

MINISTRY OF
LOCAL GOVERNMENT
AND RURAL DEVELOPMENT



OPERATIONAL MANUAL

ON LOCAL ECONOMIC DEVELOPMENT
FOR DISTRICT ASSEMBLIES IN GHANA



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CONTENTS

Strengths	Weaknesses
<ul style="list-style-type: none">• Knowledge: Our competitors are pushing boxes. But we know systems, networks, programming, and data management.• Relationship selling: We get to know our customers, one by one.• History: We’ve been in our town forever. We have the loyalty of customers and vendors.	<ul style="list-style-type: none">• Price and volume: The major stores pushing boxes can afford to sell for less• Brand power: We can’t match the competitor’s full-page advertising in the Sunday paper. We don't have the national brand name
Opportunities	Threats
<ul style="list-style-type: none">• Training: The major stores don't provide training, but as systems become more complex, training is in greater demand.• Service: As our target market needs more service, our competitors are less likely than ever to provide it.	<ul style="list-style-type: none">• The larger price-oriented: When they advertise low prices in the newspaper, our customers think we are not giving them good value.• The computer as appliance: Volume buying of computers as products in boxes. People think they need our services less.

Abbreviations and Acronyms..... V

Part 1: LOCAL ECONOMIC DEVELOPMENT (LED) 1

 1.1 Introduction 1

 1.2. Policy Context for LED in Gh..... 2

 1.2.1 The 1992 Constitution 2

 1.2.2 Local Government Act (Act 462) 2

 1.2.3 National Development Frameworks 2

 1.2.4 Other Legal and Regulatory Policy Frameworks 3

 1.3 What is Local Economic Development (LED) 3

 1.3.1 Understanding LED: Some Definitions 4

 1.3.2 Why is LED Important..... 6

 1.3.3. What are the Potential Outcomes of LED Implementation 6

 1.4 Drivers of Local Economic Development 7

 1.4.1 Roles and Responsibilities of Key Stakeholders7

PART 2: LED PROCESS: HOW TO DESIGN AND IMPLEMENT LED 11

 2.1: Introduction 11

 2.1.1 Objectives 11

 2.2 The LED Process11

 Step 1: Pre-initiation Stage.....11

 Step 2: Initiation Stage 12

 Step 3: Diagnostic Analysis – Understanding the Local Economy 13

 Step 4: LED Stakeholder Dialogue 13

 Step 5: Implementation of LED Action Plan 14

 Step 6: Resource Mobilization 14

 Step 7: Participatory Monitoring and Evaluation – Measuring Results and Impact 14

PART 3: RECOMMENDED TOOLS FOR MAINSTREAMING THE CONCEPT OF LED INTO DMTDPs18

 3.1 Economic Mapping18

 3.2 The Five Forces Analysis 19

 3.3 SWOT Analysis (Strengths, Weaknesses, Opportunities & Threats) 22

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Weaknesses (internal, negative factors)

Weaknesses are aspects that detract from the value you offer or place you at a competitive disadvantage. **You need to enhance these areas in order to compete with your best competitor.**

1. What factors that are within your control detract from your ability to obtain or maintain a competitive edge?
2. What areas need improvement to accomplish your objectives or compete with your strongest competitor?
3. What does your business lack (for example, expertise or access to skills or technology)?
4. Does your business have limited resources?
5. Is your business in a poor location?

Opportunities (external, positive factors)

Opportunities are external attractive factors that represent **reasons your business is likely to prosper.**

1. What opportunities exist in your market or the environment that you can benefit from?
2. Is the perception of your business positive?
3. Has there been recent market growth or have there been other changes in the market that create an opportunity?
4. Is the opportunity ongoing, or is there just a window for it? In other words, how critical is your timing?

Threats (external, negative factors)

Threats include external factors beyond your control that could place your strategy, or the business itself, at risk. **You have no control over these, but you may benefit by having contingency plans to address them if they should occur.**

1. Who are your existing or potential competitors?
2. What factors beyond your control could place your business at risk?
3. Are there challenges created by an unfavorable trend or development that may lead to deteriorating revenues or profits?
4. What situations might threaten your marketing efforts?
5. Has there been a significant change in supplier prices or the availability of raw materials?
6. What about shifts in consumer behavior, the economy, or government regulations that could reduce your sales?
7. Has a new product or technology been introduced that makes your products, equipment, or services obsolete?

- **Supplier Power:** The power of suppliers to drive up prices of your input
- **Buyer Power:** The power of your customers to drive down prices
- **Competitive Rivalry:** The strength of competition in the industry
- **The Threat of Substitution:** The extent to which different products and services can be used in place of your own
- **The Threat of New Entry:** The ease with which new competitors can enter the market if they see you are making good profits (and then drive your prices down).

By thinking about how each force affects you, and by identifying the strength and direction of each force, you can quickly assess the strength of your position and your ability to make a sustained profit in the industry.

You can then look at how you can affect each of the forces to move the balance of the power more in your favor.

3.3 SWOT Analysis (Strengths, Weaknesses, Opportunities & Threats)

SWOT analysis is a general method for strategic planning used to evaluate the strength, weaknesses, opportunities and threats of a district, project or business. It involves specifying the objective of the business or project and identifying the internal and external factors that are favourable and unfavourable to achieve that objective. A SWOT analysis must first start with defining a desired end state or objective.

A SWOT analysis is an organized list of greatest strengths, weaknesses, opportunities, and threats. Strengths and weaknesses are internal (think: reputation, patents, location). These can change over time but not without some work. Opportunities and threats are external (think: suppliers, competitors, prices)—they are out there in the market and happen without our concern. You can not change them.

Strengths (internal, positive factors)

Strengths describe the positive attributes, tangible and intangible, internal to your organization.

They are within your control.

1. What do you do well?
2. What internal resources do you have? Think about the following:
3. What advantages do you have over your competition?
4. Do you have strong research and development capabilities? Manufacturing facilities?
5. What other positive aspects, internal to your business, add value or offer you a competitive advantage?

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ABBREVIATIONS AND ACRONYMS

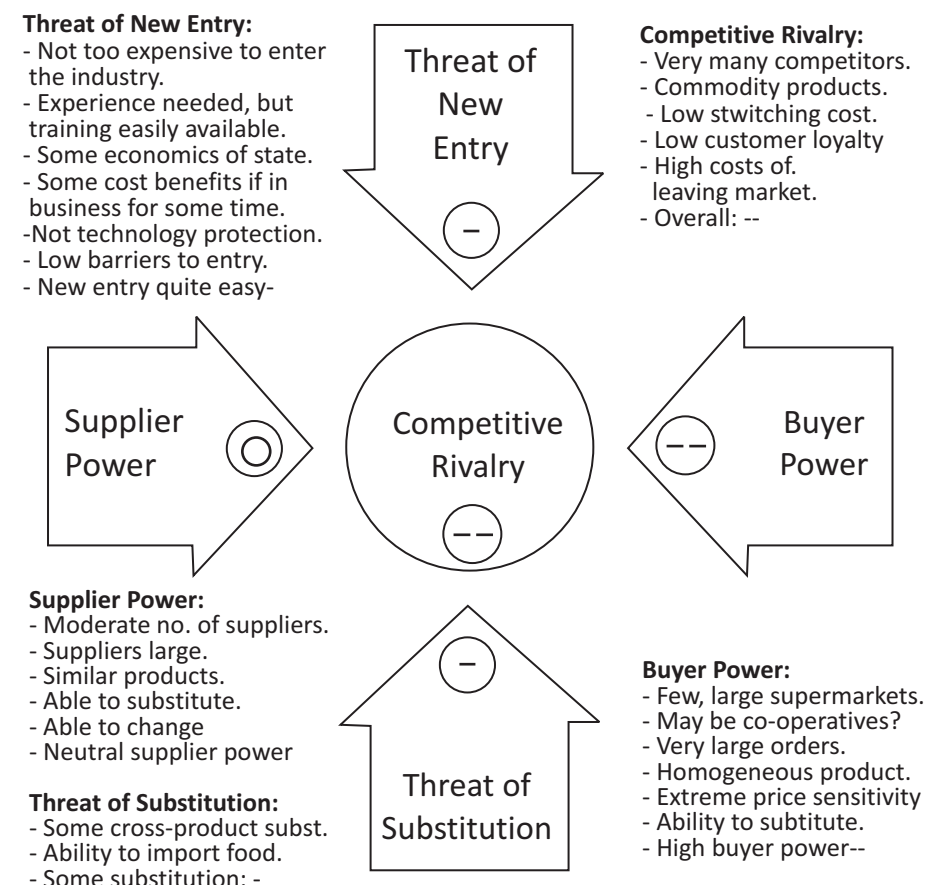
CBO	Community Based Organisation
CG	Central Government
DAs	District Assemblies
EDC	Economic Development Committee
LED	Local Economic Development
ILGS	Institute of Local Government Studies
ILO	International Labour Organization
LG	Local Government
MMDAs	Metropolitan, Municipal and District Assemblies
MMDCes	Metropolitan, Municipal, District Chief Executives
NDPC	National Development Planning Commission
NGO	Non-Governmental Organization
UNDP	United Nations Development Programme
ToR	Terms of Reference
RCCs	Regional Coordinating Councils
mDP	Medium Term Development Plan

moderately in your favor, or "--" for a force strongly against you (you can see this in the example below).

Then look at the situation you find using this analysis and think through how it affects you. Bear in mind that few situations are perfect; however looking at things in this way helps you think through what you could change to increase your power with respect to each force. What's more, if you find yourself in a structurally weak position, this tool helps you think about what you can do to move into a stronger one.

Example

Martin Johnson is deciding whether to switch career and become a farmer – he's always loved the countryside, and wants to switch to a career where he's his own boss. He creates the following Five Forces Analysis as he thinks the situation through:



Key Points

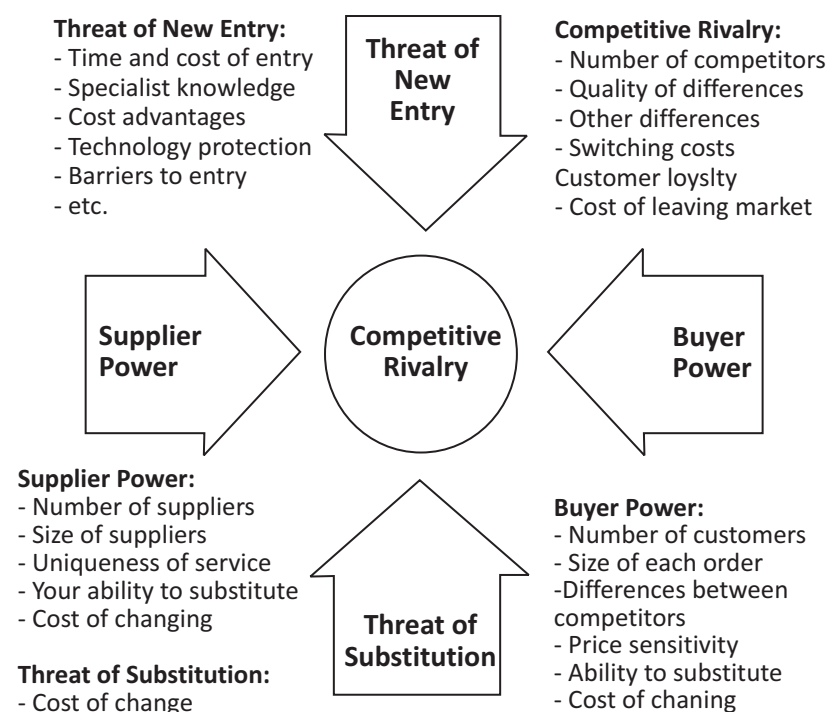
Porter's Five Forces Analysis is an important tool for assessing the potential for profitability in an industry. With a little adaptation, it is also useful as a way of assessing the balance of power in more general situations.

It works by looking at the strength of five important forces that affect competition:

4. **Threat of Substitution:** This is affected by the ability of your customers to find a different way of doing what you do – for example, if you supply a unique software product that automates an important process, people may substitute by doing the process manually or by outsourcing it. If substitution is easy and substitution is viable, then this weakens your power.
5. **Threat of New Entry:** Power is also affected by the ability of people to enter your market. If it costs little in time or money to enter your market and compete effectively, if there are few economies of scale in place, or if you have little protection for your key technologies, then new competitors can quickly enter your market and weaken your position. If you have strong and durable barriers to entry, then you can preserve a favorable position and take fair advantage of it.

These forces can be neatly brought together in a diagram like the one in figure 1 below:

Figure 1 – Porter's Five Forces



Using the Tool

To use the tool to understand your situation, look at each of these forces one-by-one and write your observations. Brainstorm the relevant factors for your market or situation, and then check against the factors listed for the force in the diagram above.

Then, mark the key factors on the diagram, and summarize the size and scale of the force on the diagram. An easy way of doing this is to use, for example, a single "+" sign for a force

PART 1: LOCAL ECONOMIC DEVELOPMENT (LED)

1.1 Introduction

Decentralization under the 1992 Constitution designates the District Assemblies (DAs) as the highest political authority in the district with deliberative, legislative and executive powers. The Local Government Act, 1993 (Act 462) also vests the DAs with administrative, planning and budgeting authority at the local level, with the responsibility for the overall development of their districts and enjoins all district Assemblies to:

- Formulate and execute plans, programmes and strategies for the effective mobilization of resources necessary for local level development.
- Promote and support productive activity and social development and remove any obstacle to local development.
- Monitor the execution of development projects under approved development plans, assess and evaluate their impact on the peoples' development, the local, district, and national economy.

The provisions in the Act 462 provide a framework for the District Assemblies to focus on using local resources for local development. Over the past two decades, District Assemblies have focused on their administrative and legislative functions, to the detriment of their local economic development functions thereby hindering their effort to improve quality of life and to offer greater opportunities for economic empowerment of their citizens.

The introduction of LED could be seen as an alternative development strategy, to fully harness the economic potentials of the districts for job creation and faster poverty reduction. **Local Economic Development according to Ghana's National Decentralization Policy (2010) is the process by which local governments, local businesses and other actors outside the locality join forces and resources to enter into new partnership arrangements with each other or other stakeholders to create new jobs and stimulate economic activities in municipalities, towns and villages.** Policies to promote job creation, the establishment of local industries as a base for industrial development and the facilitation of intra and inter district trade as well as strengthening the competitiveness of the local private sector are all part of the mandate of MMDAs in the area of economic development.

It is in this direction that the National Local Economic Development Policy has been developed for the country to help reduce poverty through increased economic growth and inclusion. The broad objective of the policy is to facilitate economic growth, employment and income generation in order to promote household welfare and alleviate poverty.

The policy seeks to address the following objectives:

- Improve institutional arrangements and legislative framework for LED;
- Strengthen local economic competitiveness and LED governance;
- Promote LED initiatives with emphasis on innovation and human development;
- Provide urban and rural infrastructure to enhance quality service at the local level;
- Identify and harness existing and potential natural, human and financial resources;

- Enhance Capacity of Local Economic Actors and LED Institutions;
- Build capacity of RCCs and MMDAs to monitor environmental impacts of LED activities;
- Enable local governments to support local economies to realize their potential and make local communities active participants in the economy of the country;
- Empower local governments to facilitate functioning partnerships between the public and private sectors in order to unlock the local economy and drive new growth;
- Provide a financing framework to coordinate funding flows in support of the strategy; and
- Promote broad based local participation in the economy.

1.2. Policy Context for LED in Ghana

1.2.1 The 1992 Constitution

The 1992 Constitution places a great responsibility on DAs to ensure the overall development of their local area through a participatory process. This mandate therefore includes the facilitation of Local Economic Development (LED). The constitution mandates districts to play a key role in creating a conducive environment for investment through the provision of infrastructure and quality services.

1.2.2 Local Government Act (Act 462)

The Local Government Act of 1993, Act 462 establishes the District Assemblies as planning authorities at the local level with the legal mandate to formulate and execute plans, programs and strategies for effective resource mobilization for the overall development of the districts. As part of this provision, the DAs are also responsible for ensuring robust local economic and social conditions for thrive of employment opportunities.

Local Economic Development therefore, is about creating a platform and environment to engage stakeholders in implementing strategies and programmes. Thus, the Local Government Act (462) mandates MMDAs with powers and functions to ensure competitiveness and growth of the local economy for economic opportunities for citizens.

1.2.3 National Development Frameworks

The National Development Policy Frameworks eg. Ghana Shared Growth and Development Agenda (GSGDA) recognize that DAs must have the requisite capacities to fulfill their obligations effectively to promote local level development. District Assemblies are therefore mandated to determine and implement comprehensive tailor-made policies, programmes and activities in accordance with their own social and economic conditions. These interventions should be in conformity with the District Planning Guidelines issued by the National Development Planning Commission (NDPC). LED is one of the key priority areas under the thematic area: Private Sector Development, in the District Medium Term Development Plan. The approach to LED is based on joint private and public sector stakeholders' reflection on the synergized inputs of all three spheres of government. In this regard, LED should not be just about what DAs do, but more critically what the rest of government does together with DAs.

3.2 The Five Forces Analysis

The five forces analysis is an analytic concept developed by Michael Porter. It is a useful concept in analysing the competitive position and strategic challenges of a company or a cluster. The tool aims at understanding competition, potentials and threats to an industry or cluster. It suggests looking at the aspects that influence a sector or company

1. Rivalry among existing firms/competition
2. Bargaining power of suppliers
3. Bargaining power of buyers/customers
4. Threat to new entrants
5. Threat of substitute products or services

The Porter's Five Forces tool is a simple but powerful tool for understanding where power lies in a business situation. This is useful, because it helps you understand both the strength of your current competitive position, and the strength of a position you're considering moving into.

With a clear understanding of where power lies, you can take fair advantage of a situation of strength, improve a situation of weakness, and avoid taking wrong steps. This makes it an important part of your planning toolkit.

Conventionally, the tool is used to identify whether new products, services or businesses have the potential to be profitable. However it can be very illuminating when used to understand the balance of power in other situations.

Understanding the Tool

Five Forces Analysis assumes that there are five important forces that determine competitive power in a business situation. These are:

1. **Supplier Power:** Here you assess how easy it is for suppliers to drive up prices. This is driven by the number of suppliers of each key input, the uniqueness of their product or service, their strength and control over you, the cost of switching from one to another, and so on. The fewer the supplier choices you have, and the more you need suppliers' help, the more powerful your suppliers are.
2. **Buyer Power:** Here you ask yourself how easy it is for buyers to drive prices down. Again, this is driven by the number of buyers, the importance of each individual buyer to your business, the cost to them of switching from your products and services to those of someone else, and so on. If you deal with few, powerful buyers, then they are often able to dictate terms to you.
3. **Competitive Rivalry:** What is important here is the number and capability of your competitors. If you have many competitors, and they offer equally attractive products and services, then you'll most likely have little power in the situation, because suppliers and buyers will go elsewhere if they don't get a good deal from you. On the other hand, if no-one else can do what you do, then you can often have tremendous strength.

PART 3: RECOMMENDED TOOLS FOR MAINSTREAMING THE CONCEPT OF LED INTO DMTDPs

3.1 Economic Mapping

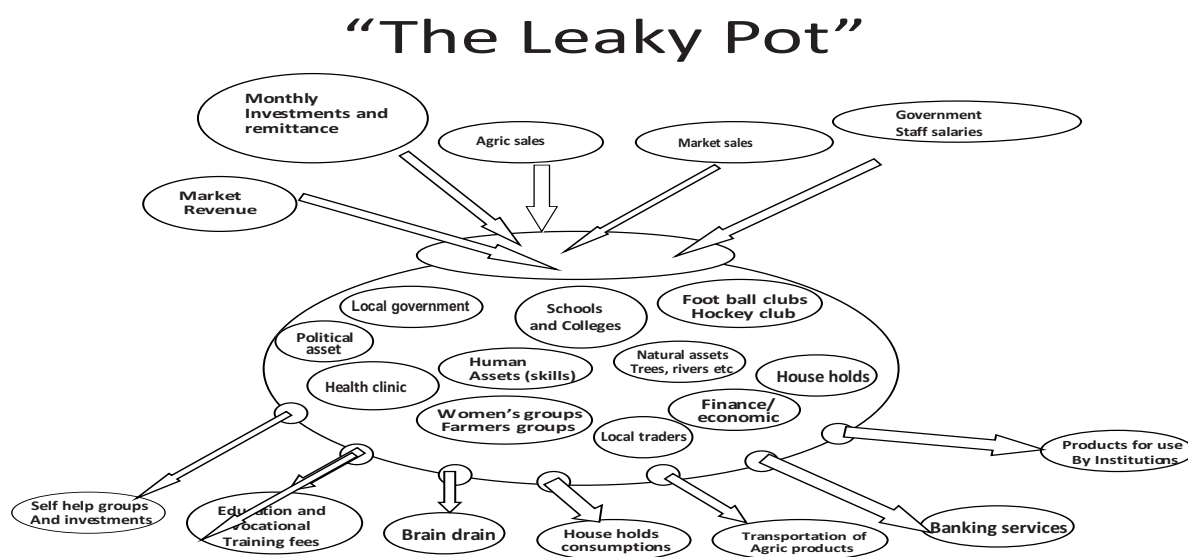
Economic mapping is a general instrument of qualitative research that can be used in a participatory LED process. The purpose of an economic mapping is threefold. First, it serves to identify the actors who play a role in a given location – companies and economic actors, support institutions, business associations, government agencies providing business support services. Second, it is a way to visualize the links between the various stakeholders. Third, it is also a way to highlight the nature of the relationship and the power structure between the economic actors.

The mapping tool can be used with a heterogeneous group of stakeholders with low educational background and in a rural setting. Refer to the appendix for the terms of reference on how to conduct mapping.

The leaky pot is a useful tool for making local economic analysis easy for people. It is a participatory tool for engaging community members to analyse their economy. It provides a useful framework for identifying the various categories of community assets and the possible economic opportunities for linking assets and opportunities together.

The significant flows between economic actors in the community are indicated by the arrows in the bucket below.

Once economic opportunities and potentials are identified using the leaky pot analysis and assets identified through community resource mapping, a SWOT analysis can be conducted to assess the exploitation of each economic opportunity and asset. Refer to the appendix for the detail explanation.



The Metropolitan, Municipal and District Assemblies (MMDAs) are thus the ideal arenas for local level intergovernmental coordination in Ghana. Governments' efforts should be measured by its ability to develop a shared understanding of the needs and opportunities of these areas and the realization of integrated development outcomes in these areas (vibrant local economies).

To enable MMDAs in the country effectively implement the National LED Policy, a LED Operational Manual has been developed. The manual provides conceptual issues on LED, the process of operationalisation, and some relevant implementation tools.

1.2.4 Other Legal and Regulatory Policy Frameworks

Related Policy Frameworks and Legislations for decentralization, local and economic governance in Ghana include;

- National Decentralization Policy Framework
- Urban Development Policy
- National Industrialization Policy
- Intergovernmental Fiscal Framework (IGFF)
- National Development Planning (System) Act, 1994, Act 480
- District Assemblies' Common Fund Act, 1993, Act 455
- Local Government Service Act, 2003, Act 656
- Institute of Local Government Studies Act, 2003, Act 647
- Subsidiary legislation including the individual Establishment Instruments of the respective Assemblies and the Local Government (Urban, Town, Zonal Councils and Unit Committees) (Establishment) Instrument, 1994 (LI1589)
- Legislative Instrument 1961

1.3 What is Local Economic Development (LED)?

LED is defined as “the process by which local governments, local businesses and other actors join forces and resources to enter into new partnership agreements with each other or other stakeholders to create new jobs and stimulate economic activity in municipalities, towns and villages”(Ghana's National Decentralization Policy, 2010). It is also a participatory development process that encourages partnership arrangements between the main private and public stakeholders of a defined territory with the final objective of creating decent jobs and stimulating the economy. Again, it is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.

Although there are numerous definitions for LED, all the various definitions underline two important issues.

1. LED is a process. This process provides the opportunity for the citizenry to participate in the local development process.

2. LED is driven by local actors (i.e., state and non state actors) from different societal sectors.

1.3.1 Understanding LED: Some Definitions

Box 1.

Local Economic Development (LED): a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation within a local area. LED follows a bottom-up development paradigm aimed at ensuring sustainable economic development with an emphasis on the living conditions of the inhabitants/residents/people of the local communities. **(UNDP)**

The purpose of local economic development (LED) is therefore to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation. **(World Bank Urban Development Unit, 2003: 4)**

Local economic development (LED) is a participatory process in which local citizens from all sectors work together to stimulate local commercial activity, resulting in a resilient and sustainable economy. It is a way to help create decent jobs and improve the quality of life for everyone, including the poor and marginalized **(UN-HABITAT)**.

ILO defines LED as “a process where the local actors shape and share the future of their territory. We could define it as a participatory process that encourages and facilitates partnership between the local stakeholders, enabling the joint design and implementation of strategies, mainly based on the competitive use of the local resources, with the final aim of creating decent jobs and sustainable economic activities” **(Canzanelli, 2001: 9)**.

The Ghana Decentralisation Policy (2010) defines LED as 'the process by which local governments, local businesses and other actors join forces and resources to enter into new partnership agreements with each other or other stakeholders to create new jobs and stimulate economic activity in municipalities, towns and villages'.

Figure 1: The LED Process

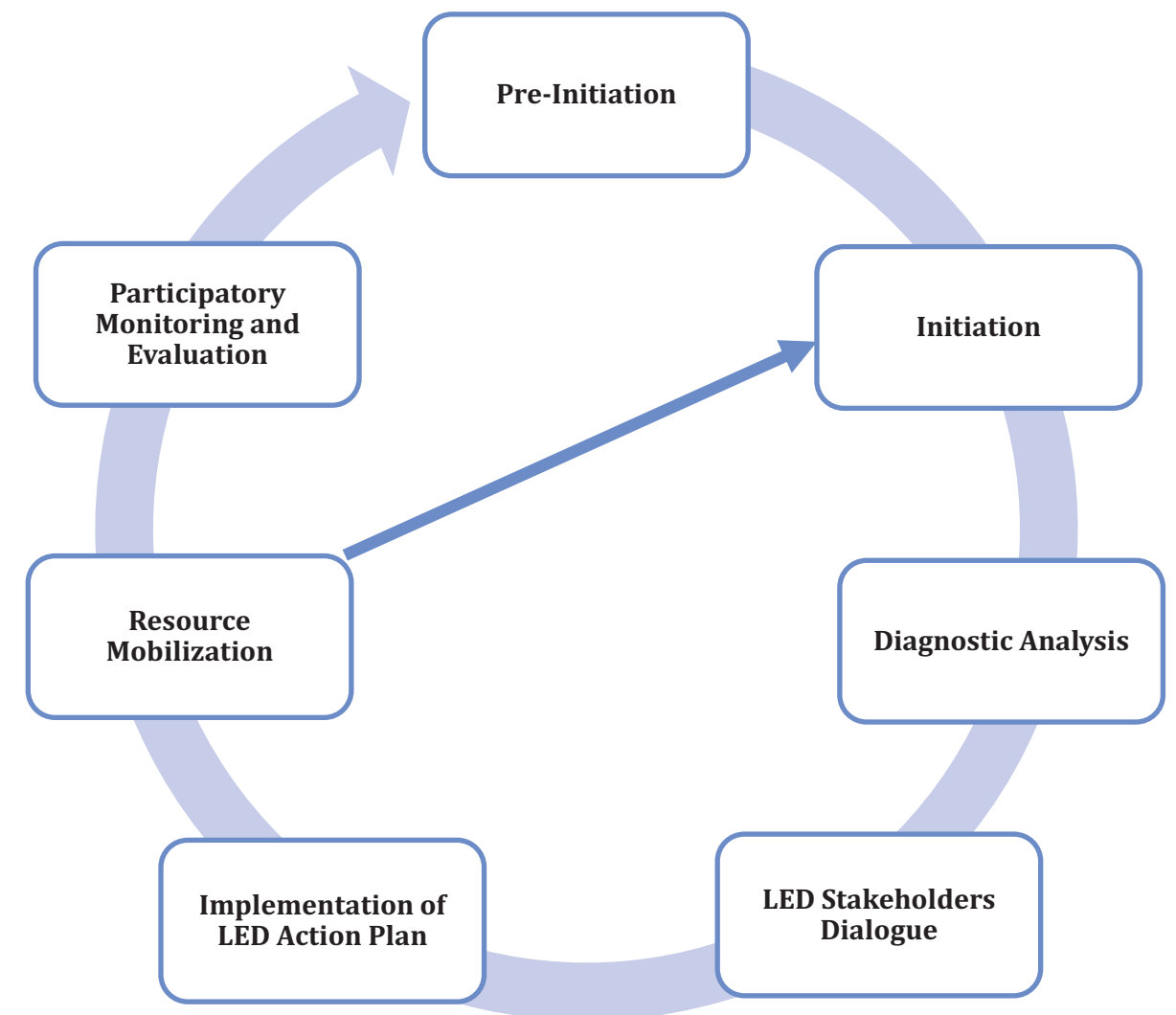


Table 1. Example of format for District Composite Programme of Action

District Goal.....

District Objectives.....

Activities	Location	Time Schedule				Indicative Budget	Indicators	Source of Funding			Implementation Agency
		1st	2 nd	3rd	4th			IGF	GOG	Donor	
Health											
Activity 1											
Activity 2											
Education											
Activity 1											

Note

A LED strategy is characterised by its flexibility and initiatives that are designed in accordance with local context, social, economic, political and institutional conditions. Because of this variability, LED initiatives can best be defined by following basic features:

- They require participation and social dialogue;
- They are based in a territory/locality;
- They are locally owned and managed
- They are sustainable

(1) Participation

The LED approach ensures the enhancement of capacities of local actors with their involvement in the formulation, implementation and evaluation of initiatives. Additionally, the LED approach ensures the establishment and improvement of communication between the local government, the private sector and civil society. The participation of various stakeholders is not only an indicator of good governance, but is also crucial to the legitimacy and sustainability of the local development initiatives/interventions.

(2) Territory/Locality

The territory refers to the Administrative boundaries of the MMDAs. However, for the purpose of LED, territory may cut across several boundaries for economic development.

The territory offers the following key benefits:

- Economic Growth of localities which will also result in increased revenue in the territory
- Spatial proximity that enables frequent social, economic and political interaction among the local actors, thus generating social cohesion and trust;
- Common socio-cultural links between actors and a shared sense of belonging to the same area;
- Together, local stakeholders possess a comprehensive knowledge of the territory's resources and needs;
- Local actors have a stake in the territory and have close bonds with, and concern for, their immediate social, economic and natural environment.
- It also result in productive and gainful employment within the territory

(3) Local Ownership

Traditionally, top-down development interventions are designed, implemented and managed at the ministerial or Central Government level, with little or no involvement of local actors. In contrast, LED practices favour initiatives that are either taken locally or have strong local support. LED strategies entail a much greater degree of horizontal and vertical coordination: horizontal coordination comprises local public, private and civil society actors concerned with the territory's social and economic development; and vertical coordination entails the synchronisation of local, regional, national, and global or international institutions.

Table 2. Example of Format for District Annual Action Plan

District Goal.....

District Objectives.....

Activities	Location	Output	Time Schedule				Annual Budget		Implementation Agency
		Indicators	1 st	2nd	3rd	4th	Local	External	

1.3.2 Why is LED Important?

Most MMDAs in Ghana are under-resourced, and have limited capacity and knowledge of existing economic potentials to harness for economic development. However, **working with other local actors widens the resource base and scope of action**. These actors include the **private sector, communities, NGOs and others** – all those that have the potential to contribute to **a collective effort to stimulate LED for decent job creation and local economic growth**.

Local economic development is a **collective mandate of government, business and communities**. It is a **locally driven process** by which the **stakeholders work collectively to stimulate and transform the local economy and create new job opportunities**. It refers to those development strategies that are **territorially based and locally managed**.

The purpose of the Local Economic Development (LED) approach is to build up the economic capacity of a local area to improve its economic status and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation. LED seeks to stimulate economic activities which promote sustained high growth.

No matter what form it takes, local economic development has one primary goal: **to increase the number and variety of job opportunities available to the local people**.

1.3.3. What are the Potential Outcomes of LED Implementation?

LED gives a voice to all local actors, helping to ease and narrow the “representational gap”. The participatory nature of LED encourages the inclusion of vulnerable groups in the decision making processes, particularly women, informal economy operators, youth, people living with disabilities, as well as community members.

LED creates economic development in harmony with environmental sustainability. LED is based on a sustainable use of local resources, including natural resources. LED initiatives can highlight and explore natural assets of a territory (e.g. eco-tourism/natural parks/agro forestry/mineral resources). They can also contribute to a cleaner environment and the rational use of natural resources (eg. creating awareness on environmental issues and developing initiatives in areas such as waste collection, green jobs and sustainable agro-business).

LED adds value to the development potential of local assets, resources and traditions
LED can contribute to improving access to social protection
LED builds upon traditional forms of self-help and cooperation as a way of addressing some of the problems faced by the poor communities.

Step 7: Participatory Monitoring and Evaluation – Measuring Results and Impact

EDC as well as other LED platform stakeholders should collect, compile, analyze and disseminate relevant and timely (Quarterly, Mid-Year and Annual) disaggregated data on LED.

- The M&E Report should be disseminated to all stakeholders
- The M&E Report should be discussed by the LED platform.
- Lessons and feedback obtained should be utilized for enhancing activities and fed into the next planning cycle.

Expected output

- Quarterly, Mid-Year and Annual Progress Reports of the LED component of the MTDP produced and available.
- Periodic Assessment Reports on LED produced and made available.
- LED platform feedback report

Mainstreaming LED into MTDPs

LED PROCESS	STEPS IN MTDP
Step 1: Pre initiation	Set Up <ul style="list-style-type: none">· Identification of key stakeholders· Defining roles and responsibilities· Preparation of work plan and budget· Awareness creation (Chapter 2 of District Planning Guidelines)
Step 2: Initiation	
Step 3: Diagnostic Analysis	Step 2: Performance review Step 3: Analysis of existing situation and compilation of District Profile Step 4: Local/community Development plans
Step 4: LED Stakeholder Dialogue	Step 5- 10: Positioning local issues in the MTDP; Identification of goal, objective, strategies and programme
Step 6:Resource Mobilization	Step 11: Formulation of composite Programme of Action Step 13: Preparation of Annual Action Plan
Step 6:Resource Mobilization	Step 12: Preparation of indicative Financial Plan
Step 7: Participatory Monitoring and Evaluation	Step 14: Monitoring and Evaluation

Expected Output

- LED Platform Institutionalized and functioning
- Economic plans and activities in the district improved
- LED Composite Programme of Action available as input into MTDP and for the other platform stakeholder groups and institutions
- LED Annual Action Plan available as input into MTDP and for the other platform stakeholder groups and institutions
- LED Platforms minutes and reports

Step 5: Implementation of LED Action Plan

- DA should mainstream the LED composite programme of action, the annual LED action plan into the MTDP as well as the strategic plans of other LED platform stakeholders
- Disseminate the MTDP
- All stakeholders should collaborate to implement LED Action Plan and MTDP

Expected Output

- MTDPs reflecting LED Interventions
- Strategic Plans of other LED platform stakeholders reflecting LED.

Step 6: Resource Mobilization

- MMDA to identify, discuss and mobilize both internal and external resources for the implementation of LED related activities in the MTDPs and Strategic Plans of other LED platform stakeholders

Expected output

- Resources mobilized
- LED activities enhanced

Potential Funding Sources

No.	Name
1.	Remittances
2.	Development Partners
3.	Embassies/Missions/
4.	DACF
5.	Private Sector
6.	BUSAC Fund
7	Financial Service Providers
8.	Faith Based Organizations

1.4 Drivers of Local Economic Development

Partnerships hold the promise of inclusiveness, complementarity, dialogue and shared responsibility for local development. MMDAs, private sector and civil society have to join forces to work for the growth and prosperity of the local economies. Successful LED depends on local partnerships as well as on national and regional structures to promote and support local initiatives.

1.4.1 Roles and Responsibilities of Key Stakeholders

This section articulates the roles and responsibilities of various stakeholders in the implementation process of local economic development. The role and responsibilities of key stakeholders are detailed in the table below.

Table 1: Roles and Responsibilities of Key Stakeholders

Inter – Ministerial Co-ordinating Committee (now Council) (IMCC) on Decentralisation	<ul style="list-style-type: none">· Serve as a platform or forum for receiving various LED inputs from Ministries.· Endorse LED Policy Review
Ministry of Local Government and Rural Development (MLGRD)	<ul style="list-style-type: none">· The lead central management agency to collaborate with other sector Ministries and Agencies on policy, planning and resource mobilization· Co-facilitate preparation of DMTDPs reflecting LED· In consultation with NDPC, coordinate the preparation of annual programmes reflecting LED with targets and assigned responsibilities for plan implementation with other implementing agencies· Sponsor legislations to Parliament as appropriate on LED initiatives.· Co-ordinate and align support to MMDAs for LED through the planning process· Provide technical support to MMDAs to implement LED· Provide the overall legislative and regulatory framework for LED· Maintain strong inter-governmental relationships and institutions· Provide necessary resources for LED implementation by MMDAs· Disseminate information to MMDAs on LED· Increase administrative efficiency and· Monitor the outcome and impact of MMDAs activities.

Advisory Council	<ul style="list-style-type: none"> · Provide strategic direction for the development of LED at all levels. · Facilitate national framework for the implementation of LED. · Provide leverage for greater integration and closer cooperation between both LED stakeholders and sector departments in LED implementation. · Review of national policy, strategy and guidelines on LED. Advise on policy, regulatory and fiscal environment.
LED Secretariat	<ul style="list-style-type: none"> · Ensure capacity development of all stakeholders; mobilise resources to support LED, develop and implement appropriate communication strategy; collate documentation on all LED work. · Facilitate national, regional and district work including LED platforms, develop framework and make recommendations to IMCC. · Periodically review guidelines for LED resource utilization · Undertake joint monitoring and evaluation activities.
National Development Planning Commission	<ul style="list-style-type: none"> · Formulate National Development Policy Framework reflecting LED · Provide Guidelines for preparation of District Development plans (DPPs) reflecting LED · Co-facilitate preparation of DPPs reflecting LED · Monitor and report on LED at the national level
Parliament	<ul style="list-style-type: none"> · Enactment of enabling laws to enhance the development of LED. · Approval of adequate financial resources for MMDAs for the development of LED.
MDAs	<ul style="list-style-type: none"> · Spearhead policy making, regulation, coordination, monitoring and evaluation, funding, investment promotion · Enforcement, implementation of regulations, direct investments, advocacy, resource mobilization, networking · Service provision, capacity building, M&E, job creation

- The composition of the EDC will be institutionalized through a resolution of the DA
- EDC should develop a Work Plan with an indicative budget to implement all their functions.

Step 3: Diagnostic Analysis – Understanding the Local Economy

The objective of this stage is to acquire knowledge about the local economy and the resources available for economic and social development.

The following activities must be undertaken by the EDC to achieve this objective to:

- analyse community strategies, Community Plans (where they exist), as well as all relevant local documents; and
- access and analyse other national and local level policies and regulatory frameworks to identify enabling environment for local economic development.

A broad range of tools are available to assess the internal and external context of the local area and economy as well as how to interpret data to make a useful meaning for the local economy assessment. Tools that can be useful in this stage are:

- *Economic Survey/Study*
- *Five Forces Analysis*
- *SWOT*

Expected Output

- Diagnostic Report

Step 4: LED Stakeholder Dialogue

The EDC should:

- Set up and institutionalize LED Platforms to execute its functions as prescribed in the LED Policy such as:
 1. Hold regular stakeholder dialogue and conduct planning relevant to economic development using district LED platforms among MMDAs, civil society, financial service providers, community-based organizations and private sector
 2. Play a key role in the integration of state and other resources to energize innovation and excellence in local economic development
 3. Exchange information on MMDAs needs, potentials, and private sector including financial institutions
 4. Discuss resource mobilization for MTDP implementation

Notes

Proposed Structure of the LED Platform in the MMDAs

- Local Financial Institutions
- Private Sector (Entrepreneurs, Producers, Business Associations, Service Providers)
- Civil Society (CSOs, etc)
- Traditional Authorities

Step 2: Initiation Stage

Initiating the LED process- 'Getting the fundamentals right'

In this stage, the District Assembly will be providing strategic leadership for Local Economic Development programs within its jurisdiction. The other stakeholders, notably the private sector and the Civil Society organizations should be provided with the enabling space to play a role in the initiation phase. This is critical for ownership and sustainability of the process. Eventually it is expected that the private sector will play a more prominent role in leading the LED processes in each MMDA. On this note, MMDAs are required to lead in

- Organizing stakeholder engagement (venue, logistics, timing etc)
- creating awareness on LED concept
- Brainstorming session to identify LED priorities ;
- Identifying and Assigning Roles and responsibilities to ensure buy- in and ownership
- Discussing and composing Economic Development Committee

Expected Output

- Awareness created among key stakeholders
- Roles and responsibilities assigned
- LED priorities identified
- EDC Constituted

Box 1. Economic Development Committee Membership

Dept/Institution	Membership
DPCU (Agriculture, Trade and Industry or an Institution representing Trade and Industry, DPOs and DBAs	4
Assembly Members (Representatives from F&A, Development Planning, Social Services and Works Sub Committees)	4
Private Sector (Representatives of Small Business Associations and successful Entrepreneurs)	4
Civil Society (Representatives of NGOs, CBOs and other identifiable organizations)	3
Total	15

Box 2. FUNCTIONS OF EDC

FUNCTIONS OF ECONOMIC DEVELOPMENT COMMITTEE
Coordinate the implementation of identified tasks by responsible department and or agencies
Ensure capacity development of all stakeholders; mobilize resources to support LED; Develop and implement appropriate communication strategy; collate documentation on LED work
Facilitate national, regional and district work including LED platforms, develop framework and make recommendations to the Advisory Council
Undertake joint monitoring and evaluation activities

RCCs	<ul style="list-style-type: none">· The Regional Co-ordinating Councils must strengthen their supervisory and co-ordinating functions to ensure that MMDAs in their respective areas addresses LED issues in their development plans. Again, they must include LED in the monitoring and evaluation systems. They must provide technical support to MMDAs to effectively implement LED strategies.
MMDAs	<ul style="list-style-type: none">· Mainstream LED into MTDPs· Identify local level resources and opportunities· Ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities.· Provide infrastructural support to facilitate local economic development Facilitate participatory decision making and partnership building with non – state actors (including private enterprises, professional associations, unions, co-operative societies, organized labour, NGOs, CBOs and traditional authorities) on the direction of local economic development.
Private Sector	<ul style="list-style-type: none">· Provide services and products· Mobilize resources and direct investments· Initiate specific LED activities and programs· Work with the MMDAs to improve the business environment for private sector development· Pay local taxes and levies to support local development
NALAG	<ul style="list-style-type: none">· Build a better understanding of LED and of the role of local government in LED.· Raise the profile of LED in MMDAs· Encourage sharing of international and national good practices on LED

Civil Society	<ul style="list-style-type: none"> · Active involvement in the local development process. · Engagement with local stakeholders and MMDAs for improved LED policies and programmes.
Community	<ul style="list-style-type: none"> · Local ownership of LED initiatives · Participate and support LED activities
Financial Institutions	<ul style="list-style-type: none"> · Active in the LED Platform Dialogues · Support the provision of financial and technical services

PART 2: LED PROCESS: HOW TO DESIGN AND IMPLEMENT LED

2.1: Introduction

This part of the manual is intended to give MMDAs a step by step guide to initiate and implement LED. It certainly does not give a fixed formula or method because the exact dimension of how LED processes unfold will be different and/or vary from one district to another depending on the local context.

Generally, a LED strategy is usually designed and implemented through the following steps or stages;

Step 1: Pre-Initiation Stage

Step 2: Initiation

Step 3: Diagnostic Analysis- Understanding the Local Economy

Step 4: LED Stakeholders Dialogue

Step 5: Implementation of LED Action Plan

Step 6: Resource Mobilization

Step 7: Participatory Monitoring and Evaluation.

2.1.1 Objectives

By the end of going through this part, participants will be able to:

- Understand, appreciate and use the step by step approach to design and implement LED
- Identify the tools to apply in each step in the LED process

2.2 The LED Process

Step 1: Pre-initiation Stage

During pre-initiation and initiation phases, District Assemblies should lead the process, thereby ensuring they carry along all the stakeholders. The pre-initiation stage is where local resources are mobilized for the commencement of the LED Process. To this end, the following activities must be undertaken

- Identify Key stakeholders (Public, Private Sector, CSOs, Financial Service Providers etc)
- Planning for;
 1. stakeholder engagement;
 2. Presentation on the concept of LED;
 3. Brainstorm session to identifying LED priorities;
 4. Roles and responsibilities and
 5. Buy-in and ownership of the LED process

Expected output

- Key stakeholders identified,
- Roles and responsibilities assigned
- Work plan