



LEVERAGING PRIVATE SECTOR'S PARTICIPATION IN LOCAL ECONOMIC DEVELOPMENT

THE CASE OF GHANA



© Copyright

SPV Ghana 2016

www.spvghana.com

abcee@spvghana.com

Tel: 00233 244 769 796

P. O Box CT 6968

Accra, Ghana

Prepared by

James Kwame Mensah, Ph.D

Table of Contents

1. Introduction	4
2. Meaning and Origin of LED	4
3. Overview of LED in Ghana	5
4. LED in South Africa	6
4.1 Successful case of Private Sector Participation in LED in South Africa.....	7
4.2 Lessons from Private Sector Participation in LED in South Africa	8
5. Comparison between South Africa and Ghana	8
5.1 Territorial dimension	8
5.2 Governance dimension.....	8
5.3 Integrated dimension.....	9
5.4 Sustainability dimension	9
6. Private sector participation in LED in Ghana.....	9
7. LED Opportunities for the Private Sector in Ghana.....	10
7.1 Pro-poor tourism.....	10
7.2 Agritourism/ agrotourism	11
7.3 Aquaculture	11
7.4 Cashew production and processing	11
7.5 Kente production.....	11
7.6 Clay mining.....	12
7.7 Bee Keeping.....	12
7.8 Cassava production and processing	12
7.9 Moringa production and processing	12
8. Policy Recommendations	12
8.1 Central government	13
8.2 Local governments.....	13
8.3 Private sector	13
9. Conclusions.....	13
References.....	14

1. Introduction

Ghana continues to face key development challenges of poverty, unemployment and inequality. Given the importance of achieving the goals of a better life for all Ghanaians, there is a need to explore development alternatives which can lead to a more inclusive form of economic development and growth. In the light of this, LED has been seen as a viable alternative to top-down development strategies and a more flexible and effective approach to simultaneously enhance economic growth and reduce poverty. The need to address local crises, to capitalise on opportunities and the “retreat” of the central state has encouraged numerous local and rural areas to assume the responsibility for development planning designed to meet their unique situations. LED strategies can offer a more people-centred and locality specific alternative to the top-down development strategies that have dominated the development policy panorama in Ghana in the past decades, and which seem to have failed to adequately address the changing reality of the country. Mechanisms are gradually being put into place to support the emerging reality of LED. These include the LED policy, the LED manual for District Assemblies, and LED programs of ILO, GIZ, UNDP, among others.

However, what needs to be recognised is that the private sector remains largely neglected within the conventional LED policy formulation and implementation in Ghana. Indeed, an improved understanding of the nature, workings and potential contribution of the private sector is critical if we want to ensure a more inclusive form of LED. The objective of this paper is to examine the role and importance of the private sector in LED in Ghana. The contention in this paper is that a more aggressive incorporation of the private sector may contribute to a more inclusive form of LED in order to provide jobs and economic prosperity to the youth, women and the local residents.

This paper is organised into six strands of material. The first section provides a brief meaning and origin of LED while the second section provides an overview of LED in Ghana. The third section gives an overview of LED in South Africa. The fourth section discusses the role of the private sector in LED and gives an overview of opportunities for the private sector in terms of LED. The fifth section provides LED roles for the central government, local governments and private sector while the last section concludes the paper.

2. Meaning and Origin of LED

In spite of its significance to the lives of people and development, LED has escaped a standard definition making it not only elusive but a contested concept and open to multiple interpretations in the development arena. In Ghana 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” (MLGRD, 2010). Stohr (1990) identifies two criteria for recognizing LED: namely, initiative and entrepreneurship, which he states can occur in both urban and rural areas. Any economic activity, ranging from farming and sustainable rural development to city based development strategies can fall within the broad parameters of the concept of LED. This is provided that the action is locally based, mobilizes local resources and skills, promotes economic diversification, training and new forms of organizational development. It is important to note that in areas lacking in skills and capacity, external facilitation and support of local development by government or NGO is an accepted norm.

The extant literature shows that LED originated from Europe after the Second World War in the 1950s and 1960s as a response to the place-based crises caused by war damage, industrial decline and dereliction in order to redevelop devastated districts and regions (Blakely, 1989). In North America, LED emerged in the 1960s and 1970s to address the impact of deindustrialization in the “rust belt” and a response to the decline in economic growth (Dewar, 1998). During the 1980s and 1990s LED emerged in East Asia partly fuelled by rising industrial and technological developments, and partly due to the need to create settlements and urban growth more rapidly to accommodate growing populations. In recent

years, LED has become popular in Latin America, South Asia, and Africa partly due to the need to promote balanced socio-economic development and partly due to “bottom-up” processes to encourage local development or a process fuelled by international donors (Clark *et al.*, 2010:41).

In Africa, LED evolved as a result of the collapse of social services, hyper-inflation, massive currency devaluation, vast debt burdens, disastrous effects of global trade, structural adjustment packages, transition to democracy and decentralization, high unemployment, and poverty (Maharaj and Rambali, 1998). With the exception of South Africa, LED is at its inception stage in most African countries. In synthesising the literature, Helmsing (2003) categorised LED in Africa into three: community economic development, enterprise development, and locality development. NGOs in the 1980s and early 1990s acted as de-facto principal practitioners of promoting alternative development and played significant role in promoting LED across the globe. Their approach focused on community-based employment, community empowerment and income generation for the poor in rural areas.

There appears to be differences between LED in developed and developing world. In the former, LED is largely characterized and driven by locality-specific crisis of deindustrialization and pressure to provide welfare to the local residents (Nel, 2001). In the latter, LED takes a much more basic form due to limited technology, resources and external support (Binns and Nel, 1999). Thus, LED in most developing countries is basically a survivalist strategy or self-reliance which is essentially aimed at achieving social rather than economic goals. However, Rodríguez-Pose and Tijmstra (2009) stressed that LED programs in both the developed and developing world can be classified into two: pro-growth and pro-poor. The first focuses on combating constraints that impede local businesses, retention of business, attracting new businesses while the later focuses on poverty reduction and inclusion.

3. Overview of LED in Ghana

Even though Ghana was among the first countries in the world to have a national development plan, it was not until 1988 that real efforts for LED began. The pre-independence national development plans (1919-1926; 1942-1947; 1951-1956) were mainly geared towards infrastructural development for national exploitation by the colonial masters. The post-independence national development plans up to 1987 mainly focused on industrialization, accelerating economic growth, starting a socialist transformation and removing all vestiges of the colonial structure. The objectives of these development plans did not fit into the characteristics of LED. Thus, whereas LED focuses on tailor-made strategies by local stakeholders, the previous development plans up to 1987 were mainly decided by the central government with little input from local actors and adopted a sectoral rather than territorial approach. Nonetheless, the 1963/64-1969/70 plan initiated the northern development scheme as a means for leveraging and re-distributing resources to socio-economically excluded groups while the Operation Feed Yourself programme, a component of the 1975/76-1979/80 plan, targeted local initiatives and indigenous enterprises. This period could largely be described as the “lost decades” of LED in Ghana.

In 1988 attention shifted to local development as government adopted and implemented a comprehensive decentralisation policy through the enactment of the local government law of 1988. Even before this, government established the National Board for Small Scale Industries (NBSSI) in 1985 for the promotion and development of the Micro and Small Enterprises (MSE) and the Ghana Regional Appropriate Technology Industrial Service (GRATIS) project in 1987 as a way of promoting rural industrialisation (Mensah *et al.*, 2013).

Even though decentralisation in Ghana started in 1988, it was not until the fourth Republic that LED policy frameworks began to assume importance. This shift to LED may be due to the failure of top-down development approach to promote genuine local ownership of the development process. The 1992 constitution, a number of Acts of Parliament (Act 455; Act 462; Act 479; Act 480) and various national development frameworks (Ghana-Vision 2020, GPRS I & II, GSGDA I & II) recognize and place responsibilities on DAs to effectively promote local level development ((Mensah *et al.*, 2013). By

these, DAs are mandated to design and implement tailor-made programmes and activities based on their social and economic conditions (MLGRD, 2014). The Rural Enterprises Programme has been put in place since 1994 to increase the number of rural MSEs that generate profit, growth and employment opportunities. Between the period 2001 to 2007, government introduced the presidential special initiatives (Garments and Textiles, Agri-business [Cassava and Oil Palm] and Salt industries) as a way of promoting LED. Generally, LED in Ghana has been used to describe a growing number of initiatives, ranging from the provision of credit facility and entrepreneurial training to supply of machines and equipment, which, although part of a LED strategy, cannot entirely be considered as LED. In fact, after 25 years of decentralization in Ghana, the MLGRD officially formulated and launched a national framework and LED manual that will provide a vision and direction for LED (MLGRD, 2014). These two policy documents ushered Ghana into a “policy maturity” period for LED.

Whereas the LED policy appears to mature, it is important to note that LED is still implemented in the old top-down fashion and the commitment of the relevant actors to the promotion and practice of LED at the district level is in doubt. For instance, despite the LED manual specifying the roles and responsibilities of key stakeholders it appears that only the LED secretariat had been established while MMDAs that are supposed to be the center of LED have remained relatively inactive. Again, currently LED falls under the broad plans of the DMTDP with no specific LED programmes at the local level. Similarly, district planning officers have added LED to their responsibilities because there are no specific offices and staff for LED at the local level, even though the planning officer is more a development planner than LED expert.

Compared to Latin America, Asia and South Africa, examples of LED in Ghana are relatively scarce. What is more evident is the focus on the social dimension of LED to the detriment of its economic aspect. That is a survivalist and pro-poor strategy rather than pro-growth. They address important problems, but tend to concentrate on short-term survival issues and on remedial action for the alleviation of social problems, leaving many of the economic issues that lie at the basis of underdevelopment virtually untouched.

The ILO, GIZ and UNDP have reinvigorated the spirit of LED in Ghana. Whereas the ILO initiated and implemented LED in Ghana through their decent work project, the GIZ and UNDP sought to promote LED through the light industrial concept and SME projects respectively. Although there are considerable differences between the approaches used by these agencies, they have in common the search for endogenous development based on local actors, resources, and capacities. Their interventions have yielded significant positive results for the local residents especially providing jobs and stimulating business activities at the local level (van Empel, 2007). A number of NGOs are also playing significant LED roles through community empowerment and income generation activities for the poor in rural areas of Ghana. Overall, LED in Ghana has crawled from the “lost decade” to a policy “maturing stage”.

4. LED in South Africa

South Africa is a special case when it comes to LED. Whereas in other countries LED tends to be a voluntary activity of local government, often born out of necessity or desperation, in South Africa it is a statutory activity. This is as a result of several legal provisions: constitution of the Republic South African 1996, White paper on Local Government of 1998, Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), a policy paper on Integrated Development Planning (2000), LED Guidelines to Institutional Arrangements (2000), Draft LED Policy (2002), Policy Guidelines for implementing LED in South Africa (2005) and National Framework for LED in South Africa (2006-2011). These legislative and legal provisions have obliged municipalities to pursue LED.

At the outset, emphasis was given to top-down national government directed regional policy interventions during apartheid years. After 1994, however, the promotion of LED initiatives emerged as

a central aspect of local government. Johannesburg, Cape Town, Durban, Pretoria and Ekurhuleni pioneered LED activities which were targeted at building local competitiveness for attracting investors. Other LED pro growth interventions focused on enhancing institutional efficiency by reducing the local cost of doing business or of improving local logistical pathways in order to strengthen the relationship between economic growth and infrastructure investment. Across the country's major cities, the retention and promotion of manufacturing industries continue to be a significant LED activity. In many smaller centres, LED mainly concentrates on increased service delivery, extension of the social grant system, public works and SMME initiatives.

Tourism (agricultural, dive, birdlife, festival) has played a major role as a vehicle for LED in South Africa. Larger centres as well as small towns have made use of tourism as a way to promote investment to the towns and draw people to visit and promote the economy of the towns. Culture, the arts and music, and sport have been harnessed to regenerate and orient cities towards LED. In many places, the onset of a local economic crisis linked to mining or factory closures was the impetus for the launch of LED initiatives. Examples of secondary centres that innovated LED responses in relation to economic decline are Alicedale, Klerksdorp, Mafikeng, Newcastle, Welkom and Witbank.

International development agencies (ILO, GIZ, UNDP) have all played significant roles in South Africa's LED through the design, formulation, implementation and financing of LED initiatives. The private sector and NGOs have also contributed to the success of LED in South Africa. LED in South Africa led to the creation of numerous jobs for townspeople, improved access to public services, and enhanced the quality of life for many local residents. It is imperative to note that, in the practice of LED across much of South Africa, an important role was played by the Local Economic Development Fund. Under the mandate of this Fund, municipalities could apply to DPLG for the funding of projects, such as cultural tourism initiatives, the promotion of agro-processing, the development of business incubators or human resource programmes. Overall, LED in South Africa is more matured than most African countries.

4.1 Successful case of Private Sector Participation in LED in South Africa

The survival of localities generally rest on the creativity and ability of local actors to identify and develop new economic activities. This generally reflects the core assumption of LED. Indeed, some measure of local development can be achieved through encouraging rural enterprises. The private sector cannot be left out of this process. This section provides examples of private sector participation in South Africa's LED.

Alicedale in the Eastern Cape, has received significant attention by virtue of partnership-led LED process. Alicedale experienced economic decline as a result of the near disappearance of rail services on the branch-line to Grahamstown and this led to almost 90 percent unemployment. It appeared for all intents and purposes that Alicedale was dead. Fortunately, the town's economic decline came to the attention of provincial politicians and the private sector (Mantis Group), which came together to formulate a plan to save the town from further decline and marginalization. Plans were then formulated and this led to the establishment of a hotel, golf course/golfing estate, and game reserve complex. This initiative has provided jobs to at least one member of 50% of households in Alicedale. Most of the residents have received training while a number of auxiliary services have sprung up in the area.

The second example is the city of Richards Bay which is located in the uMhlatuze municipality. In spite of the presence of the so-called big six industries of Richard Bay (Richards Bay Minerals, the Richards Bay Coal Terminal, Foskor, Ticor, BHP Billiton and Mondi Kraft) the locality continued to be one of the poorest and marginalized until the six began to play a leading but not exclusive role in LED in Richards Bay. Some of the projects include:

- Specialised training courses to upgrade skills and the level of education of employees

- Training and career development centres
- Small medium and micro enterprises and business opportunity development

The Zululand Chamber of Business (umbrella body for big six industries of Richard Bay) LED concentrates on providing support services to businesses and to stimulate economic growth through initiating projects that promote self-employment.

The third is the case of the Midlands Meander which is the flagship South African case of how the private sector conceptualised and developed tourism which was once a marginal economic sector and transformed it into the lead sector through LED. The Midlands Meander Association successfully developed capacity, and mobilised a range of diverse stakeholders, including local government, to collaborate successfully for the development of the local tourism economy. Here, the local authority played a useful facilitative role in support of the initiative by forging linkages between various spheres of government relating to particular tourism development issues while the private sector provided the funding and took charge of managing the LED initiatives.

4.2 Lessons from Private Sector Participation in LED in South Africa

- The private sector has demonstrated that it has the needed financial leveraging power and the capacity to access the capital required to embark on LED.
- The private sector did not only prioritize their interests but also community needs and ensure that maximum benefits were derived.
- It was the provincial government that originally identified the need for action in Alicedale and posed the challenge to the Mantis Group. This shows that local governments must approach and embrace the private sector as partners in LED
- Different government departments were instrumental in fast-tracking development projects and injecting substantial amounts of capital investment to kick-start development schemes
- Local governments have the responsibility to mobilize local stakeholders in an attempt to formulate a comprehensive process that includes all interested and affected parties.
- There needs to be a significant amount of information transfer and much higher levels of community engagement, such that development is not simply about business and government officials planning in isolation.

5. Comparison between South Africa and Ghana

This section will use four most important dimensions of LED to compare South Africa and Ghana. These are territorial, governance, integrated and sustainability dimensions.

5.1 Territorial dimension

LED strategies differ fundamentally from most traditional development strategies in that they approach development as a local rather than a sectoral problem. In South Africa LED has taken a more territorial approach than Ghana. This is because South Africa has initiated a number of legal frameworks that places responsibility and empower local governments to come out with their own LED policies and programs. In Ghana however, LED generally takes the sectoral and top-down approach as there are no such policies and legal framework of LED for local governments. More importantly, local governments do not have their own LED policies but rather depend on the DMTDP which is largely influenced by the NDPC guidelines.

5.2 Governance dimension

There has been a growing awareness that the quality of governance has an important impact on the ability of governments to design and implement successful development strategies. In South Africa,

LED to a large degree depends on local and regional institutional systems and on the necessary frameworks and skill-levels at all government tiers. This has stimulated the involvement of local interests, enhanced interaction among different stakeholders, empowered local civic groups and the population in general. However, in Ghana LED relies mostly on national systems and on the capabilities of central government officials and external consultants. This often excludes the local people from the LED process which is likely to lead to misplaced priorities and failure of LED initiatives. In fact, the private sector is often not involved in LED issues.

5.3 Integrated dimension

LED approach addresses the problem of the top down strategies by catering for the specific needs and preferences of the local population. In South Africa, the inclusive nature of the LED process creates the necessary conditions for more integrated policies. Based on an analysis of the local strengths and weaknesses, local government officials, together with local stakeholders and external experts, aim to devise a strategy that improves the basic conditions for the development of indigenous economy and the attraction of inward economic activity. But in Ghana LED takes a top-down dimension designed to fit the needs of the entire country and therefore run the risk of not being able to respond to the needs and priorities of individual localities adequately.

5.4 Sustainability dimension

In the 1970s and early 1980s, environmental protection and economic development were often seen as conflicting goals. The introduction of the idea of sustainable development represented a move away from such a simple dichotomy. LED strategies are particularly well placed to address sustainability issues. In South Africa, LED approach offers an opportunity for residents and other local stakeholders to voice their opinion and devise a strategy that fits the particular needs of their locality. However, in Ghana the authoritative and non inclusive nature of LED initiatives has sometimes resulted in localized problems of poverty, social exclusion, and environmental degradation within local areas. This has also led to the inability of the localities to sustain LED initiatives after their founders have left.

6. Private sector participation in LED in Ghana

LED recognizes inclusivity and multi-stakeholder participation, with the objective of creating and promoting decent work. The private sector has a key role to play as an engine of growth and employment creation not only at the national but at the local level as well. The private sector is a big driver of change in LED. Both the central and local government need to engage not only with communities but also with the private sector in refining, prioritising and designing appropriate LED strategies that will unlock local potentials. This will ensure that the private sector makes its contribution by establishing and growing businesses and ensuring that economic activities remain dynamic at the local level. The private sector can implement LED initiatives to support and complement local governments' programmes to promote entrepreneurship and create an enabling business environment that balances economic and social concerns.

Generally, central and local governments in Ghana do not involve the private sector and even the local business community in the process of developing and initiating much of their so called pro-poor initiatives. Although, private sector has always been on the agenda, in practice it has not featured much in LED initiatives in Ghana. Thus, while the international experience of private sector involvement in LED is growing, the private sector has been largely neglected in the Ghanaian context.

Shear Power Ventures therefore seeks to address this gap by proposing a way forward. In other words, true LED requires a core partnership that places equal emphasis on the interests of local residents, government, and private sector, and a greater inclusion of the private sector in the social and economic development of local communities. Currently, the promotion of private sector participation is acknowledged as a key facet of LED and recognised as such by several donor agencies including the

ILO, World Bank, UNDP, GIZ, among others. The participation of the private sector is therefore regarded as a vehicle for expanding the involvement and instrument for LED implementation in Ghana. This can ensure that the private sector becomes a critical actor and beneficiary of a growing local economy. This is particularly important to LED due to the employment and income opportunities that are generated through the private sector. The benefits of private sector participation in LED are as follows:

- They can lever innovative approaches to LED;
- Harness the power of different sectors to provide the opportunity to do LED better;
- Offer a mechanism to enable both the private and public sectors to share their own specific competencies and capacities to achieve common and complementary goals more effectively;
- Provide access to more resources from technical knowhow, human resources, social capital as well as financial resources;
- Improve transparency and accountability in LED;
- Offer possibilities for greater long-term sustainable LED

Strong foundations for private sector participation in LED must be based on complementary goals and an enabling regulatory and political environment. Therefore government, private sector, and the community must understand and respect each other's goals. Often, it is the case that government has difficulty in accepting the profit motive of the private sector, while the private sector is often tempted to walk away from the administrative decision making processes used in the public sector. It is contended that in order to resolve these differences, all parties must focus on the broader complementary goals to be achieved. Importantly, public and private goals do not necessarily need to be the same for participation to work — they must merely be compatible and mutually rewarding. Nevertheless, international experiences confirm that an enabling, regulatory, legal and political environment is the cornerstone of sustainable private sector participation in LED (Bennett *et al.* 1999).

The improvement of the local business environment has been shown to be an essential step in catalysing LED activities and creating more competitive local economies able to attract and retain private sector investors. Trust and social capital are important as well. Without strengthening trust between the private and public sectors, little progress can be anticipated towards engaging the private sector in LED and creating a conducive local business environment.

7. LED Opportunities for the Private Sector in Ghana

There are a number of LED opportunities that the private sector can exploit. Some are stated below:

7.1 Pro-poor tourism

Tourism is one of the world's largest industries, generating an estimated 10% of global Gross Domestic Product (GDP) and 6% of the world's total exports. It also employs 200 million people and transporting nearly 1.8 billion international travellers per year – a figure that is expected to double by 2030. This projection serves as a good avenue for the private sector to engage in pro-poor tourism as a LED strategy. Pro-poor tourism is an approach to tourism development and management which aims to enable local poor people to secure economic benefits from tourism in a fair and sustainable manner. Pro-poor tourism is a tool to improve the livelihoods of poor people in three main ways:

- Economic gain through employment and micro-enterprise development
- Infrastructure gains: roads, water, electricity, telecommunications, waste treatment, etc.
- Empowerment through taking part in decision-making

A number of interesting places and natural sites are available in Ghana that the private sector can exploit for tourism purposes to benefit the local people. The private sector can partner with District Assemblies to establish new tourist sites or refurbished, brand and market existing tourist sites.

7.2 Agritourism/ agrotourism

Agritourism represents an evolving form of rural tourism which is targeted at mainly urban consumers. Agritourism is considered a subset of rural tourism which encompasses recreational experiences involving visits to rural settings or rural environments for the purpose of participating in or experiencing activities, events or attractions not readily available in urbanized areas. It is used to describe nearly any activity in which a visitor to the farm or other agricultural setting contemplates the farm landscape or participates in an agricultural process for recreation or leisure purposes. Among a host of activities which can be linked to agritourism include farm restaurants and wineries, ranch resorts, leisure fishing, the letting of rooms on farms, visits to farms to sample tropical fruits, visits to research centres, tours to tea, sugar, coffee, rubber or cocoa plantations, as well as cotton producing facilities. Tiffin (2005: 5) points out that with a growing share of population concentrating in cities rather than rural areas “so does the rural area become a sought after experience for the urban-based tourist”.

7.3 Aquaculture

Fish in general and tilapia in particular has become a delicacy for the urban Ghanaian. Currently only a few fish is produced in Ghana which cannot match the local demand. This therefore offers a great opportunity to the private sector to produce fish for the local market, thereby providing jobs to the local people. This is relatively easy and cost effective as there are plenty sources of water in Ghana that can be used to produce fish. The fisheries sector of the Ministry of Food and Agriculture is on stand-by to provide the necessary support in this direction.

7.4 Cashew production and processing

Cashew is an important crop with several health benefits. This has made the global demand for cashew kernel grow at about 7% per annum for the last decade. Demand seems to grow particularly quickly in India and China. The US and EU also show steady high demand for cashews, although consumption growth has been slowing in recent years. Whereas demand is growing, African smallholder farmers especially in Ghana have not benefited much. Indeed, only 3% of cashews produced in Africa are exported as kernels while 90% and 80% of West and East African cashews respectively are exported to India and Vietnam for processing.

The private sector therefore has the opportunity to supply cashew to meet this growing demand. Cashew processing broadly includes steaming, shelling, drying, peeling, grading and packaging of nuts. Indeed, cashew processing requires only relatively small investments and minimal use of technology. Cashew production and processing is a promising avenue to increase incomes, create jobs and foster local economic growth. This has already been started by the *African Cashew Initiative (ACi)* which is being implemented by GIZ and co-funded by the German Federal Ministry of Economic Cooperation and Development, Bill and Melinda Gates Foundation, USAID and the Government of Ghana. Therefore, it should be easy for the private sector to get support and learn from previous experiences.

7.5 Kente production

The Kente cloth is one of the unique cloths in the world. This uniqueness has made it a special and sort after cloth. The biggest advantage however is that the kente cloth is produced only in Ghana and by a few Akans in Cote D'Ivoire. The private sector therefore can go into the production of quality Kente cloths for the regional market and for export to Europe and America. Indeed, internal demand for Kente has gone up as it is now being used for several important occasions such as weddings, naming ceremonies, parties, etc. Kente cloth can be produced anywhere in Ghana once one acquires the yarn. This means that private companies can take advantage of the teaming youth in various communities across the country to produce Kente and create jobs for the local people.

7.6 Clay mining

There is abundance of clay in Ghana which the private sector can leverage for LED. This clay can be mined and used to produce tiles, ornaments, tea sets, soup bowls, clay pots, floor tiles, bricks, etc. In fact, the production of floor tiles has been a very lucrative venture and a major foreign exchange earner to countries like China, Spain, Italy, Mexico, etc. This can create job opportunities for the local people especially the disabled, women and the youth.

7.7 Bee Keeping

Beekeeping or apiculture is the art of managing bees with the intention of getting maximum returns with minimum expenditure. Honey is an excellent food, a good remedy, the best of all sweeteners. It can be used in foods in many forms: in confectionery, in cakes and biscuits, in healthy and pleasant drinks among others. Thus, honey can be used for both industrial and household purposes. Indeed, demand for honey has gone up all over the world. The private sector therefore can go into Bee keeping to produce honey for both domestic and international markets and this will improve the local economy.

7.8 Cassava production and processing

The land of Ghana is fertile for cassava production because it grows best in tropical, moist, fertile, and well-drained soils. Cassava has the potential for producing marketable flour for industrial and food use, starch for industrial use, and gari for food. Indeed, research indicates that it is feasible to substitute wheat flour by high quality cassava flour for bakery, glue extenders and other products. While price of cassava flour is lower than that of wheat flour, the use of cassava flour for industrial use, particularly for bakeries is still low in Ghana due to the non-availability of cassava flour and the absence of gluten in cassava flour. It is clear that the potential demand for cassava flour is high in both domestic and international markets. There is therefore a huge opportunity for the private sector to venture into cassava production and processing. This will not only improve the local economy and provide jobs, but also generate profit for the private sector.

7.9 Moringa production and processing

Moringa is seen as a miracle crop because it produces leaves and seeds with very high nutritional value. Dried and ground leaves can be used to address malnutrition, oil from the seeds can be used as a cosmetic product on its own. The oil can also be used for biofuel and in a range of cosmetic and food products. The trees produce seeds within a year, so it is very fast growing. The plant can grow well in almost every part of Ghana. The demand for Moringa seeds and leaves in the world market has gone high. The private sector should therefore maximise this opportunity and go into the production and processing of Moringa seeds and leaves to meet the high demand in the world market. Land is available in most parts of the country as the various district assemblies and chiefs are ready to give them out to the private sector so that their local economy gets developed and provide jobs to the teeming youth and women.

8. Policy Recommendations

This section provides some recommendations for the central and local governments as well as the private sector to ensure successful LED implementation:

8.1 Central government

The development and implementation of LED is invariably not the preoccupation of central government. However, the central government can play certain roles that will go a long way to stimulate private sector participation in LED. These may include;

- The promotion of legal measures that recognises the private sector as a critical actor in LED. This will commit local governments to support and facilitate an enabling environment for the private sector to participate in LED
- Deliberate policies aimed to attract foreign investors that can operate at the local level
- Offering the private sector special incentives to invest at the local level, such as tax holidays, cheap loans or discounted water or electricity
- The central government can launch a news paper dedicated to LED which will showcase the potentials of the various districts in Ghana
- There is the need to put in place a LED Fund (LEDF) that would support the private sector operating at the local level

8.2 Local governments

LED is directly under the mandate of local governments and as such can contribute in various ways to an enabling environment for pro-poor economic growth. Among these are:

- Facilitate and foster effective, efficient and hassle-free registration and licensing for business activities
- Foster investments in physical infrastructure, such as roads, water, telecommunication services and electricity
- Prepare Investment Guides to showcase the immense potentials in their localities
- Change from a controlling to more facilitating and service oriented entities
- Ensure that the local investment climate encourages local business development
- Support small and medium-sized enterprises
- Encourage the formation of new enterprises
- Attract external investment (nationally and internationally)
- Support the growth of particular clusters of businesses
- Target particular parts of the locality for regeneration or growth (area-based initiatives)
- Support informal and newly emerging businesses

8.3 Private sector

Although local governments play a critical role in LED, no single actor can do it alone. Every segment of society – central government, local governments, civil society, but also the private sector – needs to play its part in order to decisively accelerate progress towards local development. Among their roles are:

- Contact local governments for investment opportunities in their localities
- Provide the expertise and innovation
- Provide the needed and appropriate financial resources
- Provide the facility and deliver the service efficiently and effectively

9. Conclusions

Globally, the private sector is increasingly becoming a major stakeholder in LED. Indeed, there has been a revival of interest in the private sector largely due to its increased size and its contribution to efforts that seek to address the challenges of development such as poverty reduction, unemployment and

economic development. The private sector is critical to unlocking the potential of localities. The private sector has particular competencies which can make unique contributions to LED through finance, market knowledge, expertise, innovation, and technology.

LED presents enormous opportunity for private sector investment in Ghana's energy, transport, forestry, industry and agricultural sectors. The inclusion of the private sector in LED will stimulate robust and inclusive growth and the development of local economics. It is imperative that local government work in collaboration with the private sector to unlock the potential and transform the local economy into a vibrant and dynamic one. However, incorporating the private sector into the LED requires a paradigm shift in the national LED policy and a legal backing.

References

- Bennett, E., Grohmann, P., & Gentry, B. (1999). Public-private partnerships for the urban environment: Options and issues. New York: UNDP, PPPUE and Yale University.
- Binns, T. & Nel E. (1999). Beyond the Development Impasse: the Role of Local Economic Development and Community Self-reliance in rural South Africa. *The Journal of Modern African Studies*, 37(3), 389-408.
- Blakely, E. J. (1989). *Planning Local Economic Development. Theory and Practice*. California, Sage Publication Inc.
- Clark, G., Huxley J. & Mountford D. (2010). Organising Local Economic Development: the role of Development Agencies and Companies. Paris, OECD.
- Dewar, M. E. (1998). Why State and Local Economic Development Programs cause so Little Economic Development. *Economic Development Quarterly*, 12(1), 68-87.
- Helmsing, A. J. H (2003). Local Economic Development: New Generators of Actors, Policies and Instruments for Africa. *Public Administration and Development*. 23(1), 67-76
- Maharaj, B., & Ramballi, K. (1998). Local Economic Development Strategies in an Emerging Democracy: The Case of Durban in South Africa. *Urban Studies*, 35(1), 131-148.
- Mensah J. K., Domfeh K. A., Ahenkan A. & Bawole J. N. (2013a). Policy and Institutional Perspectives on Local Economic Development in Africa: The Ghanaian Perspective. *Journal of African Studies and Development*, 5(7), 163-170.
- Ministry of Local Government and Rural Development (2010). Draft Decentralization Policy Framework: Accelerating Decentralization and Local Governance for National Development
- Ministry of Local Government and Rural Development (2014). Operational Manual on Local Economic Development for District Assemblies in Ghana
- Nel, E. (2001). Local Economic Development: A Review and Assessment of its Current Status in South Africa. *Urban Studies*, 38(7), 1003-1024.
- Rodriguez-Pose, A. & S. Tijmastra (2009). On the Emergence and Significance of Local Economic Development Strategies. CAF Working Paper, CAF. 7.
- Stohr W. B. (1990). Global Challenge and Local Response. London: Mansell
- Tifflin, W. (2005). *Agritourism in KwaZulu-Natal*. Durban: Tourism-KwaZulu-Natal Occasional Paper No. 35.
- van Empel C. (2007). Local Economic Development in Ghana: Rooting public-private dialogue. ILO, Ghana