there was the need for certain projects of the local government in line with local economic development. In all cases, the local stakeholders were seen as beneficiaries of the outputs of the roles of the local government in local economic development and not how they influenced the process initiated by the local government. In terms of planning, they are not involved so much. They are partly involved in the implementation process as mentioned earlier through the provision of funds, land and post implementation management of certain facilities that they are direct users. Though, this is what the study found out, the need for the local government to actively involve local stakeholder in the process is paramount as they have certain potentials that are not being tapped fully by the local government to effectively promote local economic development in the municipality.

#### **9.4.2 Stakeholder involvement in the various fields of local economic development by the local government**

The local government as have been discussed already is involved in the field of business development, agriculture and craft and cultural development promotion and to some extent, tourism development. This part of the report tries to bring to the fore how the stakeholders are involved in the activities of the local government concerning these specific fields.

##### *The field of business development*

The field of small to medium scale enterprise development is a major sector in the municipality's development as indicated already. The specific stakeholders in the development of this sector include business owners and entrepreneurs; business and trade associations; business advisory services providers, financial institutions and local artisans. These form the core of the direct stakeholders in this field. For the effective promotion of this sector, the local government should bring on board these stakeholders as they are the 'producers' and stand to benefit from whatever measures it puts in place. Some of the officials interviewed at the local government level were of the opinion that most of these entities were not involved in any way in the deliberations of the local government on business development issues and that even the local government does not take any regular decisions on business development in the municipality. Also, most of the issues concerning business development are left to the weak BAC to address without the necessary support from the local government. Business owners are only remembered when it comes to fee-fixing and the collection of data on business issues for the preparation of plans. Even with this, not all entities and business owners were consulted in the process. This notwithstanding, there was a situation whereby the local government and the traders at the Ejisu market complex have formed a management team for the management of the facility. With this, the representations of the various stakeholders meet periodically to deliberate on issues affecting the effective functioning of the facility.

According to the various owners of businesses or their representatives interviewed (35 SMES, 5 Medium to large scale enterprises and 2 business associations), they were all of the opinion that there is no platform by the local government where all stakeholders in the field could meet and deliberate on policies, draw programmes and design projects and activities for their mutual benefit. They were also of the opinion that the dominant forms of interaction between them and the local government is through the payment of fees and taxes. They had this form of interaction on regular basis with the local government's revenue mobilization team. Also, 15 out of the 35 SMES and none of the medium to large scale enterprises remembered being consulted in one way or the other during the preparation of the various development plans of the local government.

All these indications point to the fact that there exist a weak relationship between the local government and the various stakeholders in the field of business and industrial development. The local government considers mainly what it can offer and get from these stakeholders and not what it together with the other stakeholders can achieve in terms of planning, implementation and the management for the development of the sector. This failure to actively involve the key stakeholders in this is a likely result of its less effectiveness to address the needs of the sector.

##### *The field of tourism, crafts and culture promotion*

The crafts sector is interlinked with culture. Also the promotion of cultural activities by the local government cannot and will not be possible without the active involvement of the custodians of the culture of the people. The stakeholders in this field included craft manufacturers, traditional leaders, central government agencies and hoteliers. Several programmes have been implemented in the area of culture including the institution and celebration of certain festivals as mentioned already. In all these, the traditional and community leaders were consulted and involved in planning and the implementation of these programmes, especially in the planning of the Yaa Asantewaa and the Bonwire Kente festivals. Meetings were held between the stakeholders by the local government and visits were also made by representatives of the local government to traditional leaders concerned. The local people were also brought into the celebration process. These all helped in celebrating these festivals for the first time. Resources were provided by all the necessary stakeholders in the process. This indicates the effects of actively involving key stakeholders in the entire process.

Concerning the craft sub-sector, the local government constructed a crafts training centre to promote and improve upon the skills of the local craftsmen and get new ones in the process. This project was the brain child of both the community and the local government which saw the need for such a project. In this project, the local community leaders were consulted and they provided the land for the project. The local kente weavers are the beneficiaries and are also involved in the management of the facility. The most mode of interaction between the craftsmen and the local government is through meetings with units of the local government and their staff and also through the payment of fees to it. In all these, it is realised that the stakeholders were involved in the process to an extent in this sub-field, but the level of involvement and interaction is on a weaker side and needs to be enhanced.

#### *The field of Agriculture*

This sector is very important to the economic development of the municipality. It has various local stakeholders including local agri-business entities and their owners, farmers, cooperative associations and organisations, agricultural service providers, community members and their leadership. The data analysis revealed that these local stakeholders are mostly the beneficiaries of programmes and projects of the local government through its units. They are mainly involved in the implementation of programmes in this sense. Concerning the initiation and planning of these programmes and projects in the sector, they are not privy to them. Almost all the farmers and other stakeholders interviewed were of the opinion that they make their grievances and needs known to the local government. Programmes and projects they benefit from are from the higher authorities concerned and they have no hand in their planning, except they serving as the means of implementing the programmes. Even here they are only the beneficiaries. The main means of interaction with the local government is through the Agricultural Development Agents of the Agricultural Development Unit of the Municipality and at times through their assembly persons who channel their needs and grievances to the unit and also to the general assembly meetings. At least for the stakeholders in this field, they see the local government to be interacting with them and responding to their needs channelled through the local governments agents.

It could therefore be generally concluded that the local government in a way involves and interacts with most of the stakeholders in the fields within which it promotes its local economic development initiatives, but the degree of involvement and interaction differs from one field to the other. Whereas in the field of culture, the necessary stakeholders are consulted in the

inception, planning and implementation of activities, the same cannot be said of the agriculture, business and crafts. In some of these fields, the local stakeholders are reduced to only beneficiaries and can therefore not influence the process very much. Also some of the interventions implemented by the local government in some of these fields are received from higher level stakeholders such as the central government and its agencies. There is therefore no way that local stakeholders could influence it except to accept and join in the implementation of projects if they are to benefit from them.

### **9.5 Involvement of the municipal sub-structures in local economic development promotion by the local government**

The data for this section of the report was collected through interviews and discussions with local government staff at the local government administrative office and the area councillors in the selected area and town councils in the municipality. These town and area councils are the sub-structures under the control of the local government within Ghana's decentralisation structure and local government system. The town councils considered were the Juaben and Ejisu Town Councils while the area councils were Hwiri-Anum with its office at Nobewam and the Mponua area council with its office at Kwaso. These were selected and interviewed because at the time of doing this research, they were the most vibrant local government structures and had been included in certain projects of the local government in the municipality.

The councillors and the local government officials interviewed were all of the opinion that the sub-structures are very important in the entire decentralisation process in the country and for that matter in the local economic development drive of the local government in the municipality. They can determine the need of these local stakeholders better and report to the local government office. They also handle local issues and problems and resolve them, collect revenue on behalf of the local government and mobilise communities in the implementation of certain local community projects. The town and area councils have proven to be equal to the task they have been made to handle. According to their responses, though they can help in local economic development activities of the municipality, they are not involved in anyway. In terms of decisions concerning local economic development, they are not consulted. Also in terms of local community stakeholder mobilisation for local economic activities, they are excluded. This brings to the fore that local government does not value these sub-structures as potential and a part of the local stakeholders in its process of local economic development. A member of one of the councils during the discussions had this to say concerning their involvement and participation in the activities of the local government in local economic development:

*'We sit here like that and before we are aware, something is happening in the area by the local government. What else can we do? Just to look on'*

This indicates that the local government of the municipality carry out local economic activities at the local level with little or no consultation with councillors of the local councils.

This may be as a result of the numerous challenges facing these local structures, some of which are the creation of the decentralisation system in the country and the local government itself. They are faced with inadequate capacity, lack of office accommodation and basic logistics to enhance their operations. Also, the key staff members of these councils are not paid on regular basis making the councils less attractive to the general public to work with them. Also, the local government has failed to project them enough to their areas to make their citizens see them as

local development institutions of their communities. This notwithstanding, the Town and Area councils have the ability of mobilizing the local stakeholders in local economic development and working effectively with local business and trade associations. They also have the ability of collecting data and information about the local economic environment and making it available to the local government office in the municipality. They also have the potential of monitoring effectively the implementation and management of local government programmes and projects concerning local economic development in the municipality.

Therefore for local government to really sustain and enhance its local economic development drive at the community and area levels, it should envisage the town and area councils as great potentials in the process which need to be adequately resourced and used to help drive its objectives at the local level.

## **9.6 Summary of emerging issues**

The analysis in this part of the report sought to identify the kinds of stakeholders, their level and mode of involvement and the kind of relationships between them and the local government in the context of local economic development promotion in the municipality. Also the importance, power and influence levels of these stakeholders were analysed. The emerging issues from the chapters included the following:

- i). The local government interacts in many ways with several international, national and local stakeholders in its local economic development promotion process.
- ii). Local government tends to value and depend to a larger extent on the national and foreign stakeholders than local stakeholders in its local economic development process. This translates into a weak level of involvement of local stakeholders in the process.
- iii). There exist a weak relationship between the local government and local stakeholders in the area of business development.
- iv). Local government sub-structures are dormant and are not actively involved by the local government in its local economic development process.
- v). The analysis also found out that there exist an absence of a clear stakeholder involvement and interaction model or strategy that guides the local government in its local economic development promotion drive and the inclusion of stakeholders. Their involvement is spontaneous and based on the kind of role the local government is playing and the kind of field in which it is carrying out its activities.
- vi). There was no clear platform where the stakeholders met with the local government to deliberate on local economic development issues. This therefore contributes to a form of missing link between the local government and the other stakeholders. There is therefore the need for the local government to rethink about how it values all its stakeholders in the process and find new and innovative means of getting them involved in the local economic development process for the benefit of all in the municipality.

The next chapter pulls all the various emerging issues and findings identified in the various chapters together and discusses them.

## **10. Findings on the role of local government in local economic development in the municipality**

### **10.1 Introduction**

The study set out to find out why local governments are not able to effectively carry out local economic development at the local level in Ghana. The Ejisu-Juaben Municipal Assembly was the case studied. The various issues influencing the involvement of the local government based on the conceptual framework guiding the study have been analysed and discussed in the preceding chapters of this report. The chapter is divided into various sections including the following: findings on the types and forms of roles performed by the local government and its capacity for local economic development. The others cover findings on the institutional framework and planning process, involvement of other stakeholders by the local government in its local economic development promotional drive and other findings general to the study. The chapter concludes with factors influencing the local government's involvement in the process and a summary of the discussions.

### **10.2 Roles performed by the local government in its local economic development promotional drive**

The various findings concerning the types and forms of roles performed by the local government to promote local economic development are presented in this section.

#### **10.2.1 Spectrum of local economic development approaches applied by local government**

The research found out that the local government's efforts at promoting local economic development in the municipality cut across a broad spectrum of documented local economic development approaches. These include business development, human resource development, locality development and community based economic and employment development (Blakely, 1994:137-139). In the arena of business development, the local government puts in place various measures to attract and address issues relating to business development. The various training programmes and the provision of educational facilities are also geared towards human development while the approaches concerning land-use planning, infrastructure provision are also in favour of the locality development approach. Critically analysing these roles, it could be concluded that, most of these roles applied by the local government are less radical to readily influence the local economic development of the municipality. This is because infrastructure provision as identified in the municipality and the preparation of plans has a slow effect in promoting the economic development of the municipality. The development of the business and economic entities are also not given much attention. These are likely contributory factors to why the local government has not been very effective in local economic development in the municipality.

#### **10.2.2 Skewed focus of the local government in local economic development promotion**

Based on the categorisation of the various approaches in local economic development that are likely to bring about local economic development by Vazquez-Barquero (1999) in Rodriguez-Pose (2001), the research revealed that the activities of the local government are in favour of the hardware components of local economic development in the municipality. These included the provision of infrastructure facilities such as road networks and their improvements,

communication network to the construction of markets. The software aspects concerning the design and implementation of comprehensive strategies are not fully met while the 'orgware' aspects involving the improvement of organisational and institutional capacity to design implement and monitor effective local economic development strategies are not adequately catered for. Also, it is less committed to the direct needs and the development of economic entities. The study revealed that the needs of this sector including availability of space, capacity improvements in the area of training programmes, financial assistance, helping these entities to network, promoting value-chain development and marketing and access to business development services are generally not adequately catered for.

### **10.2.3 Limited scope and ability of the applied roles and strategies**

All the roles and strategies of the local government in local economic development promotion were theoretically found to be relevant, reliable and had some strengths in local economic development promotion. Despite this and in practice, these functions were found to be less effective and their long term ability and sustainability for local economic development promotion in the municipality is in doubt as a result of the low level of commitment of the local government to their implementation. Generally, there is a lack of commitment of the local government in the implementation of the strategies of the roles performed in local economic development in the municipality. In terms of the various roles, the local government does not commit any meaningful financial resources to these tasks. The analysis of the financial statements of the local government indicated that no specific funds were ear-marked separately for local economic development activities. The strategies adopted are not strong enough to make the potentials of the municipality known to the outside world. Also, most of the programmes and projects which are geared towards local economic development activities are not implemented in the various development plans. Again, most of the programmes and projects which are geared towards the direct local economic development of the municipality are not implemented as indicated in the review of the implementation of the various plans in chapter seven of this report. This is therefore a likely factor influencing the less effectiveness of the local government in addressing the needs of the business sector and promoting local economic development in the municipality. Should this not be addressed, it will have the tendency of continually affecting the state of local economic development and the role of the local government in this negatively. The challenges of the private sector will continue to exist and thereby escalate. Also, the municipality will continually loose investors to the neighbouring districts and metropolitan areas in the region if not addressed.

## **10.3 Capacity, institutional framework and planning process of the local government in its local economic development promotional drive**

Concerning capacity, institutional framework and the planning process for local economic development promotion by the local government, the study found out that the local government has a weak capacity. There is also no clear institutional framework for local economic development and there is a less integration of the local economic development process into the local government's development planning process. These are discussed below.

### **10.3.1 Weak capacity for local economic development**

The study found out that the local government has some form of capacity for local economic development in the municipality but this is weak and limited in most cases. In terms of the legal capacity, it has a total and clear mandate to carry out activities that support local economic development in the municipality. This mandate is very important as it provides the enabling environment for local economic development programmes. Edralin (1996:7) argued that the stronger this mandate in terms of issuing authority and of continuing commitment, the more favourable is the context for implementing programmes. He further stated that for the mandate to be effective, it should be matched with resources. But in the case of the local government studied, the other forms of support in terms of resources to carry out this are limited. The local government has limited financial capacity for its local economic development programmes, projects and activities. The study revealed that the local government relies mainly on grants from the central government and its internally generated revenue for its activities in the municipality. But a greater proportion of the central grants are already ear-marked before receipt and there is also less flexibility in their use. The level of internally generated funds to support these grants is also low. The ability of the local government to borrow additional funds is again limited. The local government is also endowed with variety of personnel and institution that have the ability to plan local economic development activities in the municipality. Despite this, they face logistical challenges in their activities. Also, the regular transfers of planning staff of the local government have a negative effect on the continuity of planning local economic development activities for the municipality. Though these officers in charge of planning are skilled in their own fields, their capacity needs to be enhanced in the area of local economic development promotion in the municipality to orient them to the demands of local economic development planning. The activities of these personnel are again affected by the limited financial capacity of the local government. The various other units, departments and agencies that are supposed to assist the local government in its local economic development activities are also poorly resources. Most of these departments have inadequate staff, vehicles, financial resources and other logistics to carry out their mandate. As a result of the already weak capacity of the local government itself, it is not able to support these units very well. This level of capacity therefore confirms why the local government is not able to effectively promote local economic development in the municipality and to make its impact felt very much. Capacity is the life line of any institution and the lack of these affects operations negatively. Should this level of capacity remain as it is now with the local government, then its local economic development drive is likely not to be very effective in the municipality.

These finding supports other research carried out in the developing and other parts of the world on the involvement of local governments in local economic development. For instance in the writings of Davids (2007:16) in South Africa where he discussed the capacity challenges of local governments in local economic development, he states that majority of these local governments are unable to operate on a consistent manner with urban efficiency models as a result of serious resources shortages. He further wrote that ‘the traditional focus of local governments means there is effectively not a substantial cadre of trained local economic development experts’ (ibid). All these forms of capacity challenges are major issues affecting the local government studied in local economic development promotion. Since weak and limited capacity is a foremost challenge for the effective involvement of the local government in local economic development, it therefore needs a strong capacity of all forms for its local economic development drive. This will



help it plan for and implement most of its proposed plans and activities for local economic development in the municipality.

### **10.3.2 Weak institutional setting for local economic development**

The local government has no formally laid down institutional structure that guides it in the process of local economic development in the municipality detailing what each unit and stakeholder is supposed to do. The study revealed that the local government's local economic development activities are scattered across a number of sub-committees, departments and units with limited level of coordination. The sub-committees of Agriculture, Development Planning and Culture are responsible for the various sectors of local economic development promotion in the municipality. Also there exist a number of departments within the local government that promote local economic development in the municipality and these departments are also units and departments of other agencies and ministries in the country. These departments pay more attention to their mother ministries than the local government. The local economic development activities of the local government that they implement are additional responsibilities to them. The current practices does not pave the way for other units outside the local government but involved in local economic development activities to get involved in the process. The absence of this clearly laid out institutional structure has influenced the ability of the local government negatively to effectively promote local economic development in the municipality. This is because with the absence of this, no unit or institution in the local government can be held accountable for any inefficiency. Therefore LED activities become the responsibility of no particular unit due to the absence of this framework and coordinating such activities becomes a challenge to the local government in its local economic development drive.

### **10.3.3 Less integration of the LED process into the local government's planning system**

Effective local economic development planning is critical to the successful implementation of local economic development activities and the success of local economic development itself. In situations where an integrative form of planning involving all sectors and units is carried out, if care is not taken, there is the tendency to satisfy and focus more on other sectors and units than others. Also planning for the various sectors may not be thorough in the entire planning process. This has the ability of not giving the very detail needs of all these sectors and units. Also not all necessary stakeholders in the various sectors and units are likely to be consulted and involved in the process. The study revealed that though aspects of local economic development planning are included in the integrated planning process of the local government, with guidelines provided by the country's development planning commission, the local economic development planning aspects are not very well captured in the process. The identification of the stakeholders, their involvement, development of vision, goals, objectives, programmes, projects, activities and implementation and management strategies are not carried out in detail. This defeats the aim of doing detailed planning and getting a comprehensive document covering the local economic development activities of the local government in the municipality. This is evident in the local government's planning process. This has influenced the impact of the local government's activities in local economic development in the municipality. To address this, the local government needs to integrate a detailed form of local economic development planning into its planning process.

## **10.4 Stakeholders involvement by the local government in its LED promotional drive**

The study brought to light that the local government involves certain stakeholders/actors in the process of its local economic development promotional drive. Though they are involved, their level of involvement is limited in most cases. Also, the local government valued and related with these stakeholders on varying scales. There also existed weak relationship between the local government and most of these stakeholders, especially the local ones. These are discussed below.

### **10.4.1 Limited local stakeholder involvement by the local government**

It came to light that, the local government relates differently with all the stakeholders in its local economic development drive. It gives more attention to higher level stakeholders such as the central government and its units and international development partners in the process. This is explained based on the importance, power and influence levels of these stakeholders to the local government in the process. These make the local government to depend on these to a greater extent. This form of dependency has made the local government to satisfy the whims and caprices of these actors than the needs of the local stakeholders and the municipality in the process. The level of the involvement of these local stakeholders was mainly limited to informing and consulting. These levels of involvement are considered to be a low form of involvement of stakeholders in any development engagement. According to a public involvement continuum of stakeholders by Health Canada (2000) and also based on Arnstein's (1968) ladder of participation, these levels of involvement falls within the 'low level of stakeholder involvement' and 'tokenism' respectively. At this stage, stakeholders were not aware of the processes but only needed to know the results. There was also no opportunity for them to influence the process and its outcome. These may have the ability of affecting the tapping of potentials of these local stakeholders for local economic development in the municipality negatively by the local government. Also in this light, the needs of these stakeholders may not be well captured in the process. Moreover, there is also no need for their acceptance of any proposal before decisions are made. In all these, the consultation was to help the local government gather information from these stakeholders while the actual policy decisions were being taken and shaped regarding local economic development in the municipality. This level of participation was attributable to the weak capacity of local actors, their associations, the absence of big firms and economic entities in the municipality. It is also closely associated with the level of importance, power and influence levels of these stakeholders on the activities of the local government. The challenge therefore maybe that this level of involvement is not likely to lead to an effective all-inclusive local economic development in the municipality. These local stakeholders will continue to remain as recipients of the outcome of the limited activities of the local government in this endeavour and will continually not have the chance to influence and actively get involved in the process which will be of benefit to them. This will continually stretch the capacity of the local government as it is the sole actor in the process.

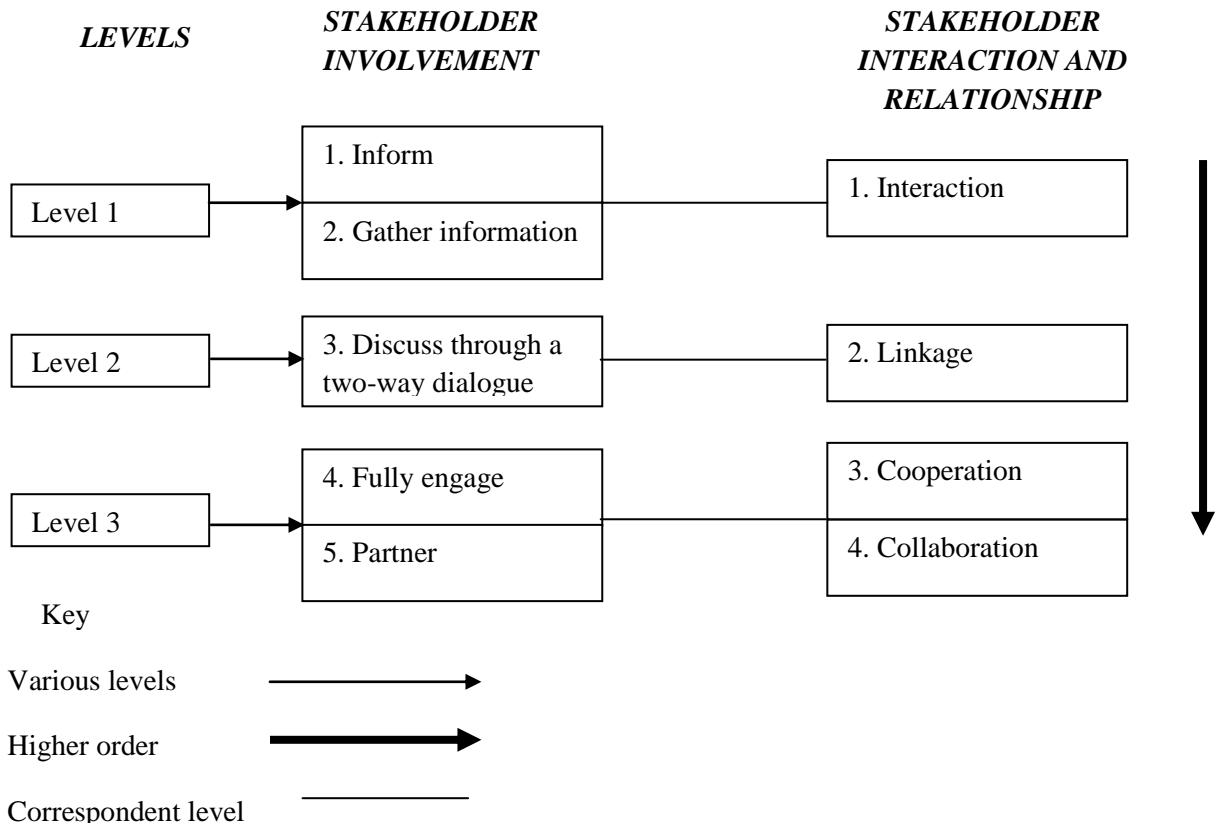
### **10.4.2 Weak relationship with local stakeholders in LED**

The study again revealed that there is a weak relation between the local government and the local stakeholders and a stronger level relationship with higher level stakeholders in the process. Situating the form of relationship and interactions between the local government and the other stakeholders in the process in the context of Riley's (2002:96-100) interaction model, it could be

said that there is a varying form of relationship and interaction between the local government and the other stakeholders in the process. In the case of the local stakeholders, the level of relation and interaction can be considered to be at the lowest level called 'interaction level' in the model. This form of interaction was limited to certain activities, especially in the case of revenue and data collection and the implementation of other projects by local government agents. Linkages, cooperation and collaboration as the other higher forms of interaction in the model are only limited to certain activities by the local government in the municipality that were in line with local economic development. This was as a result of the weak level of involvement of these stakeholders in the process and the factors influencing it in the process (importance, power and influence levels) of these stakeholders. Also the lack of a forum to rally round all major stakeholders in the process of local economic development in the municipality by the local government and the unavailability of a frame to guide this process between the local government and these other stakeholders were also contributory factors to this weak relationship and interactions. With regards to higher level stakeholders, there existed a stronger relationship and level of interaction. These included cooperation where the local government normally implements activities on behalf of these actors in the process of local economic development in the municipality. Also, the local government and these actors implemented different activities that are all geared towards the local economic development of the municipality. These actors and the local government work together in many cases to achieve the common purpose of local economic development in the municipality. Therefore it can be said that bits of all the forms of relationship and interaction are evident between the local government and these stakeholders in the process. In terms of the degree, the pendulum swings in favour of the higher level actors in the process. A lower level of interaction may isolate some of these stakeholders from activities of the local government as was evident in the study. They may also not be aware of the local economic development activities of the local government to be able to appreciate and make contributions to them.

The study therefore realised that there is a relationship between the level of involvement of and the level of relationships and interactions between the various stakeholders and the local government in its local economic development drive. It can be concluded that the lower levels of stakeholder involvement in the process corresponds with the lower levels of stakeholder relationship and interaction with the local government in the process. This is depicted on figure 10.1. In line with this, the local government should endeavour to improve upon the level of involvement of the other actors in the process to enhance the level of relations and interaction.

Figure 10.1 Relationship between level of stakeholder involvement and interaction



Source: Author's own construct

The involvement of these stakeholders by the local government supports the tenets of endogenous development which according to Mulhlinghaus and Walty (2001:237) is a participatory process which involves local institutions and actors. According to them endogenous development is a self-determined process and therefore there is the need for the participation of stakeholders in the process. The strategy also points out that the practice of this form of development does not close itself to the outside environment. This was also evident in the case of this study and especially in the case of stakeholder involvement where the local government did not only focus on stakeholders within its catchment area (local area), but also considered the involvement of other stakeholders outside its geographic area including the central government and other international stakeholders. The study also realised that the local government valued to an extent the contribution of local stakeholders to the local economic development process in the municipality. The challenge was that, it focused to a greater extent on external stakeholders very much than local stakeholders in the process. It can therefore be implied that the local government is not making adequate use of the potentials of existing local stakeholders and their capacities in the process. A likely explanation to this may be the inadequate capacity of the local stakeholders and the kinds of roles performed by the local government in its local economic development drive. Also the involvement of local stakeholders in the local economic development process as an aspect of endogenous development is dependent on their capacity to influence the process.

This is because their inadequate capacity may deny them the opportunity to actively harness and utilise local resources at their disposal and also join hands with other stakeholders to contribute meaningfully to the local development process. Moreover, the absence of adequate capacity is likely to allow external stakeholders to take control of the entire local development process.

## **10.5 Other general findings**

The study again identified other external concerns that influenced the role of the local government in local economic development. These are discussed below.

### **10.5.1 Absence of a national LED policy framework to guide local government**

A local economic development policy framework usually contains the principles and long term goals that form the basis of making rules and guidelines and to give overall direction to planning, development and implementation of local economic development. This framework aims to support the development of sustainable local economies through integrated government action. This has the ability to stimulate the heart of local economies to the benefit of the national economy. The contextual review aspect of the study revealed that, there existed the absence of a national policy framework to guide local governments in local economic development promotion at the local level in the country. The absence of this could be attributed to the assumption by past governments of the country that the creation and enabling local environment within which local economic activities were conducted, resources mobilised and revenue generated was a function of the local government authorities. The absence of this framework makes it unclear for local governments on what to do, how to do these and the specific areas to support in the promotion of local economic development at the local level. Though there exist varying frameworks and guidelines explaining these, including the Local Government Act, Act 462, which enjoins local governments to support social and productive activities and a brief section of the 2010 NDPC planning guidelines, there is the need for a national policy framework to be developed to guide the activities of these local governments and to compel them to actually get involved in the process.

### **10.5.2 Other bottlenecks impeding the involvement of the local government in LED**

These are classified into national level and local level bottlenecks. The national level ones relate to those that emanate from levels higher than the local government studied. These also concern all local governments in the country. The local level bottlenecks also relate to those emanating within the municipality where the study was conducted.

#### **National level:**

##### *Lack of full implementation of all components of decentralisation in the country*

Decentralization has the ability and potential to enhance local governance and economic development at the local level. The lack of full commitment and loop holes in its implementation can pose several challenges to the active involvement of lower level and sub-national governments in local economic development promotion. This is the situation in Ghana. The concept has been under implementation for over two decades, but it is still bedevilled with several challenges and these hinder the ability of local governments to effectively promote local economic development. These challenges are found in all the forms of decentralization under implementation in the country. Politically and administratively, there is still unbroken central

control of local governments (district assemblies). Many of these challenges stem from practical difficulties that arise from institutional and organizational expectations. The local governments established by law to decide on development issues and how to pursue these at the local level can hardly lay claim to adequate control of the process. Central control over their activities seems to be enhanced rather than diminished. The Municipal Chief Executive and a third of the membership of the local government's assembly are still appointed by the ruling government. The chief executive and these appointed members pay greater allegiance to the central government that appointed them than to the local people. The chief executive is the representative of the government at the district level and has responsibility for coordinating the implementation of the development process also controls both the administration and assembly through the executive committee. Therefore the involvement of a particular local government in particular activities and especially economic development activities depends on the preferences of the leadership. In this view, decentralization is far from improving the effectiveness of the district development from below or from within. Continued unbroken central government control has the ability of stifling initiative at the local level, inhibiting the development and utilization of local potentials for economic development and also denying the wider participation in decision making at the local level.

Concerning fiscal decentralization, there is the continued retention of funds in central government ministries, departments and agencies while the functions for which these funds are devoted to have been transferred to the Municipal Assemblies. Also before the Assembly's Common Fund is released, portions are already deducted at source and the utilization of greater portions is already ear-marked. This leaves the assemblies with reduced funds to implement activities, especially in line with economic development. There is also the lack of policy on fiscal decentralization to guide the local government system. Also existing legislative and administrative procedures on local government public finance tend to centralize the management of these public finances. For instance the District Assemblies Common Fund Act allows the Ministers of Local Government and Rural Development and that of Finance to determine proportions of the approved development plans that could be financed from the common fund. This has made the common fund to have the character of a 'tied' grant (Ahwoi, 2011:47).

#### *Less control over the utilization of certain local resources for development*

Ministries, departments and agencies of the central government still control certain key resources at the local level that many district assemblies could have used to promote their development. There are currently a number of conflicts in these potential areas, especially in districts which are the bases of certain national resources such as mineral deposits and timber resources. In some of these issues, there are no formal guidelines on the utilization of such resources and the sharing of incomes accruing from these sources in an equitable manner that benefit these assemblies to be able to promote their economic development. Also the choicest of revenue sources and bases are in the hands of central government agencies than these assemblies. These affect the amount of financial resources generated locally for their own development.

#### *Allegiance of supposed departments of the local government to their mother-ministries, departments and agencies*

As part of the feet dragging and lukewarm attitudes to decentralization is the strong allegiance of some departments that are supposed to be part of the district assemblies to their mother

ministries. These find it difficult to fully succumb to the assemblies. They also continue to look up-wards to their mother ministries for funds, other forms of support and also for activities for implementation at the district level instead of the assemblies. Major reasons for this are the fear of these ministries, departments and agencies losing important privileges, loss of access to power, loss of command over the choicest parts of the development process and the necessary funds for these activities and their final demise. This results in subtle attempts to undermine the process of making these departments fully part of the assembly system in the country and also important aspects of the programme still remain unimplemented.

### **Local level:**

#### *Absence of big firms in the municipality*

In this era of economic development, firms try to locate closer to others and also in clusters so as to enjoy economies of scale and to reduce their cost of production. So therefore, spatial units and environments with these attributes have the benefit of attracting other economic activities and industries for their economic benefit in the long run. The municipality is not home to any large scale industrial activities and firms that could employ a large majority of its people except the Juaben Oil Mills limited, located at Juaben, a town in the municipality. There is also the lack of clusters of economic activities, except the weaving of kente in the municipality to attract more economic entities to the municipality to create jobs for its people.

#### *Inadequate capacity of local entrepreneurs and artisans*

For many of the entrepreneurs in the municipality, their economic activities are on individual and small scale basis depriving them of the benefits of large scale production and other benefits. This type of ownership and scale of production also affect their continuity negatively and prevents them from benefiting from large capital investments. Due to this, the local government found it difficult to help them access funds from various sources as today they will exist and tomorrow, they will be no more. Some of these had inadequate entrepreneurial and management skills. For many of these local entrepreneurs, technical assistance in production technologies, marketing and linkages with other sectors of the economy did not exist. The situation was worsened by the departure of those with better skills to the neighbouring metropolis to seek for better business avenues. Those with artisan skills are hampered by the lack of capital for expansion of their activities and lack of access to markets. These are also reinforced by the near absence of better business development services in the municipality and their inability to access capital from financial institutions to expand their activities. Local artisans who could have also benefited from local contracts from the local government are not able to do so as they have not the assets and facilities to qualify them to bid for such contracts and projects. This in a way hinders the local government from granting them contracts. Based on these, contracts which could have been given to these local artisans are given out to contractors who are mostly outside the municipality leading to the leakage of financial resources which have the ability to impair the quality of respective linkages to promote municipal economic development. This kind of opposite flows should be checked to prevent substantial municipal financial resources leaving the municipality rather than being invested locally.

### *Underdevelopment of locally available natural potentials*

The municipality abounds in many natural and physical resources as discussed in chapter six of this study, but most of these remain in their natural state, untapped, undeveloped and underutilised for the economic benefit of the municipality. The development of these resources demands huge capital investments which are not available in the municipality. The control over the utilisation of these resources such as land for productive activities and physical development, mineral and forest resources are also outside the control of the local government. In spite of this, it has the responsibility to protect them from unlawful and unsustainable use. Their development and utilisation therefore depends on those institutions that control these resources. This therefore deprives it from direct involvement in their development for faster economic development of the municipality.

### *Hindered access to land in the municipality*

Land as a factor of production is very important in the socio-economic development of the municipality. As have been stated in chapter six of this study, though there exists large tracts of land for development purposes in the municipality, access is hindered in various ways including ownership, tenure and financial cost. Land in the municipality is owned by stools and families and not the local government as has been stated earlier on. Also, they are basically not for permanent acquisition. The major source of private land acquisition is by negotiation with the owners and caretaker chiefs where the land is located. Allocation therefore for private development is based on ability to pay for these parcels of land. The release of land for development purposes are delayed most of the time or even refused and this affects economic development of the municipality. A case in point was the development of an inland port at Fomesua, a town in the municipality by the central government. This was due to a chieftaincy dispute in the area. This challenge made the project to be relocated to a new site in the municipality. If the central government even faces challenges in land acquisition, then what about the individual entrepreneur and the local government? Also the proximity of the municipality to the Kumasi metropolis is influencing an increase in price of land in the municipality. A small piece of land measuring about 90 by 70 feet cost between a US\$1000 and US\$2000, depending on the location. At this rate, the ordinary small scale entrepreneur cannot afford to purchase such pieces of land for their activities in the municipality. They most of the time squat on people's private land and are driven away anytime the owners have need for such pieces of land. The land acquisition process is also fraught with various challenges including double sales, though not very regular to complex and bureaucratic processes and procedures. This process affects land acquisition for urgent economic development activities in the municipality. Though some entrepreneurs have the chance to rent pieces of land for their activities and pay monthly rents depending on the negotiations with the owner which determines the occupancy duration, they have not the right to occupy this piece of land forever.

## **10.6 General factors influencing what the local government does in local economic development promotion in the municipality**

The data analysis brought to light certain factors that generally influence what the local government does in its local economic development drive. These also determine the kind of roles and areas of interventions in its local economic development drive in the municipality. These factors as identified ranged from the development needs of the municipality to the level of the



preparedness of stakeholders to work together for the good of promoting the economic development of the municipality. These factors are presented below.

### **10.6.1 Development need of the municipality**

The development problems, challenges and needs of the municipality are a major factor influencing what the local government does in its economic development activities. Challenges such as increasing levels of poverty, unemployment and low incomes as already indicated gives clear indication of what the local government should do. For instance the development need of infrastructure in the municipality compels the local government to provide both economic and non-economic infrastructure in the municipality. The support it also gives to the various sectors of the municipal economy are also based on the needs of these sectors and units in the municipality. This factor tries to affirm the creation and existence of the local government in the municipality as captured in the words of a planning officer in the municipality.

*‘If the needs of the municipality and its inhabitants are not a factor in what we do as a local government, then what is the basis of its creation and existence?’*

As indicated earlier and based on the functions ascribed to it by the act and legal provisions establishing it, it is supposed to ensure the entire development of the municipality by identifying key challenges to development and addressing them.

### **10.6.2 Economic focus of the municipality**

Also the economic focus and the major economic sectors of a particular locality has a great influence on what should be done to promote its economic development. This is as a result of the likely comparative and competitive advantage a locality may have in these economic sectors for its development. For instance in purely mineral, tourist and business areas, local entities focus on these areas to promote the development of its areas. In the case of the Ejisu-Juaben municipality, the major economic activities are agriculture, crafts and small and medium scale business enterprises. These therefore have influenced the local government to get along with these sectors. These sectors provide majority of the people with sources of employment and livelihood in the municipality. They also serve as sources of revenue to the local government through the payment of fees, tolls and taxes by the various entities involved. They also help to meet the food, raw material and income needs of the local people in the municipality. In this light, the local government puts in measures to promote, improve and sustain these sectors to help improve and expand these economic activities in the municipality.

### **10.6.3 Resource availability and access**

Resources no matter their form and quantity are very vital for any successful local economic development in a particular locality. The quality and quantity of these resources can determine the level of development of a particular locality. History has it that, locations with the needed resources for development have moved up faster than others without these resources. The municipality abounds in various types of resources. These ranges from natural resources such as land, water bodies, timber and other mineral resources as described in earlier chapters of this report. These have benefited the municipality a lot in its economic development. The availability of these resources influences the kind of economic activities carried out in the municipality and also what the local government does in the area of local economic development promotion. For instance, it provides licenses for entities to utilize some of these resources. This notwithstanding, a major factor that affects their use is access to them. Though the local government has used

these resources for the economic development of the municipality, access to most of them are hindered. These then puts the local government in a position of facilitating access to them and not directly having control over them.

#### **10.6.4 Local government capacity and leadership**

The success of actors in local economic development generally depends on the ability to carry on with the process. It determines the extent to which each actor could go and what it can do in the process. Capacity in the form of finance, legal mandate, human resources, logistics and the technical know-how can influence actors in the process of local economic development. These also have major influence on what the local government does and what it can do in the municipality concerning local economic development. For instance, the level of financial resources available annually to the local government and the purpose for which the finances are to be put to, determine what it does in the arena of local economic development. Where a greater part of the funds have already been allocated, it is left with a meagre proportion to carry out its activities in local economic development. The human resources capacity, (their level of skills and know-how and level of commitment) of the local government influences its ability to promote local economic development in the municipality. These forms of capacity were identified as a major factor that influences the ability of the local government to carry out local economic development activities in the municipality. The skills and know-how of local government leaders, both past and present, also have influenced what the local government does in local economic development. Also, the frequent changes in the leadership of the local government by the powers that be, leads to the changes in the visions of the leadership of the local government most of the time. It is always said that a new leader, a new vision. Regular changes in the leadership of the local government normally lead to a re-focusing of the local government to suit that of the new leader. It again affects continuity of many policies. These have the likely ability of hindering the long term implementation of development strategies. But this is changing currently due to the introduction of certain measures at the district level whereby local governments which are able to implement their programmes and projects as indicated in their development plans are given extra resources as an incentive to help them implement many of their projects.

#### **10.6.5 Level of preparedness of actors to work together**

Local economic development, its planning, implementation and management of the process is participatory and cooperative in nature which needs the involvement and contribution of the necessary stakeholders. These include local government leadership, sectoral departments and agencies, local politicians, the private sector and local community organizations and leaders. All these must see the economic development of the local area as their collective responsibility. The situation in the municipality points to the direction that, there is an undervaluation of the abilities of certain actors in the process by key stakeholders such as the local government. Most of the stakeholders at the local level are working separately on their own accord and based on their own resources to promote economic development activities that are of benefit to themselves. Though these are prepared to work together, there exists some form of mistrust between them. They are therefore sceptical towards partnering each other, especially the local government to promote the economic development of the municipality. They also see the local government to be responsible for all forms of development activities in the municipality as the local representative of the central government.

### **10.6.6 Central government policies, development focus and directives**

Another important factor that affects the role of the local government in local economic development promotion is the policy direction and development focus of the central government. The local government cannot do any activity that is against the current policies of the central government. All activities are to complement these policies. For instance in the era of poverty alleviation as captured in the Ghana Poverty Reduction Strategy I and the Growth and Poverty Reduction Strategy II, the local government and for that matter all its counterparts were to follow suit and implement programmes and projects to this effect. Moreover, the development planning guidelines issued by the National Development Planning Commission of the country are also based on the development agenda and policy framework of the government of the day. Local governments can only go out of these guidelines after satisfying the laid down requirements and conditions. Also, the development programmes of the central government in the area of local economic development at times indicate what the local government should do at a particular point in time. A case in point is the development of the cocoa sector where it is supposed to support the mass cocoa spraying exercise in the municipality and also fund other government projects in agriculture and aspects of the National Youth Employment Programme. These policy directions help local governments to meet the interest of the central government and at the same time help implement them at the local level in the form of programmes and projects for the benefit of all. Also the development guidelines presented help it not to miss the current trend and focus for all local governments in the country. Furthermore the central government programmes implemented at the local level complements what the local government itself does. Though this has the ability of increasing its resources for local programmes and projects, they are not very regular in occurrence. In spite of these, they make the local government to be very much dependent on these policies and guidelines which is likely to limit its innovative abilities.

### **10.7 General conclusions**

The study was premised on the following assumption and prepositions that:

Assumption:

Local governments are well positioned to promote the local economic development of the areas

Propositions:

- iv. that to achieve the goal and outcomes of local economic development, local governments need to put in specific and pragmatic measures that are effective and conducive in stimulating the local economic development process
- v. that the goal of local economic development are unlikely to be achieved without the active involvement of the necessary actors in the process
- vi. that both internal and external factors have the ability of influencing the active involvement of local governments in local economic development

Based on these, the study arrived at the following conclusions.

The studied identified both in literature and through the empirical evidence that local governments are in a better position, spatially to promote local economic development as they are closer to the development action spots and problems of the various local areas under their control. Though they command certain resources and capacities that can encourage them to take

the lead role, these are not adequate enough. The empirical study also brought to light that, the local government studied is better placed for local economic development promotion as it had several facilitating factors and potentials such as the legal mandate, some form of capacity and resources to carry out and implement the process. Also the municipality has certain factors and potentials that enhance its position in local economic development. In spite of all these factors and potentials, there are several bottlenecks that militated against its active and effective involvement in the process. It can therefore be concluded that, though the local government studied was better positioned than other stakeholders in the municipality for local economic development promotion, it is hampered by these bottlenecks which need to be addressed for it to take its rightful place in local economic development promotion.

The first proposition of the study was that; to achieve the goal and outcomes of local economic development, local governments need to put in specific and pragmatic measures that are effective and conducive in stimulating the local economic development process. After the entire analysis, it was evident that the local government though played certain roles that are geared towards local economic development, these were basically not very strong enough and not directed to local economic activities. They were also limited in scope. Moreover, it had a skewed focus in its local economic development as it favoured mostly physical infrastructure as against the other aspects of economic entity development in the municipality. There is therefore sufficient evidence to conclude that the local government did not put in effective and pragmatic measures that are conducive enough to stimulate the local economic development process in the municipality. For its impacts then to be felt in the municipality and beyond, these need to be addressed.

Another proposition of this research was that the goal of local economic development is unlikely to be achieved without the active involvement of the necessary actors in the process. The findings of the study indicated that there is a limited level of stakeholder involvement in the process by the local government and its relationship with local stakeholders was at the lowest level. It can then be concluded that this was a likely contributory factor to the limited impact of the local government in local economic development.

Moreover, the various analysis and findings of the study pointed to the direction that, conditions influencing both positively and negatively the involvement of the local government in local economic development emanated from mainly two levels of ‘environment’, namely:

- the internal- constituting the intra environment and the local environment:  
The intra environment indicates conditions within the local government itself which influences its involvement. These indicate the strengths and weaknesses of the local government itself. The local environment represents the broader conditions in the municipality that influence the local government’s involvement in the process of local economic development. These are the opportunities and constraints at this level.
- the external environment:  
The external environment is the conditions that are outside the municipal environment and includes conditions emanating from the central government and other stakeholders beyond the municipality. These can be termed are the external opportunities and

constraints to the local government's involvement in the process of local economic development.

All these environmental levels have an effect on the role of the local government in local economic development in the municipality.

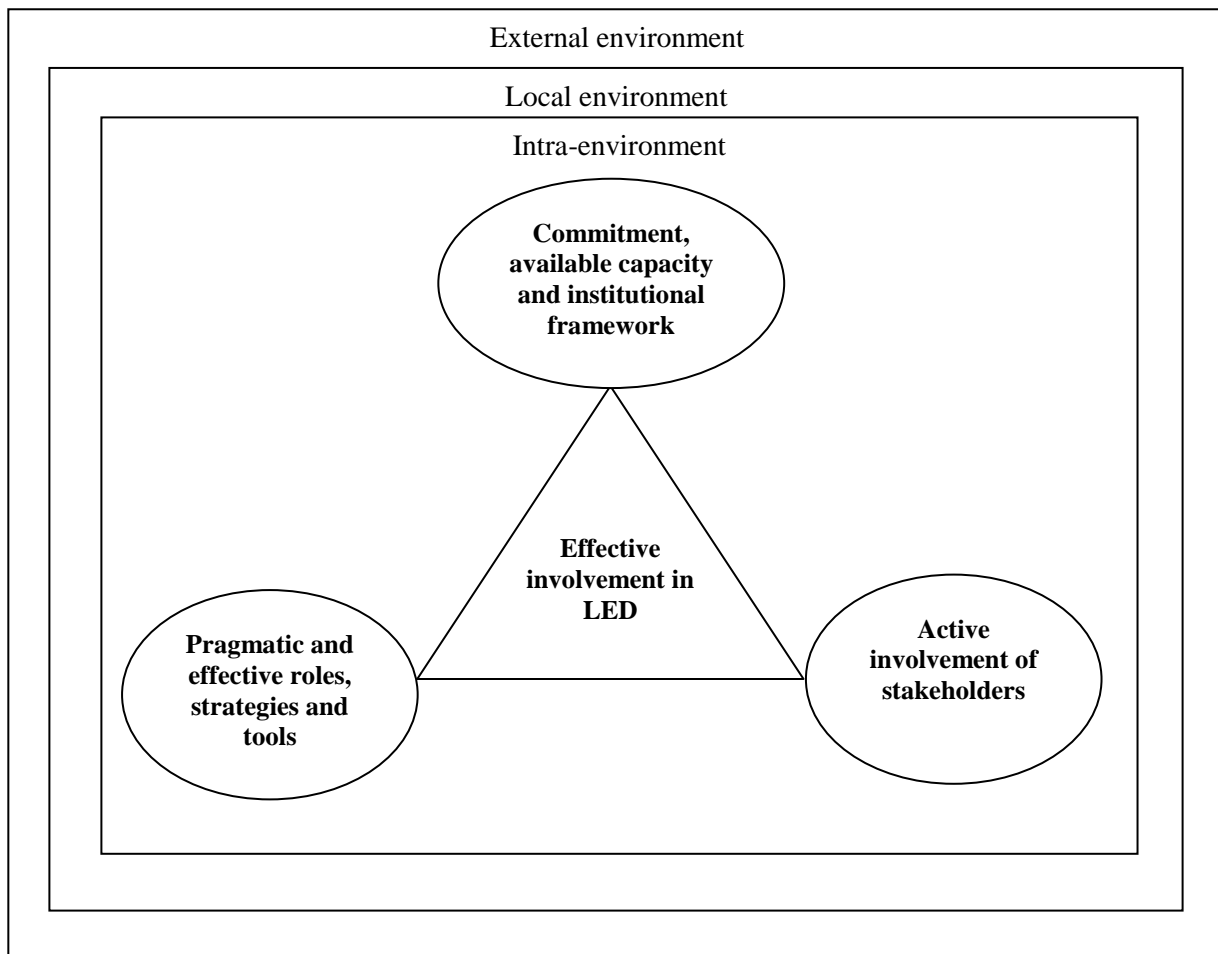
It can then be concluded that for the local government to be able to effectively promote local economic development in the municipality, then there should be favourable conditions within these levels of environment namely: the intra environment of the local government, the local environment of the municipality and the external environment beyond the municipality.

Based on these therefore, it is finally concluded conceptually that for the local government to effectively get involved in local economic development and have its impacts felt then:

- the local government should devise better roles, strategies and activities that can stimulate local economic development,
- there should be a higher level of commitment and available capacity on the part of the local government for the process
- it should have effective institutional framework for local economic development
- there should be active involvement of stakeholders in the process
- there should be favourable environment for it to operate and
- consideration should be given to all the aspects of local economic development (namely: hardware, software and 'orgware' development)

These are diagrammatically presented in figure 10.2

Figure 10.2 Necessary considerations for effective local government involvement in local economic development promotion



Source: Author's own construct

## 10.8 Summary

The chapter has brought to light and discussed the various major findings of this study relating to why the local government studied was unable to effectively carry out local economic development promotion. It also discussed various identified factors that likely influenced what the local government did in promoting local economic development. It came to the fore that both the factors militating against its effective involvement and those dictating what it does in local economic development emanated from three major sources. These were intra (from the local government itself), internal (within the municipality) and external (beyond the local government and the municipality) factors. Therefore to address these militating factors, there is the need to consider all these levels. The next chapter does well to make certain recommendations that can help enhance the effective involvement of the local government in local economic development promotion in the municipality.

## **11. Enhancing the role of the local government in local economic development promotion in the municipality**

### **11.1 Introduction**

It is apparent that the involvement of local government in local economic development is paramount within the context of decentralization in Ghana. At the very least, it does not only prevent them from being only recipients of development handouts from the central government but also encourages them to take the economic development destiny of their areas into their own hands and discourages the tendency for dependency to a larger extent on the central government. This chapter therefore makes certain recommendations to enhance the roles of the local government in local economic development in the municipality. The chapter is categorised into the following: strengthening the local government's role, enhancing local government's involvement of other stakeholders/actors in the process, improving the capacity, institutional and planning framework and other general recommendations.

### **11.2 Strengthening the roles of the local government in local economic development in the municipality**

For the local government to be very effective in leading the local economic development process and making its impact felt in the municipality, it needs to deepen, strengthen and re-orient its roles, the strategies and tools it applies in its drive towards local economic development in the municipality. It needs also to carry out more action oriented roles and strategies that impact directly on local economic entities' development in the municipality. The various recommendations are stated and discussed below.

#### **11.2.1 Continuous expansion of physical infrastructure**

The local government needs to continue to open up the entire municipality through the construction and maintenance of all types of access roads and continue to facilitate the provision of communication facilities and networks in the municipality. It is also necessary for it to help eliminate all impediments to the development of the infrastructure and communication sectors in the municipality that are its own creation in the process to make the municipality attractive to these private communication entities. It behoves on it to continue to expand and maintain physical market infrastructure in the municipality as these help promote micro enterprises in the municipality. Again, it ought to expand facilities in these markets to make way for more economic entities. Where marketing centres are very weak, there is the need for the local government to revive them. Moreover, it is deemed necessary for it to continue not only to expand the transmission of electric power to all communities, but also make sure that better services are provided through the construction of power distribution station in the municipality in cooperation with the Electricity Company of Ghana. By so doing, regular and stable supply of electricity would be available to economic entities and for domestic purposes in the municipality.

#### **11.2.2 Creation of land banks in the municipality for economic purposes**

Access to land for economic entities, especially small and micro-enterprises in the municipality is a major challenge which hinders their smooth development. In this view, the local government as part of its physical planning measures could acquire large tracts of land to create land banks and make these lands available to would-be investors and economic entities in the municipality.

General announcements can be made of the availability of land in the municipality to the general public. This will be a major means of attracting and keeping economic entities in the municipality.

### **11.2.3 Strategic marketing of the municipality and its potentials**

The local government must make the marketing of the municipality and its potentials a prime focus. It could employ the services of marketing professionals to help advertise the municipality to the general public, would-be investors and the entire world. It ought to adopt pragmatic steps such as hosting and maintaining its own website to make known its offers and the available potential of the municipality to the outside world.

### **11.2.4 Increasing and improving upon skills provision and training programmes**

The various skills provision programmes of the local government captured a few youths and were centred in a few settlements in the municipality. Also most of these programmes were under specific programmes and projects which were not the actual initiatives of the local government. To improve upon the vocational skills of the youth and be able to achieve the real benefits and impacts of these programmes, it could institute programmes that are well structured in conjunction with other stakeholders in the municipality and commit resources to these. The programmes to be instituted need to maintain and develop the local skills base and promote sustainable job-creation and the diversification of the local economy. Beneficiaries at the end of these programmes should be assisted in diverse ways by the local government to start their own enterprises across the municipality.

### **11.2.5 Improving upon the implementation of local economic development programmes and projects in the municipality**

The local government must build the edifice of following through the implementation of all proposed projects especially its local economic development projects during each planning period. It should also provide the necessary resources for these programmes and remain committed to their implementation till the end. The Ministry of Local Government and Rural Development and the National Development Planning Commission should also intensify their supervisory roles of the local government to ensure the full implementation of their programmes. The Ministry and the Commission should devise award systems to reward all local governments that follow through with the implementation of their medium term development plans.

### **11.2.6 Streamlining and focusing more on the direct needs of economic entities in the municipality**

The study brought to light that the local government played down on the actual direct needs of economic entities in the municipality as most of the activities it carried out though important had a less chance of directly affecting these entities. In this view, it is important for the local government to put in measures that are favourable to economic entities in the municipality. These include investing in soft infrastructure that are of need to economic entities, addressing the space needs of economic entities in its physical plans and supporting the establishment and implementation of informal business networks and cluster development. The soft infrastructure being referred to include supporting the development of business and trade associations, providing access to business development services, enabling and providing skills training to entrepreneurs, technical advice on business issues including financing and management, value



chain and product marketing. The various needs of all these stakeholders can be assessed through the LED forum and by the LED centre of the local government. The local government should also put in place a data banking system of business information and opportunities in the municipality as these were absent at the local government level. The local government through its LED centre and the Business Advisory Centre should facilitate the creation of business networks in and out of the municipality. Entrepreneurs and business entities could learn from each other through these networks and derive other forms of advantages in the process. Their active involvement in these networks can help develop their customer base, acquisition of skills, and the expansion of their activities and develop other forms of collaborative relationships with other business entities in similar sectors both within and outside the municipality. The local government could also focus on identifying and supporting business clusters in the municipality as studies have proven that businesses do not develop in isolation but in clusters. These clusters often arise out of distinctive resources and the presence of supporting institutions and policies. This cluster development will ensure that local economic development initiatives are concentrated on encouraging and supporting inter-business entity collaboration, institutional development and support for targeted business sectors in the municipality.

#### **11.2.7 Linking economic entities to other sources of funding**

In view of the financial position of the local government and the demands on its limited financial resources, it cannot provide credit facilities to local economic entities in the municipality. Research has shown that local governments are not even efficient in the field of credit administration. The cases of the poverty alleviation and the Micro-Finance and Small Loans Centre (MASLOC<sup>20</sup>) funds are examples in the case of Ghana. It is therefore necessary for the local government to put in various measures and link economic entities to other means of funding and also to financial institutions both within and outside the municipality through the various LED forums.

#### **11.2.8 Making local procurements to help businesses grow in the municipality**

The local government should make its local contracts more accessible to artisans in the municipality by adjusting the size of contracts so that local entities can bid for these contracts. It should also encourage and accept bids from groups of local artisans. It could also hold procurement events for local economic entities and their associations in the municipality. This will put them in a better position to know the requirements for such procurement and contracts of the local government and enable them to be competitive in the procurement bidding process. The local government needs also to facilitate and improve the linkages of larger contractors with smaller groups of artisans in the municipality. This will help the big contractors to transfer managerial skills, technology and machinery to the group of artisans to establish a synergy to help upgrade the standards of these local artisans.

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<sup>20</sup> A loan scheme established by the government of Ghana to address the financial needs of small and medium scale enterprises. It was abused at the beginning as funds went into the hands of political party faithfuls.

## **11.3 Enhancing the capacity, institutional and planning framework for local economic development**

### **11.3.1 Improving upon the capacity of the local government for local economic development**

In view of the findings that the local government has inadequate capacity in terms of funds, technical know-how, logistics and other forms, there is the need to address these issues. It should enter into partnerships with other stakeholders in the process where the financial burden on it can be shared with these. This will also allow it to perform other roles and functions aside financial provision in the partnership. It should also strengthen its business attraction strategies so as to attract more and vibrant economic entities and activities into the municipality to feel the gaps that it cannot fulfil on its own. This can also improve upon the internal revenue generation aspects of the local government as these economic entities will also be available for taxation in various forms. The local government should also find solutions to the loop holes in its local revenue mobilisation in the municipality. It needs again encourage the setting up of cooperative credit unions and associations across the length and breadth of the municipality and put in measures to strengthen existing ones. This will help micro-level economic entities and entrepreneurs to have access to financial capital for the development of their economic entities in the long run. The local government could also develop a good working relationship with the local rural banks, especially the Juaben and Onwe Rural Banks and encourage them to assist local economic entities with financial resources. The local government must apply for special funds at the central government level earmarked for the development of businesses to be administered through these banks in the municipality. Also the proposed local economic development unit of the local government should be tasked to put in the necessary efforts to source for additional funds for local economic development activities of the local government in the municipality.

Moreover, central government could also compel the local government to allocate special funds from its budget for the promotion of the ‘software’ aspects of local economic development each financial planning period. In the long term, the central government should also speed up its fiscal decentralisation process to give local governments full control over grants received and give them financial autonomy in the use of their financial resources. Aside the improvement in the financial capacity of the local government, it should re-orient its staff whose activities are likely to have a bearing on local economic development on the ideals and principles of the concept. This should provide opportunities for well-established and more practically focused training in local economic development, its planning, implementation, financing and management as it will improve upon their capacity and to ensure the effectiveness of the local government in this direction.

### **11.3.2 Setting up a special unit for local economic development in the local government**

The study recommends the establishment of a special centre by the local government level to be in-charge and responsible for its local economic development activities. This unit should help plan, facilitate and coordinate all local economic development activities of the local government, its departments, units and sub-committees and that of local economic entities in the municipality. This centre or unit should also see to the creation of sub-units or centres for local economic development at the Town/ Area Council and community levels in the municipality and should

also convene the LED forum of the local government in the municipality. It should also have the mandate of re-orienting the various departments, especially the Business Advisory Centre in the municipality on the roles in promoting business and other economic activities for the benefit of all in the municipality. The centre ought to include representatives from all the key departments, sub-committees, technical staff of the local government, representatives from major business associations and economic entities and local leaders in the municipality. Finally, the local government should give this unit the needed support in terms of resources for its activities.

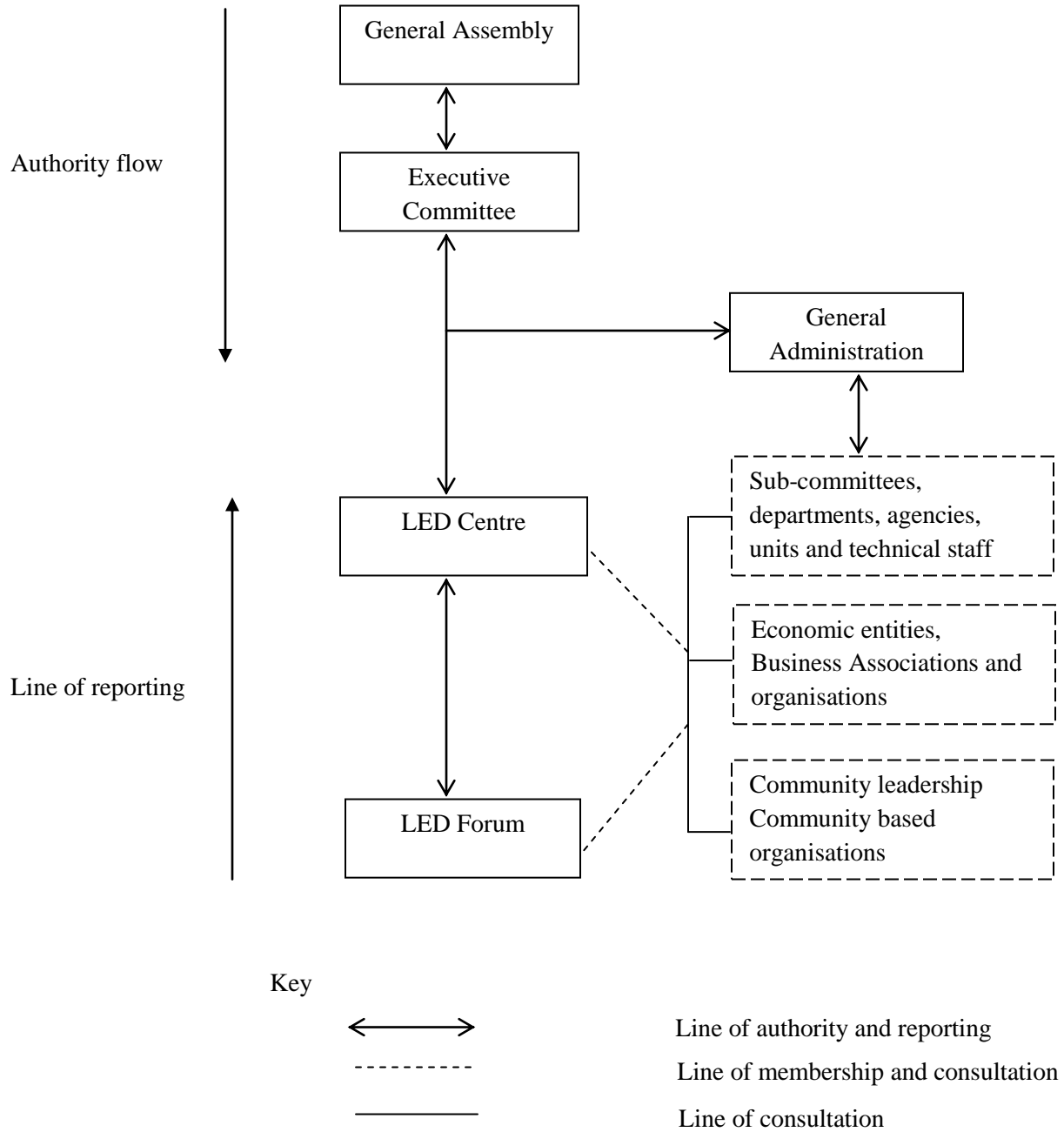
### **11.3.3 Integrating a detailed local economic development planning process into the local government's medium term planning process**

The strategic local economic development process which involves a participatory process of formulating and implementing a local economic development plan is both a vehicle to devise and implement programmes, projects and activities and also as an instrument to concretise the economic sector plan of the local government. Though this plan should serve as an integral to the bigger development agenda of the local government, it should clearly spell out the local government's vision, goals, objectives, programmes and projects for local economic development and their implementation processes. It is advocated that the local economic development process should be expanded by the local government after its medium term development plan preparation period. At this point, the various stages of the local economic development process including: organising the LED efforts; doing the local economy and competitive assessment; formulating the LED strategy; implementing the LED strategy; and reviewing the LED strategy could be followed in detail. This should be done by the local economic development unit of the local government through the stakeholder forum in the local economic development in the process.

### **11.3.4 Establishing an institutional framework for local economic development at the local government level**

In view of the absence of a comprehensive institutional framework that governs local economic development at the local government level, it is proper for the local government to create a comprehensive institutional framework and structure for this purpose. This framework should include all the necessary stakeholders in the process. The study recommends the following framework in figure 11.1. In this framework, the LED forum should be at the bottom and report to the LED Centre of the local government leading up to the General Assembly of the local government. The flow of authority is also from the top to the bottom of the framework.

Figure 11.1 Proposed LED institutional structure and framework



Source: Author's own construct

## **11.4 Enhancing the involvement of other stakeholders in the local economic development process**

The findings of the study concerning the involvement of other stakeholders indicated that the local government involved certain stakeholders/actors in the process of its local economic development promotional drive. In spite of this, their level of involvement is limited in most cases. The local government values and relate with these stakeholders on varying scales and there exist weak relationship between the local government and most of these stakeholders, especially the local ones. This section of the report tries to make proposals for enhancing the involvement of these stakeholders by the local government in the process. These proposals include valuing all stakeholders in the process, improving the levels of stakeholder involvement in the process, creating a stakeholders' forum and developing a stakeholder involvement framework at the local level by the local government.

### **11.4.1 Valuing all stakeholders in the process**

Though the importance, power, influence levels, capacity and strengths of stakeholders vary, the role and contribution of none of them to the local economic development process is totally unimportant. This is because all these actors are relevant in the process and will contribute in diverse ways to the success or failure of the local government in the process. For instance the *'producers'* in the process exploit available economic opportunities and resources to generate income/wealth through the creation of, or engagement in a range of production activities that are individually, privately or communally/publicly owned and managed. Also those in the category of *'promoters'* also design and implement related macro-level policies, create and enforce regulations and provide a range of promotional and facilitation services that cumulatively give shape to the prevailing enabling environment within which these *'producers'* function. Deficiencies in this light to design effective policies and apply appropriate and efficient regulations or provide effective services would degrade the quality of the enabling environment while gaps in the ability of *'producers'* to effectively exploit economic opportunities and strategically improve the competitive position of their enterprises, sectors, clusters and value chain would affect the local economic development promotion outcomes (Shawa, 2008:1). It is therefore critical for the local government studied to devise a strategy that would help achieve a balance in valuing all these stakeholders in its local economic development process in the municipality. This can be done through a critical assessment of all necessary stakeholders in the local economic development forum to be established.

### **11.4.2 Improving the levels of stakeholder involvement in the process**

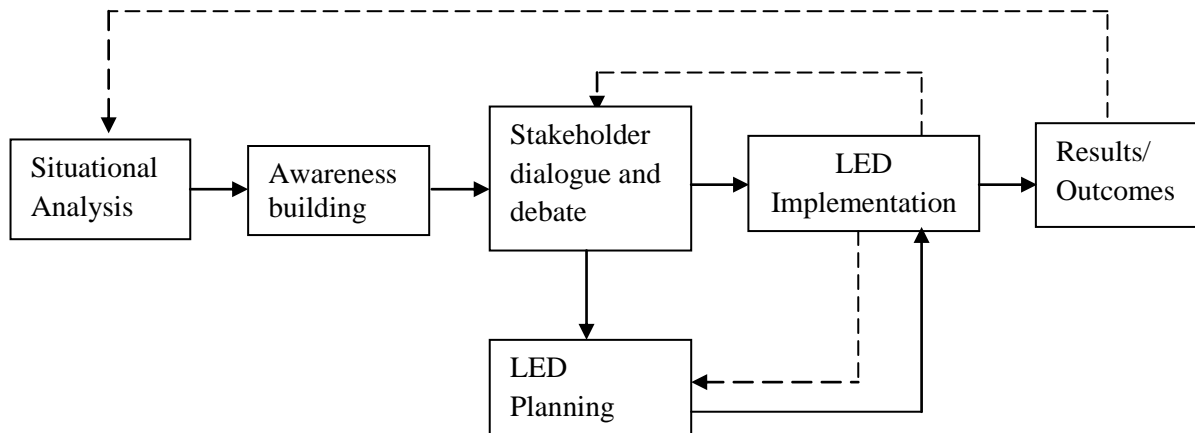
Since the level of involvement of the local stakeholders is at a lower level of the participation ladder, the local government in order to enhance its roles and take advantage of the potentials of the other actors in the process, there is the need to scale up the involvement of these actors in the process. The local government needs to ensure a two-way dialogue whereby issues on local economic development are decided together. This has the potential of two-way information exchange in the local economic development process. The local government could also encourage discussions among and with these stakeholders and make use of their inputs to shape policy directions and delivery of its local economic development programmes. If possible, the local government should endeavour to act together with stakeholders in its local economic development drive as it is necessary for the stakeholders to talk to each other regarding complex

value-laden issues and decisions. This will provide a platform for a shared agenda setting and open time frames for deliberating on issues and generating local economic development ideas together. This could ensure the respect for all decisions arrived at and strategies adopted for local economic development by the local government and the likely roles to be played by all stakeholders in the process. The local government should also partner very well with these other stakeholders so as to empower them in the process. This may likely help them accept the challenge of working together and developing joint solutions themselves and assume other important roles in the process.

#### **11.4.3 Creating and implementing a local economic development forum (LED forum)**

As identified in the study, various stakeholders/actors exist to promote the local economic development of the municipality, both within and outside the municipality. Therefore establishing a converging point at various levels in the municipality by the local government to pursue a shared objective to improve upon the involvement of stakeholders in its local economic development drive is of great importance in enhancing its roles. This converging point is what is referred to as the LED forum in this recommendation. This has the ability of serving as an instrument and also creating a platform for fostering stakeholders' dialogue. This will foster collective learning and the formulation of appropriate policies and programmes that will enhance the local economic development role of the local government and these other actors. This forum will again serve as an instrument that can be used by the local government together with the other stakeholders to improve upon the structure and process in local economic development and service delivery in the municipality. The recommended LED forum by the local government will include all the identified stakeholders that are likely to influence the local economic development role of the local government. This forum can also help advice the local government and other stakeholders in the process to improve upon the quality of local economic development dialogue and networks in the municipality and beyond. The forum would likely ensure a participatory process in situational analysis to help understand challenges and opportunities, define common issues to be addressed and agree on realistic collaborative plans and activities for implementation. In establishing these forums, the local government would have to do a wide range of situational analysis of the necessary stakeholders, create and build awareness among the stakeholders, organise stakeholder dialogue and policy debates, institute a joint local economic development planning and implementation at the local level. This process is depicted in figure 11.2

Figure 11.2 Process for establishing stakeholder forum



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Source: Author's own construct

In carrying out the situational analysis, the local government through its local economic development promotion unit needs to identify the stakeholders to be involved, their characteristics and attitudes towards local economic development in the municipality, identify the patterns of networks, relationships and interaction among these. Based on this, a participatory technique can be selected to be implemented through the stakeholder dialogue and technique. This should be adapted to the given conditions within the municipality and the external environment. Each stakeholder should be allowed to do what it can do best in the process.

These forums should be organised at the community, area/town council and municipal levels in the municipality to give all levels of stakeholders, no matter their size and location the chance to participate. The various levels are depicted on figure 11.3.

Figure 11.3 Levels of LED forum in the municipality

Spatial level	Membership	Roles
<p>Municipal level forum</p>	<ul style="list-style-type: none"> <li>- Municipal level business Associations</li> <li>- Medium to large scale enterprises and their owners</li> <li>- Municipal LED Unit</li> </ul>	<ul style="list-style-type: none"> <li>-Create awareness among stakeholders in the municipality</li> <li>-Hold municipal level dialogue and debates</li> <li>-Plan for Municipal level LED</li> <li>-Assist and advice local government in its LED deliberations</li> <li>-Link investors to municipal potentials</li> </ul>
<p>Area/Town level forum</p>	<ul style="list-style-type: none"> <li>- Local councillors</li> <li>- Zonal Business Associations</li> <li>- Zonal associations</li> </ul>	<ul style="list-style-type: none"> <li>-Serve as a link between the community and municipal level LED forums</li> <li>-Monitor and control the activities of community forums in their area</li> </ul>
<p>Community level forum</p>	<ul style="list-style-type: none"> <li>- Local politicians</li> <li>- Local economic entities and their owners</li> <li>- Local business associations</li> <li>- Community leaders</li> <li>- Local community institutions</li> </ul>	<ul style="list-style-type: none"> <li>-Create awareness among community level stakeholders</li> <li>-Hold community level dialogue and debates on LED</li> <li>-Consider actions for higher level forum</li> <li>-Plan and implement community level LED strategies and actions</li> <li>-Link up with higher level forums and stakeholders</li> </ul>

Source: Author's own construct



#### 11.4.4 Establishing Local Economic Development partnerships

Partnerships are at the heart of any effective local economic development promotion and the local government should move beyond a mere involvement of other stakeholders in the process to real partnerships. There is the need for it to forge partnerships with all the necessary stakeholders. This is because these partnerships could produce the following results with the key stakeholders as presented on table 11.1 below.

Table 11.1 Likely results of LED partnership between local government and other stakeholders

Stakeholders	Likely results/ benefits
Economic entities, associations and private economic sector	-Understand local economy and operation of economic entities, encourage entrepreneurship, -Facilitate public private partnerships
Higher educational and research institutions	-Support joint research on LED and related areas -Increase access to knowledge, expertise, technical advice and consulting skills
Local and traditional leadership and community groups	-Mobilise volunteers, promote local government and community partnerships, -Strengthen delivery and promote accountability and transparency -Improve access to local resources
Neighbouring local governments (Districts)	-Create and implement joint programmes and projects, -Improve access to joint resources, -Solve common development challenges jointly
Central government and its agencies	-Ensure effective coordination, facilitation and access to other resources for LED at the local level
Financial institutions	-Link economic entities to their products -Provide finance for business entities -Advice economic entities
International development partners	-Provide resources, support and expertise to improve capacity

Source: Author's own construct

## **11.5 Creation of an integrated national institutional and policy framework for local economic development promotion**

The absence of an integrated national institutional and policy framework for enhancing the involvement of local governments in local economic development does not auger well for effective local economic development in the country. There is therefore the need for the ministry responsible for local governments and the National Development Planning Commission to create a national framework to guide local governments in local economic development promotion in the country. This framework will be a means of supporting the process of enhancing the policy environment and putting in place institutional arrangements at the national level to guide local governments in effectively promoting local economic development at the local level. According to Shawa (2008:11), this kind of framework should help develop a local economic development centred understanding of the national economy, its sub-national and local dimensions, prevailing sectors and value chains. This framework should also assist in documenting, analysing the impact of and eventually harmonising and enhancing local economic development related macro policies and strengthening their responsiveness to local economic development promotion requirements. Again, it should document and assess the coherence of the mandates and functional assignments of local economic development relevant ministries and national agencies, quasi-governmental and non-governmental organisation and private sector institutions. This will enhance the gradual refinement of such mandates and improve the horizontal and vertical coordination and harmonisation of assigned functions. Finally the framework should define accurately the local economic development and functional assignments of local governments and position them in relationship to other local economic development promoters operating within their areas of jurisdiction, document, analyse and coordinate local economic development relevant national strategies to ensure alignment with the support of local economic development strategies.

## **11.6 Instituting a composite budgeting system**

It is again recommended that the central government institutes a system of composite budgeting whereby all the line departments and agencies that are supposed to be department of local governments submit their budgets to the local government. This will then help the local governments to know the total amount of funds they need at a particular period. Based on this, the central government should then channel all financial resources to the local governments which will then be distributed to the various departments and agencies. This will help the local governments know the quantum of resources available to them each period to enable them plan accordingly. This will also help reduce overlapping in the financial process where line departments receive funds from their mother units and expect similar gestures from the local governments. Also this will help de-link these departments from their mother units and reduce the dual allegiance challenge faced by the local governments concerning these departments.

## **11.7 Summary**

The chapter has made several recommendations that are deemed necessary to help address the less effectiveness of the local government in promoting local economic development in the municipality. These cut across issues relating to the ‘hardware’, ‘software’ and ‘orgware’ aspects deemed necessary for enhancing local economic development promotion by the local government in the municipality. More so some proposals concerning the major bottlenecks

affecting the local government negatively in its local economic development drive have been made. This is because these bottlenecks need to be addressed so that the local government can take advantage of most of the potentials and opportunities to promote all the aspects of local economic development in the municipality. The local government stands a better chance of enhancing its local economic development promotional drive if the above propositions are given their due consideration.

## **12. Generalisations and proposed areas of further research**

### **12.1 Introduction**

The chapter concludes the entire study on the role of the Ejisu-Juaben Municipality (local government) in local economic development promotion. It brings to the fore the possibility of generalising the findings of the study and proposed contributions of the study to the discourse on local government's involvement in local economic development. It ends with proposed areas for further studies and a general summary.

### **12.2 Generalisations**

The conclusions reached and the measures recommended in this study do not advocate for similar copies and stereotypes in all district, municipal and metropolitan Assemblies in Ghana as each Assembly or local government and its area of jurisdiction has its own peculiar challenges. Also the case study research approach adopted for this study does not permit the generalisation of the findings of a particular case studied to other cases as these other cases would have different and other special characteristics not present in the previous case studied. The only exception to this is generalisation based on analytical issues. However, the findings may be of relevance to these other local governments in the country. The strategies proposed can also be adapted and applied in these other local governments to enhance their involvement in local economic development across the country. This is based on the facts that all local governments in the country were created based on the same legislation and have similar functions based on their status be they districts, municipal or metropolitan assemblies. They also operate under similar conditions and constraints of the decentralisation process in the country.

It is however clear that for local governments to be able to achieve the goals and outcomes of local economic development, they should be prepared to put in specific and pragmatic measures that are effective and conducive in stimulating the process. Any measures put in place should make good use of available local resources and potentials. Also they should find innovative ways and means of financing local economic development activities and reduce dependence on the central government transfers and be prepared to spend extra resources on these activities. Moreover, they should have the necessary capacity of all forms to be able to effectively impact their local areas in terms of local economic development. The various departments of these local governments and the technical staff should be re-oriented to be abreast with the ideals and practices of local economic development promotion. Again, there should be available institutional framework and structures to support the process at the local government level. The local governments should also create and maintain good relationships with all major stakeholders and involve them in the local economic development process based on their capacities and interests. Finally, local governments should not lose sight of the fact that there are both internal and external factors that are critical to their success or failure in their local economic development which must be identified and taken care off in the process.

### **12.3 Contributions to the general discourse on local governments' involvement in local economic development**

The contributions of the research to the general discourse on the involvement of the local government in local economic development as by this study include the following:

- i. The research has enhanced the understanding of why the local government studied is less able to effectively promote local economic development at the local level. It has brought to light what it does, why it does it, how it does it and who is involved in the process.
- ii. The study has again provided a framework for assessing and improving upon the role of actors in local economic development, especially local governments at the local level.
- iii. Finally, the research has been able to indicate that, the effective involvement of actors (especially local government) in the process of local economic development is a function of several factors including the following: the environment in which the particular actor operates, effective and pragmatic role, strategies and tools, active stakeholder engagement in the process, availability of the requisite capacity and commitment on the part of the actor to the process.

#### **12. 4 Areas for further research**

This study though exhaustive within the frame in which it purposed to research, there are other aspects that need to be researched into in enhancing the role of local governments in local economic development promotion and the promotion of local economic development itself in the municipality and in the country as a whole. A number of areas therefore remain open for further research. These include the following:

- i. Since there are many stakeholders engaged in local economic development promotion at the local level, there is the need to analyse and manage multi-stakeholder engagements in local economic development at the local level to enhance local development. There will also be the need to assess the role of participation and partnerships in local economic development at the local level which will ultimately climax in strengthening partnerships for local economic development in Ghana.
- ii. Should there be adequate resources on the supply side of local economic development, there will be no problem to initiating and implementing all local economic development activities, but local areas usually have a lack of these. Therefore, the most important resources at the local level are the capacity of its local people, knowledge and abilities. There is then a pressing need to research into indigenous skills, knowledge and social capital for local economic development at the local level in Ghana.
- iii. Again, as poverty abounds at the local level and serves as a canker, eating the fabrics of society, there is also a need to look into how poverty can be addressed through local economic and territorial development and also assess pro-poor interventions for local economic development at the local level in the country.
- iv. There is also the need to evaluate the existing local economic development policies of local governments and how these impact on local livelihoods and economic entities. The contents of the various medium term development plans on local economic development of the various local governments over the past two and a half decades need to be assessed to find out how they are enhancing the process at the local level.

v. Also there is the need to assess the various strategies by local governments across the entire country in local economic development. Several strategies have been proposed and implemented at the local level to improve upon local economic development through value-chain, local apprenticeship and entrepreneurship programmes, place marketing and small business incubators and clusters at the local level. It is very prudent to evaluate these strategies to unearth their ability to improve the local economic development process in the country and to find out which of them works and which of them does not work. This will help re-orient measures and strategies in the light of limited funds.

## **12.5 Summary and conclusion**

This study investigated the role of local government in local economic development at the local level and why it is not able to effectively promote local economic development. Local governments in several countries across the globe, especially in sub-Saharan Africa have been found to be increasingly effective and efficient at delivering social services. However, their contribution to the promotion of local economic development has been negligible if not totally absent. There has been a lack of clarity regarding their promotional roles and absence of capacities for coordinating the actions of other actors in this field, and for convening the private sector and towards harmonizing and consolidating local economic development promotion action through integrated local economic development strategies (UNCDF et al, 2008). These issues also have their manifestation in Ghana where the kind of involvement of local governments and their impact in local economic development is not very much felt. Based on this, the study used the Ejisu-Juaben Municipal Assembly in the Ejisu-Juaben Municipality of the republic of Ghana as the case studied.

The study sought to find out why the local government studied is not effective in local economic development promotion at the local level. It analysed the roles it played in its local economic development drive and the strategies and tools it applied. It again dived into the assessment of its capacity to support these roles and how it involves other stakeholders in the process. The findings of the research proved that the local government though promotes local economic development to an extent in the municipality, the strategies and tools applied are limited in scope and ability to promote local economic development. Also these are skewed towards certain aspects of local economic development promotion. On the aspect of its capacity, it came out that the existing capacity needs to be enhanced to put the local government on a sound footing to carry out the process. The involvement of other stakeholders in the process by the local government is also at the lowest level and therefore needs to be enhanced. Therefore for the local government to be effective in local economic development promotion there is the need for it to put in the necessary efforts and be committed to the process of local economic development. It is also relevant for it to have the necessary capacity and institutional framework to enhance the process. More so, the environment within which it operates should be favourable for its active involvement in the process and this calls for the intervention of the state and the active involvement of other local actors in the municipality.

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# Appendix 1: Data Collection instruments

## Officers of the Municipal Assembly

Respondent:.....

Date of interview:.....

1. *Can you give a brief history of the municipality?* i. When was the municipality created? ii. Please tell me about the location and size, and other characteristics of the municipality?
  
2. *Please tell me about the development trends in the municipality.* i. What are some of the development problems you perceive to be in the municipality? ii. What are the causes of these problems? iii. What are some of the effects of these problems? iv. What is the responsibility of the local government in promoting local development? v. What are some of the areas that can be promoted to ensure local development? vi. What are some of the components of local development as being carried out in the municipality?
  
3. *Can you please describe the economic development situation in the municipality?* i. Which economic sectors and activities drive the economy of the municipality? ii. What in your opinion are some of the economic development challenges/problems in the municipality? iii. What in your opinion are the effects of these challenges/problems on the municipality's development? iv. How can these challenges/problems be addressed?
  
4. *Which of the above functions stated in the Local Government Act , Act 462 are frequently carried out by the local government? (Please rank them starting from 1 as the highest rank)*


  - i. Day to day Administration
  - ii. Formulation and implementation of plans
  - iii. Maintenance of peace and security
  - iv. Support to gainful employment and social development
  - v. Improvement of human settlements
  
5. i. *What in your opinion is (local) economic development?* ii. *What does (local) economic development involve?*
  
6. *What responsibilities have the local government in local economic development promotion?* i. What is supposed to be the responsibility/roles of the local government in local economic development promotion in the municipality? ii. How relevant are these

responsibilities and tasks to local economic development promotion? iii. What are the sources of these responsibilities? How relevant are these responsibilities/roles/tasks to local economic development promotion at the municipal level? iv. What does each responsibility/role involved? v. How often are these roles performed? vi. What are the sources of these roles? vii. Which of these roles are mostly performed by the local government? viii. Rank them in order of importance. ix. What are the strengths and weaknesses of these roles in local economic development promotion? x. How reliable and effective are these roles? xi. How can these roles sustain local economic development promotion in the municipality for generations to come?

7. *Which sectors, approaches and tools have been adopted by the local government in its local economic development promotion drive?* i. Which areas of the economy does the local government focus on in its local economic development drive? ii. Why these sectors? iii. What strategies and tools does the local government apply in these areas? iv. How relevant are these strategies/approaches? v. What is the basis for adopting these strategies or tools? vi. Which sectors and strategies/approaches feature most in the local government's local economic development activities?

8. *i. How are these identified roles manifest in the promotion of the various sectors?*

Roles	Sectors			
	1	2	3	4
1				
2				
3				

ii. What are the challenges with the promotion of these sectors? How are these challenges overcome?

9. *Which Initiatives are implemented in these sectors?* i. What initiatives are implemented within the various sectors promoted by the local government in its local economic development drive?

Sectors	Initiatives/Components	
1		
2		
3		

- ii. Why these initiatives? iii. What are the objectives of these initiatives? iv. Which of these initiatives are mostly pursued by the local government within the various sectors and why? v. What potentials exist in these initiatives in achieving the local economic development purposes of the municipality? vi. What are the specific challenges with these initiatives? vii. How sustainable are these initiatives? viii. What measures have been adopted to ensure the sustainability of these initiatives? ix. How reliable and effective are these initiatives? x. How can these sustain local economic development promotion in the municipality for generations to come?
- 10.** i. *What are the spatial locations of these initiatives?* ii. *Who are the beneficiaries of these initiatives?* iii. *What are some of the outputs and effects of these initiatives?* iv. *Which of these initiatives are successful and not successful and why?*
- 11.** *Please give your candid opinion about the performance of the local government in the various roles and sectors it deems to be promoting in its economic development drive.*
- 12.** *Please describe the local government's institutional set-up to me.:* Organizational structure of the Municipality Assembly; Units of the Assembly; Committees and sub—committees; other issues and constraints
- 13.** *Can you describe the capacity of the local government in terms of the following to me? ( Legal Capacity, Municipality Assembly's Finance, Human Resource Capacity, Logistics and Equipment)*
- 14.** *Which Institutional set-up exists at the local government level for local economic development promotion?* i. *Which institutions exist at the local government level for local economic development?* ii. *What is the structure of these institutions?* iii. *What is the capacity of these institutions- Personnel, finance, logistics, equipment, etc?* iv. *What are the roles of these institutions in local economic development promotion?* v. *Which programmes, projects and activities do the various departments and units implement on behalf of the local government in line with local economic development?* vi. *In your opinion what have been some of the outcomes and their challenges in this direction?* vii. *How do these sub-units of local government relate with each other in their local economic development activities?* viii. *What are the challenges faced by these sub-units of the local government in local economic development promotion?* ix. *What are the challenges faced by the local government in dealing with these units/departments in the area of local economic development promotion?*
- 15.** *Which sub-committee(s) of the local government are responsible for local economic development in the municipality?* i. *Which sub-committees is in charge of local economic development promotion?* ii. *What are their functions and roles in local economic development promotion?* iii. *What are the achievements of the sub-committee in terms of local economic development promotion?* iv. *What are their challenges?* v. *How do these influence the work of the various departments and units in local economic development?*

**16.** *How are other actors involved by the local government in local economic development promotion in the Municipality?* i. Which other stakeholders complement the efforts of the local government in local economic development promotion in the municipality? ii. What is the spatial location of these stakeholders? iii. How can these Stakeholders be categorised? iv. What are their roles and areas in local economic development promotion in the municipality?

Stakeholders	Roles

vi. What are examples of initiatives in which they have been involved? What have been their specific roles as far as the initiatives implemented by the local government is concerned?

Activity Matrix of stakeholders

Initiatives	Functions Performed/ roles played			Stakeholders

**17. i.** At which level in the local economic development process of the local government are they involved in- Design, implementation, management? ii. What do they do at these levels?

Stakeholder involvement matrix

Stakeholders	Levels of involvement				Reasons
	Planning	Implementation	Management	Others	

18. What are the importance, power and influence levels of these stakeholders on the involvement of the local government in its local economic development promotional drive?
- i. Can you please rank the level of importance of these stakeholders based on the following:
- a. What stakeholders can provide for the local government in its local economic development drive?

	<i>Measuring factors</i>								
Stakeholders	<i>Policy Controls</i>	<i>Policy Focus</i>	<i>Political Controls</i>	<i>Human Resource</i>	<i>Financial Support</i>	<i>Logistical support</i>	<i>Other support</i>	<i>Score</i>	<i>Rank</i>

- b. What the stakeholders stands to gain from the local government in its local economic development drive.

	<i>Measuring factors</i>						
Stakeholders	<i>Infrastructure needs</i>	<i>Financial needs</i>	<i>Programme and project needs</i>	<i>Logistical needs</i>	<i>Skills needs</i>	<i>Score</i>	<i>Rank</i>

- ii. Can you please rank the power levels of the various stakeholders based on the following: Please explain these rankings

Stakeholders	Rank	Reasons

- iii. Please rank the above mentioned stakeholders based on the level of influence on the local economic development of the local government.

Stakeholders	Rank	Reasons

19. i. What relationship exists between the various stakeholders: partnership, co-ordination, collaboration? ii. What does each of these relationships entail? iii. What does each of these actors do within the various forms of relations? iv. What are the benefits of these

relationships? v. What are the challenges and constraints in relating to these stakeholders?  
vii. What can be done to improve these relations?

**20.** *How are the Sub Structures of the local government involved in local economic development in the municipality?* i. How are these units involved in local economic development promotion activities at the municipality level? ii. What are the roles of the various sub- structures in local economic development promotion? (Area and town councils, unit committees); iii. Have these sub-structures the capacity to promote local economic development? iv. What are the challenges they face generally and in local economic development activities? v. How can these be addressed to enhance their ability for such tasks?

**21.** *How are local economic activities financed by the local government?* i. What are the various Income and Revenue sources available to the local government? ii. What are the sources of funds? What amounts from the sources have been mobilised over the past three years? iii. How much financial resources is needed and received during each period? iv. What are some of the problems in line with revenue generation in the municipality? v. Can you please describe the Borrowing Capacity of the local government?

**22.** *How and on what are these funds expended-* i. What are the types and categories of expenditure over a three year period? ii. What are the sources of funding for local economic development initiatives to the local government? (*Local, National and International sources*); iii. What are the types of funds from these sources? (*Loans(borrowed), grants, Project funds, own generated funds*); What has been the trend and amount of funds from the various sources (3year period)? What are the challenges with the various sources?

**23.** *What has been the level of Supply of funds for local economic development since the last three years?* i. How much funds is needed every year? ii. How much is received from the various sources? iii. How is the gap financed? iv. What are the general challenges with local economic development financing by the local government in the municipality? v. How can further funds be mobilised by the local government?

**24.** *What are the basic potentials that exist in the municipality and can be used in local economic development promotion? Local and outside the municipality-* (Economic, Physical, Natural, Institutional, Human resource, Cultural, Locational advantages, others: peace and harmony, willingness and ability of people to work,

What is the amount of resources available?) i. What is the quality of these resources for local economic development? ii. Who owns or controls these resources? iii. Where are these resources located? iv. How relevant are these potentials and resources for local economic development in the municipality? v. How does the Municipality Assembly mobilise these potentials and resources?-strategies for tapping them, relations with institutions? vi. What are some of the derived potentials from these resources? vii. How is

the municipality assembly mobilizing and utilising these potentials and resources for development? viii. What are the challenges in harnessing these potential resources? ix. What can be the way forward?

25. *How does the local government harness these resources for local economic development in the municipality?*
26. *Can you please describe how the local government plan its local economic development activities at the municipality level?* i. What planning process is followed and why? ii. What are the components of this process? iii. What are the pros and cons of this process? iv. How effective is this process? What are the challenges in this process? v. What should be done to improve upon this process (what should be added or taken away)? vi. At which stage of the process are the key stakeholders involved and why?
27. What are the actual roles of the leadership of the local government in promoting economic development - Municipal Chief Executive, Presiding member, Assembly members and staff of the Assembly? In your opinion what have been some of the outcomes and their challenges in this direction?
28. *What have been some of the general benefits to the local government in its local economic development promotional drive?*
29. *What are the general challenges facing the local government in its drive towards local economic development in the municipality? How can these be minimized?*
30. *How can the role of the local government be enhanced? What should it do? How should it do this?*

**Thank you for your time and co-operation**



**Officers of Departments of the Municipal Assembly**

**Respondent:**.....

**Date of interview:**.....

1. *Can you please describe your unit to me?:* What is the name of your unit? What are the objectives of the unit? What are the responsibilities and functions of your outfit?
  
2. *Can you please describe the economic development situation in the municipality?:* a. Which economic sectors and activities drive the economy of the municipality? Which of these is of utmost importance? What are some of the contributions of these sectors to the development of the municipality? What are the potentials and challenges of these sectors?  
  
 b. What in your opinion are some of the economic development challenges/problems in the municipality? What in your opinion are the effects of these challenges/problems on the municipality’s development? How can/have these challenges/problems be/been addressed? What measures have been put in place and by whom?
  
3. *What in your opinion is (local) economic development?:* What is local economic development? What does (local) economic development involve? Whose responsibility is it to promote the local economic development of the municipality?
  
4. *Which sectors does the local government support and promote for the economic development of the municipality? What are these sectors? What does it do to promote these sectors-strategies, activities, projects and programmes?*
  
5. *What are the roles/functions of the local government in local economic development promotion? What specific roles does it play in local economic development promotion in the municipality? What do these roles entail? How do these roles help it achieve its local economic development promotional goals and objectives?*
  
6. *Please rank the following roles/functions of the local government in promoting the economic development of the municipality in terms of those most performed by the local government. Please start from 1 as the highest rank. Also give the spatial coverage of these functions in the municipality.*

Functions/Roles	Rank	Spatial Coverage	Reasons for the ranking

7. *Is your outfit in anyway involved in any of the above functions of the local government?*  
Yes No . Which of them are you involved in which? What are your roles? Through which means and process are you involved in these activities?
  
8. *What are some of the likely challenges faced by the local government in its drive? What are some of the challenges? How can these challenges be addressed?*
  
9. *Which other institutions and organizations complement the local economic development activities of the local government? What roles do they actually play? What do these roles entail? What kind of relationship exists between these others and the local government?*
  
10. *What are the responsibilities of your outfit as far as local economic development promotion in the municipality is concerned?:* What sectors of economic development promotion of the local government and the municipality does your outfit help promote? What does your outfit actually do as far as this and the other sectors' promotion are concerned? *How does it promote the sector -* Approaches, strategies and initiatives? What are the potentials and challenges in doing these and how can they be enhance or mitigated?
  
11. *Which programmes, projects and activities does your department or unit implement on behalf of the local government in line with economic development? In your opinion what have been some of the outcomes and your challenges in this direction?*

Year	Programmes, projects, activities	Outputs	Challenges
2006			
2007			
2008			
2009			

12. *Which other specific activities in line with local economic development promotion has your outfit carried out? What are the components of these initiatives or activities? What was the source of these initiatives? What were the intended purposes of these initiatives? Who were the beneficiaries? What have been some of the benefits to these beneficiaries? How were these activities funded (sources and amounts)? What have been some of the challenges with regards to these initiatives and how can they be addressed?*
13. *Which local resources and potentials existing both within and without the district can be harnessed for the development of this sector and local economic development in general in the municipality? How can these be harnessed?*
14. *What in your opinion are some of challenges/problems hindering your outfit in promoting this sector of the municipal economy?: What are these challenges/problems? What are the causes and effects of these challenges/problems? What can be done to address them? Who should be involved in addressing them? What should they do?*
15. *What support does your outfit receive from the local government for your activities? Please list these forms of support, the quantum and frequencies.*
16. *Which other institutions both within the local government, the municipality and outside does your outfit relate with in promoting business development? Names of these institutions, location, their functions and objectives, kind of relationship, their role in local economic development promotion, benefits etc*
17. *Can you please describe the capacity of your outfit? Number of staff, funds, logistics etc: What are the sources of these to your department or unit for its activities? What has been the trend since 2006? What are the challenges of these? How can the capacity of your unit be improved to enhance its local economic development promotional drive? Who should do this and why?*
18. *Can you please give a candid assessment of the performance of your outfit and the local government in local economic development in the municipality?*
19. *How should the local government assist your outfit to enhance its local economic development promotional drive further?*
20. *What should the local government do to enhance its role in the promotion of local economic development in the municipality?*

**Other data required**

List of programmes and projects; Names of beneficiaries and their location; Outputs and outcomes of programmes and projects and; Future projects

**Thank you for your time and co-operation**

**Interview guidelines for assembly members and sub-committee Chairpersons**

**Respondent:**.....

**Date of interview:**.....

1. *Which electoral area do you represent? How long have you been an assembly member?*
  
2. *What are some of the development problems you perceive to be in the municipality? What are the causes of these problems? What are some of the effects of these problems on the municipality's development?*
  
3. *What in your view are some of the potentials/resources in the municipality that can be used to address these problems? How are these potentials/resources being utilized in your view to address these problems? Who owns these resources?*
  
4. *What in your view is local economic development? What should be the content and objectives of any local economic development activity? Can you briefly describe the economic development situation in the municipality? What are some of the economic development problems of the municipality? What are the causes of these problems? What are some of the effects of these problems on the development of the municipality? What can be done to address these problems and their effects?*
  
5. *Which institutions are promoting the economic development of the municipality? What should be the specific roles of these institutions? Which of the institutions is the major player in the municipality's economic development and why? What has been some of the areas/activities that these stakeholders are involved in? What are the contents of these activities? What are specific examples and where can they be located?*
  
6. *What have the local government been doing to promote the economic development of the municipality (strategies, programmes and projects etc)? Please give your opinion on its performance. What challenges does it face in performing these roles?*
  
7. *What does the general assembly do to support the local government's drive in local economic development promotion in the municipality?*
  
8. *What is your role as an Assembly member in the local government's economic development drive? How are you involved in the process? What are some of the challenges?*

9. *Which departments of the local government carry out the local government's mandate in local economic development? What do the sub-units do in supporting local economic development in the municipality?*
10. *Which sub-committee are you a member of? What do you do in the committee? What does your sub-committee do to support and promote economic development activities in the municipality and your community? What kind of relationship exist between the sub-committee and the other departments involved in local economic development activities of the local government?*
11. *Does the district have a single agreed document which contains goals, strategies and concrete measures towards local economic development in the municipality? How was this document including the goals, strategies and measures arrived at? Are all groups in the district, especially your electoral area aware of these strategies? Who has access to these documents?*
12. *What are some of the specific programmes, projects and activities by the local government that aims at local economic development promotion in the municipality and in your community/electoral area? What are the components of these activities? What are some of the examples? What have been some of the benefits of these activities in the municipality? What have been some of the challenges and failures of these programmes, projects and activities? What can the local government do to enhance these activities?*
13. *Which other stakeholders are involved in the local government's activities in local economic development in the municipality? Where are they located and what do they do support the efforts of the local government? How are they involved in the process?*
14. *What in your view are some of the challenges the local government faces in promoting local economic development? What can be done to improve upon the local government's role in local economic development in the municipality?*

**Thanks for your co-operation**

**Questions for discussion with Councillors at the Area/Town Council level**

**Councillors:**.....  
.....  
.....

**Date of interview:**.....

1. *Can you describe your (urban, town and area councils) to me? :What is the name of the sub-district? When was this sub-district created? What have been some of the development trends and development problems and challenges in the area council and the municipality?*
  
2. *Can you please describe the economic development situation in the municipality?: a. Which economic sectors and activities drive the economy of the municipality? Which of these is of utmost importance? What are some of the contributions of these sectors to the development of the municipality? What are the potentials and challenges of these sectors?*  
  
*b. What in your opinion are some of the economic development challenges/problems in the municipality? What in your opinion are the effects of these challenges/problems on the municipality’s development? What measures have been put in place to address them and by whom?*
  
3. *What in your opinion is (local) economic development?: What is local economic development? What does (local) economic development involve? Whose responsibility is it to promote the local economic development of the area and the municipality?*
  
4. *Which sectors does the local government support and promote for the economic development of the municipality? What are these sectors? What does it do to promote these sectors-strategies, activities, projects and programmes?*
  
5. *What are the roles/functions of the local government in local economic development promotion? What specific roles does it play in local economic development promotion in the municipality? What do these roles entail? How do these roles help it achieve its local economic development promotional goals and objectives?*
  
6. *Please rank the following roles/functions of the local government in promoting the economic development of the municipality in terms of those most performed by the local government. Please start from 1 as the highest rank. Also give the spatial coverage of these functions in the municipality.*

Functions/Roles	Rank	Spatial Coverage	Reasons for the ranking

7. *Please give a candid assessment of the performance of the local government in its local economic development activities in the municipality.*
8. *In which areas of the municipality's development does the local government involve your council?: Areas of involvement; how is the council involved (means of involvement)? How frequent is this? What are the challenges and benefits of this involvement? Please support all these with examples?*
9. *What roles does your council play in the local government's local economic development drive? Can you give a detailed description of these roles?*
10. *Which specific local economic development activities of the local government has your council been involved in? How were you involved? When were you involved in these? At what stage were you involved? What was your council's contributions? What were the challenges of your involvement?*
11. *Which other actors are involved in local economic development in this sub-district? What are their roles? Where are these actors located? How are they involved? How have the traditional leaders been helping or impeding local economic development activities in this sub-district?*
12. *Which specific groups, firms, businesses and individuals have benefited from some of the local economic activities in your sub-district? What kind of benefit did they receive? How beneficial have these activities been to them? How did they get involved?*
13. *Can you please describe the capacity of your council in terms of the number of staff, councillors, access to funds and logistics etc to me? What are the challenges regarding capacity? How can these be addressed? How do these influence your roles in local economic development activities? How can your capacity be strengthened to help promote local economic development in this sub-district?*
14. *Which opportunities and other resources in the sub-district can be harnessed for local economic development in the municipality? Who owns these resources? How have the sub-district structure and the local government been tapping them for effective local economic development in the municipality?*

15. *Please give a candid assessment of the level of involvement of your council by the local government in its local economic development activities in the area/town council*
16. *What in your opinion are some of the general problems and challenges facing the sub-district structures and the local government in local economic development? What are some of these problems and challenges? What are their source and effects on their role and performance? How can they be addressed?*
17. *What should be done to the sub-district structures to enhance their performance in local economic development activities of the local government? How should it be done and who should do it?*

**Thank you for your time and co-operation**



## **Traditional and Opinion Leaders**

**Respondent:**.....**Position**.....

**Date of interview:**.....**Community**.....

1. *Can you please describe the economic development situation in the municipality?: Which economic sectors and activities drive the economy of the municipality? Which of these is of utmost importance? What are some of the contributions of these sectors to the development of the municipality? What are the potentials and challenges of these sectors?*
2. *What does the traditional and opinion leaders play in the economic development of your communities and the district as a whole?*
3. *What has been some of the measures put in place by the local government in promoting the economic development of the municipality and that of your community? What have been some of the effects of these measures on your community and its people? What was the role of the community in these? What role did the opinion and or traditional leaders play in the above?*
4. *Can you please describe the relations between your leadership and the local government in the municipality in terms of its economic development?*
5. *How does this relation enhance or impede the development of the community and the municipality as a whole?*
6. *How can it be enhanced for the economic development of the community and the municipality as a whole?*
7. *Which community groups here are involved in the local economic development of the community and municipality?*
8. *Which opportunities, potentials and resources existing in the community can be harnessed to enhance local economic development activities?*
9. *How have these opportunities, potentials and other resources been utilized for local economic development in the community and that of the municipality?*

*10. What can be done generally to promote the economic development of your community and the municipality?*

*11. What can the local government do to enhance the economic development of the municipality further?*

**Thank you for your time and co-operation**

**Regional Planning Officers, Professionals and Experts in (Local) Economic Development**

**Respondent:**.....

**Date of interview:**.....

1. *Can you please describe the influence of decentralization on local economic development promotion?*  
-Political decentralization; Administrative decentralization; Fiscal decentralization; and Economic decentralization
2. *How does Ghana's current decentralization policy influence the activities of local governments in local economic development promotion at the district level?*  
-Positive influence  
-Negative influence/impediments
3. *Could you please describe the expected and actual roles of local government in Ghana in local economic development promotion? Any differences between the expected and actual roles? What accounts for these difference if any? How can these difference be harmonized?*
4. *What are some of the initiatives by local governments regarding local economic development promotion in Ghana? (Business development, Agri-business Development, etc.)*
5. *How are local economic development activities financed at the district level in Ghana? What are the sources of funding for local economic activities in the country? From which other areas can funds be mobilized and how? What are the challenges in funding local economic development? How can these be addressed?*
6. *Which other actors/stakeholders are involved in local economic development at the district level in Ghana? What are their expected and actual roles?*
7. *What in your opinion are some of the general problems and challenges facing local governments in local economic development in Ghana? How can these be addressed?*
8. *How can the roles of local governments be enhanced in local economic development promotion in Ghana? How should the local governments involve other stakeholders in local economic development at the district level? How can adequate resources, both local and outside be mobilized for local economic development at the district level in Ghana by the local governments?*

**Thank you for your time and co-operation**

## **Local Institutions in the municipality (Financial and Research)**

**Respondent:**.....

**Date of interview:**.....

1. *What is the name of your institution? When was it established? What are the functions and objectives of your institution? How many branches have your institution in the municipality? Where are they located? Who are your customers/clients?*
2. *Which products does your institution provide to your customers and the general public? What does each product entail?*
3. *In your opinion, what is local economic development? What should be the objectives of any economic development agenda in the municipality?*
4. *Which actors have the responsibility to promote economic development in the Municipality? Why these actors? What do these actors do in terms of economic development promotion of the municipality?*
5. *What does your institution do to promote the economic development of the municipality? What are the challenges to your efforts? How can these roles be enhanced further?*
6. *Which of your products are actually geared towards promoting economic development in the municipality? (Promoting business development, agricultural activities, supporting job creations activities etc); Which other programmes, projects and activities has your institution implemented to promote economic development in the municipality?*
7. *In your view what does the local government do that enhances local economic development of the municipality? Please give your opinion on its performance in local economic development.*
8. *What relationships exist between your institution and the local government? How do these relationships influence the economic development of the municipality? How do these relationships influence the economic development activities of the local government? Through which means does your institution relate with the local government? What are the challenges in this? How can these relationships be enhanced to promote economic development in the municipality further?*
9. *What kind of relationships exists between your institution and the business community of the municipality?*
10. *What in your view can be done generally to enhance the local government's local economic development activities in the Municipality?*

**Thank you for your time and co-operation**

**Economic entities in the municipality (Part one)**

**Respondent:**.....

**Date of interview:**.....

1. *Can you please describe your Business/firm to me?* Name, location, address of your business/firm; What does your business/firm do? How many people does your business/firm employ? What are the types and sources of raw materials that the business/firm uses? What are the sources of funds and capital for your activities? Where does the business/firm markets its products? What are the sources of capital to your business? Why did you locate your firm in this town and in the municipality?
2. *What in your opinion is (local) economic development?* What does (local) economic development involve? What in your opinion are some of the economic development challenges/problems in the municipality? What in your opinion are some of the effects of these challenges/problems on the **municipality's** development and your **activities**? How can/have these challenges/problems be/been addressed? Measures put in place? Who should address them?
3. *Which institutions in your opinion should promote the economic development of the municipality?* What should they do to promote local economic development? – (Measures and activities)
4. *What challenges/problems does your firm face in doing business in the municipality?* What are the causes and effects of these challenges/problems on your activities? What can be done to address them and who should be involved in addressing them? What role should each play?
5. *What measures has the local government put in place to promote economic activities in the municipality? (Please specify):* Which specific measures out of the above affects your business/firm and how?
6. *How does the local government assist you in your activities and how beneficial are these assistance to your activities?* Which activities of the local government impede your business activities (specify) and how do they hinder your business activities? What should be done to address them?
7. *Which other organizations, groups, individuals assist/impede the activities of your business/firm and where are they located?* What kind of assistance do you receive from them and how are these assistances benefiting your business/firm? How do they impede the activities of your firm?

8. *What potentials, opportunities and other resources existing within and outside the municipality can be used to enhance your business activities?*
9. *Are you involved in business development activities and decisions of the local government? Yes or No: If yes, through which channels are you involved? Through which means do you put across your needs, problems and challenges to the local government? Does the local government invite you/your association for meetings on the development of the municipality, especially business development? If yes, how often, when was the last time?*
10. *What are some of the specific contributions of your outfit to the local government's local economic development promotion drive?*
11. *In your view what can be done by the local government to promote the development of economic entities further in the municipality?*

**Thank you for your time and co-operation**

**Economic entities in the municipality (Second part)**

**Respondent:**.....

**Date of interview:**.....

1. What made you locate your economic activity in this municipality?
2. Which activities in your opinion is performed by the Municipal Assembly in promoting economic activities in the municipality?
3. Which activities in your opinion is performed by the Municipal Assembly in creating jobs for the people in the municipality?
4. Which activities in your opinion is performed by the Municipal Assembly in ensuring better living conditions of the people of the municipality?
5. Which of the following sectors of the economy does the Municipal Assembly support and promote in helping improve economic activities, the creation of jobs and improving the condition of living of the people in the municipality?

- |                                     |  |
|-------------------------------------|--|
| i. Agriculture                      |  |
| ii. Business enterprise development |  |
| iii. Crafts and allied activities   |  |
| iv. Others (specify)                |  |

6. What does the Municipal Assembly do in promoting these sectors as you have indicated?

Agriculture	
Business enterprise development and support	
Crafts and allied activities	
Others (specified)	

7. Which of the following activities of the Municipal Assembly in economic development of the municipality are you aware of?

- |  |  |
|--|--|
| i. Skills training and provision to the people |  |
| ii. Infrastructure provision                   |  |
| iii. Support to farmers (specify)              |  |
| iv. Support to business entities(specify)      |  |
| v. Land allocation                             |  |
| vi. Provision of physical development permits  |  |
| vii. Others (Please specify)                   |  |

8. Which of the above is mostly carried by the Municipal Assembly?

- i. Skills training and provision to the people
- ii. Infrastructure provision
- iii. Support to farmers
- iv. Support to business entities
- v. Land allocation
- vi. Provision of physical development permits
- vii. Others (specify)

9. Could you rank these activities in order of importance? (Starting from 1 as the highest rank)

- i. Skills training and provision to the people
- ii. Infrastructure provision
- iii. Support to farmers
- iv. Support to business entities
- v. Land allocation
- vi. Provision of physical development permits
- vii. Others

10. Can you rank these activities according to their ability in promoting the economic development of the municipality using the following scale?

**scale**

0= Very Low 1= Low 2= High 3= Very High

- i. Skills training and provision to the people
- ii. Infrastructure provision
- iii. Support to farmers
- iv. Support to business entities
- v. Land allocation
- vi. Provision of physical development permits
- vii. Others (specify)



11. Can you rate the performance of the Municipal Assembly in these activities using the scale below. Please give reasons for your ratings

**Scale: 1= Poor 2= Average 3=Good 4=Very good**

Activities	Score	Reasons
Skills training and provision to the people		
Infrastructure provision		
Support to farmers		
Support to business entities		
Land allocation		
Provision of physical development permits		

12. Have you benefited from any of the above? Yes  No

13. Which of the above activities have you benefited from if YES?

- |  |                          |
|--|--------------------------|
| i. Skills training and provision to the people | <input type="checkbox"/> |
| ii. Infrastructure provision                   | <input type="checkbox"/> |
| iii. Support to farmers                        | <input type="checkbox"/> |
| iv. Support to business entities               | <input type="checkbox"/> |
| v. Land allocation                             | <input type="checkbox"/> |
| vi. Provision of physical development permits  | <input type="checkbox"/> |
| vii. Others (specify)                          | <input type="checkbox"/> |

14. What kind of benefit did you receive and how often have you benefited?

15. Which other activities should the Municipal Assembly carry out in order to promote economic activities, the creations of jobs and the living conditions of the people in the municipality? Please give reasons for these proposals.

16. What challenges in your opinion confronts the Municipal Assembly in promoting economic activities, the creations of jobs and the living conditions of the people in the municipality?

Source of challenge	Challenge	Likely effects

17. What should the Municipal Assembly do to strengthen its involvement in promoting these activities in the municipality?

18. What potentials are there in the municipality to enhance the involvement of the Municipal Assembly in enhancing the economic development of the municipality?

Source \ location	Potential	Likely effects

19. Are you involved in the decisions of the assembly concerning the development of business activities in the municipality? Yes No

- i. If Yes, in which activities of the assembly in this respect are you involved?
- ii. Through which means are you involved?
- iii. How often have you been involved or are you involved? Specify the times and periods)

20. What are some of the challenges to your involvement in the activities of the Municipal Assembly in these activities?

21. If no, what are the likely reasons for your non involvement?

22. How should you be involved and in which of the activities?

23. How should the Municipal Assembly involve other actors in its economic development activities?

**Thank you very much for your cooperation**

## **Household heads**

**Respondent:**.....**Position**.....

**Date of interview:**..... **Place of residence**.....

1. *Can you please tell me about yourself?* Age:  
Occupation:                      Length of stay in the municipality
2. *What are some of the development problems you perceive to be in the municipality? What are the causes of these problems?*
3. *What in your view are some of the potentials/resources in the municipality that can be used to address these problems? How are these potentials/resources being utilized in your view to address these problems? Who owns these resources?*
4. *What in your view is local economic development? What should be the components and objectives of any local economic development activity? What should be the content of any local economic development initiative?*
5. *What are some of the economic development problems of the municipality? What are some of the causes of these problems? What are some of the effects of these problems on the development of the municipality? What can be done to address these problems and their effects?*
6. *Which institutions are promoting the economic development of the municipality? What should be the specific roles of these institutions? Which of the institutions is/should be the major player in local economic development in the municipality? Why this stakeholder?*
7. *What has been some of the areas/activities that these stakeholders are involved in? What are the contents of these activities? What are specific examples and where can they be located? Who are the beneficiaries? What benefits did they gain?*
8. *How were the community and other stakeholders involved in these activities?*

9. *What specific programmes, projects and activities that you are aware has the local government put in place to promote the economic development of the municipality? What are the contents of these programmes, projects and activities? What have been some of the benefits of these activities to you and your community? What have been some of the challenges and failures of these programmes, projects and activities? What can the local government do to enhance these activities?*
  
10. *Can you please give a candid assessment of the performance of the local government in local economic development promotion your community and in the municipality?*
  
11. *Which other stakeholders are involved in the local government's activities in local economic development in the municipality?*
  
12. *How did the municipality involve other stakeholders in these economic development activities?*
  
13. *What in your view are some of the challenges the Municipality Assembly face in promoting local economic development?*
  
14. *What can be done to improve upon the activities of the local government in local economic development in the municipality?*

**Thank you for your time and co-operation**

## **Appendix 2: List of interviewees**

### **Municipal Assembly Officers**

<b>Name</b>	<b>Position</b>
Mr. Solomon Asiedu	Municipal Coordinating Director
Madam Eunice Korankye	Municipal Deputy Coordinating Director
Mr. Kaleem Abdallah Adam	Municipal Deputy Coordinating Director
Mr. Akuamoah Boateng	Municipal Planning Officer
Mr. J. Awuah	Municipal Planning Officer
Mr. Francis Go	Business Advisory Centre
Mr. Ato	Municipal Centre for Culture
Nana Agyeman	Department of Cooperatives
Mr. Dupey Francis	Community Development
Mr. Osei	Department of Town and Country Planning
Mr. Agyeman	Finance Office

### **Assembly Members**

Mr. Yakubu Adams	Assembly Member
Mr. Francis Boateng	Assembly Member
Mr. Joseph Opoku Mensah	Assembly Member
Mr. Charles Safo Kantanka	Assembly Member
Mr. Kwame Sarpong	Assembly Member
Madam Gifty Osei	Assembly Member
Mr. Alex Ofosu	Assembly Member
Mr. Kwasi Ntim	Assembly Member
Madam Esther Prempeh	Assembly Member
Mr. Kyeremateng Sada	Assembly Member
Mr. Micheal Owusu	Assembly Member
Madam Gladys Acheampong	Assembly Member
Madam Georgina Boadu	Assembly Member
Nana Boakye Yiadom	Assembly Member/ Chief
Nana Badu Poku	Assembly Member/ Chief

### **Area Councilors**

Mr. Stephen Marfo	Councilor
Mr. Owuahene Acheampong	Councilor
Mr. Nkrumah	Councilor
Mr. Kwasi Gyamfi	Councilor
Mr. Charles Antwi	Councilor
Mr. Dwumfour Agyapong	Councilor

### **Local and Urban Economics**

#### **Expert**

Mr. Prince Anokye

## **Appendix 3: Goals, objectives, programmes, projects and activities in the various plans (1996-2009)**

The various goals, objectives, programmes, projects and activities of the various medium term plans in relation to local economic development are presented below.

The 1996-2000 Development Plan:

The economic development programme for the municipality during this period sought to increase the production and productivity of all the sectors of the local economy. It attempted to make use of the available local resource and also by attracting private participation into direct production and the diversification of the economic activities in the municipality. To be able to realize this goal, the local government decided to: establish an efficient marketing infrastructure- transport, storage, markets for the distribution of goods and services; establish an efficient telecommunication system for the municipality covering telephone, postal services and radio stations; promote potential tourists attraction spots; promote small and medium scale enterprises through the use local raw materials; strengthen linkages between farm and non-farming sectors of the municipal economy. These were further sub-divided into the various broad sectors of the municipality's economy- Agriculture, Industry, Commerce and Tourism.

- **Agriculture**

The agricultural sector programmes were targeted at the following: increasing the productivity of major crops, reducing post-harvest losses, training and retraining and re-orientation of farmers and extension agents to facilitate effective transfer of agricultural technology to farmers, improving farmers' access to credit and strengthening and promoting the municipality's agricultural export base. Based on these objectives of the sector, a number of projects including the following were designed for implementation:

- i. training and retraining of farmers,
- ii. re-orienting extension officers,
- iii. formation of agricultural marketing and credit unions,
- iv. the establishment of farmers' service centres,
- v. the construction of grain silos,
- vi. the establishment of an Agricultural Technical Transfer Unit and
- vii. the construction and rehabilitation of feeder roads.

The local government was expected to pursue all these programmes and projects to increase employment avenues and enhance internal backward and forward linkages between the agricultural and industrial sectors, thereby strengthening the local economy

- **Industrial sector**

The goal of the sector for the period was to promote the development of small, medium and large scale industries by relying on the effective, efficient and sustainable utilization of local resources and by ensuring linkages between industry and other sectors of the economy. The major components of these programme included: promoting the growth of existing industries, the

establishment of new industries and capital inflow into the municipality. To promote the growth of existing and new industries, it planned to do the following:

- i. Establish a training centre for small scale industries- with this, business management, simple book keeping and new and emerging technologies were to be introduced.
- ii. Formation of Trade Association- Artisans/industrialists were to be encouraged to form trade association or cooperatives so as to ensure good business practices and to enhance their chances of obtaining financial assistance.
- iii. Organizing Mini Trade Fairs/Technology shows: Mini trade fairs were to be organized in the municipality for industrialist and business operators to show case their goods.
- iv. Small Scale Industries Credit scheme- The local government was to help source for funds to create a financial scheme for small scale industries
- v. Training in local crafts and industries to enable beneficiaries to start their own businesses.

As part of promoting the development of new industries, the local government was to facilitate the establishment of economic entities in the gold mining, stone quarrying, brick and tile and ceramic manufacturing, gari and timber processing. Moreover in promoting the flow of capital into the municipality that will lead to the establishment of economic entities, it decided to set up a District Investment Centre (DIC). This was to assemble and make available to investors all the relevant information relating to projects viability and the potentials of the municipality. This centre was to be run by skilled members with knowledge in business development, local business people/associations/staff of the Basic Advisory Centre, Department of Agriculture and financial institutions in the municipality. Though this was a laudable idea; it never saw the light of day.

- Commerce sector

As part of the development of the municipality's commerce sector, it proposed to address problems associated with the marketing system relating to the selling of farm produce, acquisition of inputs and other economic activities by,

- i. providing storage facilities,
- ii. improving and developing market infrastructure and
- iii. facilitating the construction of telecom facilities in the municipality.

- Tourism development promotion

The component of tourism development in the municipality was geared towards making the sector one of the major engines of growth of the local economy. The municipality and its tourism facilities were to be developed to make it a popular destination for both domestic and international tourists. The main components of the programme were the

- i. development of tourist sites, facilities and services, tourism infrastructure and
- ii. marketing of the sector to the outside world.
- iii. facilitate the establishment of hotels in the municipality.
- iv. construction of a guest house at Bonwire

2002-2004(5) Development Plan:

Within this period, the municipal development focus with regards to economic development was to ensure that people in the municipality irrespective of their socio-economic status or where

they live have adequate incentives to increase production and productivity and provide security against crime and violence.

The main goals relating to economic development in the plan were as follows: to improve and promote agricultural production; improve and promote the development of small, medium and large scale industries by encouraging the use of available and sustainable local raw materials; develop tourism, banking, transport and car parks; provide trade and skills training for the youth; promote private sector development; and to promote human settlement management in the municipality. The strategies for the achievement of the above goals were as follows:

- Agriculture

Concerning this sector it was

- i. to create awareness on the formation of farmers' cooperative and joint ventures; assist farmers to get ready market for their farm produce;
- ii. assist farmers to source for credit facilities;
- iii. increase the proportion of poverty alleviation funds given to farmers;
- iv. educate farmers on modern and improved farming methods to increase outputs;
- v. intensification of cocoa High-Tech programme;
- vi. promote non-traditional crops and president's special initiatives;
- vii. and the rehabilitation of feeders roads.

- Industries- (Micro, Small and Medium to large scale industries)

In line with the development of industries, it set for itself to identify existing and productive industries; organize productive, managerial and marketing training programmes; collaborate with utility service providers to improve upon their services; ensure linkages between agriculture and industry.

The various activities to help achieve these were the

- i. establishment of a district investment desk (DID);
- ii. facilitate the creation of land banks for industrial purposes;
- iii. embark upon the cultivation of industrial raw materials production-cassava for industrial starch; promote the activation of clay deposit at Hwereso, Donyina, Ofoase and the Boankra stone quarry;
- iv. facilitate the provision of credit facilities to potential investors and;
- v. the facilitation of the establishment of brick and tile factory.

- Service sector

To promote this sector the following were to be pursued: promote the development of hospitality industry in the municipality;

- i. consult traditional leaders, communities, institutions and opinion leaders on suitable sites for improvement and development of lorry parks;
- ii. provide funds and enter into partnership with the private sector to develop tourist sites;
- iii. acquire available and suitable lands for development at proposed areas and;
- iv. improvement in feeder roads and mass transport.



- Skills, entrepreneurship and tourism development:

The local government's strategies aimed at the above included the following:  
increase the awareness on the existence of training institutions;

- i. channel part of the poverty alleviation funds through the Rural Enterprise Project of the National Board for Small Scale Industries to further train master craftsmen to train apprentices who will be assisted with tools and credit facilities to set-up their own workshops and pay the loans at a later date;
- ii. organize workshops and seminars to equip career advisors with technical know-how to enable them perform;
- iii. expand and improve the existing facilities at the various training institution to absorb and train more youths in employable skills.
- iv. Some of the activities to achieve the above goals were
- v. the provision of logistics and accessories to training centres;
- vi. construction of two craft centres at Kwamo and Bonwire;
- vii. Provide loans to artisans; train youth in various artisan disciplines; and
- viii. provide training equipment and finance to technical and vocational schools in the municipality.

Tourism promotional activities were geared towards the rehabilitation of museums and stocking them.

The implementation of the 2002-2004(5) plan came to an end in 2005 and this led to the preparation of the 2006-2009 plan for the municipality.

#### The 2006-2009 Development Plan

The plan basically sought to stimulate growth and generate wealth within the municipality. Its overall goal was the improvement of income, enhancement of the quality of human resources and ensuring effective decision making in an environment of mass participation in governance and development. In this plan, the local government sought to ensure private sector led competitiveness, promote and empower the youth to become employable by providing them with the necessary skills. The main goals that were to be pursued during this period that were directly related to economic development were the following: to enhance income levels by ensuring job creation and increased productivity and production and; improve entrepreneurial activities in the municipality by providing employable skills and career improvement to the unemployed youth. These goals and others which were not directly linked to economic development were to be pursued and the local government was to implement the following programmes and projects according to the various sectors to achieve the above set goals.

- Agriculture:
  - i. promote the adoption of modern production methods and techniques;
  - ii. provide access to production inputs;
  - iii. ensure the formation of cooperative societies;
  - iv. provide managerial skills and development services;
  - v. provide an expanded Agricultural Extension Services by recruiting more staff and provide them with additional logistics;

- vi. construct agricultural produce storage facilities across the municipality;
- vii. construct additional market facilities at Onwe, Bomfa and Achiase.
- viii. establish agro-processing industries by assisting farmers to acquire processing machines and
- ix. provide them with processing skills across the municipality.

- Tourism development activities:

To help improve upon tourism and its related activities, the local government decided to embark upon the

- i. formation of cultural troops across the municipality;
- ii. organize festivals and entertainment programmes;
- iii. prepare tourist maps and brochures;
- iv. promote regular advertisements of tourist sites; create a website for the municipality;
- v. enhance access to tourist sites; and
- vi. rehabilitate tourist sites.

- Small and medium scale enterprises activities:

As part of facilitating the establishment and expansion of small and medium scale industries in the municipality, the local government planned to:

- i. establish two youth training centres at Bomfa and Ejisu; promote youth apprenticeship across the municipality;
- ii. provide support to two hundred youth in agriculture;
- iii. provide credit to five hundred entrepreneurs in all sectors of the municipal economy; and
- iv. build the capacity of the Business Advisory Centre in the municipality to provide management services to business unit.

The above were the various goals, objectives, programmes and projects that the local government decided to carry out during the various planning periods to enhance the municipality's economic development. The implementation and achievement levels of the local government varied from one period to the other.

#### Appendix 4: List of Programmes and Projects on local economic development in the municipality

PROJECTS/ PROGRAMESS	LOCATION AND YEAR OF IMPLEMENTATION	PURPOSE	TARGET GROUPS	No. OF BENEFICIARIES	INSTITUTIONS/STAKEHOLDERS INVOLVED
Construction of Ejisu Market	Ejisu	To provide a well built market structure in other to promote commercial activities in the municipality  Provide market for agricultural produce in the municipality Increase internally generated revenue base of the local government	Petty traders, farmers and individuals engaged in commercial activities	Entire municipality	KFW (German based organization)- Provided financial support
Construction of Boama-Dumasi Market	Boama-dumasi	To provide a well built market structure in other to promote commercial activities in the municipality  Provide market for agricultural produce in the municipality  Increase internally generated revenue base of the local government	Petty traders, farmers and individuals engaged in commercial activities	Entire municipality	
Construction of Juaben Market	Juaben	To provide a well built market structure in other to promote commercial activities in the	Petty traders, farmers and individuals engaged in	Entire municipality	

		<p>municipality</p> <p>Provide market for agricultural produce in the municipality</p> <p>Increase internally generated revenue base of the local government</p>	commercial activities		
Construction of Bonwire Museum and Guest House	Bonwire	<p>To promote the kente weaving industry in order to create income-earning opportunities for the youth at Bonwire</p> <p>To promote tourism in the municipality and maximise the benefits that it offers in the areas of trading,</p>	Bonwire Kente Weavers		DACF-Ejisu-Juaben Local government
<b>PRIVATE INITIATIVES SUPPORTED BY THE LOCAL GOVERNMENT AND ITS DEVELOPMENT PARTNERS</b>					
Establishment of A.A. Agyei Learning Centre	Asotwe	<p>Train the youth in the making of leather products such as shoes and bags</p> <p>Provide employment for and income to a large and increasing number of youth in the municipality</p>	Youth of Asotwe and the entire municipality		<p>Community Based Rural Development Funded project</p> <p>Periodic Technical support in training and skills acquisition by the Business Advisory Unit of the NBSSI</p>
<b>PROGRAMMES/ PROJECTS BY THE BUSSINESS ADVISORY CENTER OF THE National Board for Small Scale Industries (NBSSI)</b>					
Employment needs assessment programme	Kwaso	Establish the need for training in employable skills such as soap making, mushroom		30	

		farming, beads making, etc			
Advisory and Extension Services	Office of the BAC			25 quarterly	NBSSI
Technical workshop in leather works	Bonwire and Dumakwa	To upgrade technical skills of participants to improve product design and quality		35	AARDO loan scheme and DACF
Provision of Financial support(loan) schemes	Bonwire	To provide credit support in the form of loans to persons engaged in kente weaving to purchase raw materials and expand their businesses.		21	The loan is provided by the Afro-Asian Rural Development loan scheme (AARDO) through the ministry of local government to the BAC and finally to local entrepreneurs
Technical workshop in finishing for Carpenters	Asotwe	To upgrade technical skills of participants to improve product design and quality		30	Financial support from the District Assemblies Common Fund (DACF)
Small Business Management workshop	Bonwire	To train kente weavers on business management skills	Bonwire kente weavers		DACF
Groups dynamics training	Kwaso and Essienimpong oil extraction groups		Small scale Oil extraction groups		DACF
Credit management seminar	Bonwire kente Weavers	Enlighten kente weavers on good business practices and simple book-keeping and credit management	Bonwire Kente Weavers		DACF

Source: Ejisu-Juaben Municipal Assembly, 2010

