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Settlement as a determinant for community's resilience to local economic development in Ghana

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Abstract. Local Economic Development (LED) is the main anchor through which economic development is achieved by building entrepreneurial capacities and improving opportunities for economic growth and citizens' quality of life, especially in rural settlements. In Ghana, the implementation of LED is under the Ministry of Local Government, Decentralization and Rural Development (MLDGRD) through the Metropolitan, Municipal, and District Assemblies (MMDAs) at the local level. The implementation of LED contributes significantly to Ghana's economic growth, business creation, and employment generation. LED is therefore identified as essential to sustainable development and poverty reduction in rural settlements in Ghana. However, the challenges of poor implementation of the LED policy are financial constraints to implement LED activities at the local level, performance action of Public-Private Partnership (PPP) towards LED, and limited exploration of the sanitation value chain LED efforts at the local level. The poor capacity of small-medium micro enterprises (SMMEs) and smallholder farmers have often affected the successful implementation of LED activities at the local level. Hence, this paper seeks to identify the determinants for resilience in Local Economic Development in Ghana. The paper further provides an overview of the LED challenges in Ghana. Finally, this paper recommends appropriate theoretical frameworks that integrate the determinants for the resilience of Local Economic Development to address the identified challenges of LED, leading to poverty reduction in Ghana.

Keywords: economic development, Ghana's local-level, LED resilience, local economic development.

1. Introduction

Over the past years, the term Local Economic Development (LED) has increasingly been framed in international and national policy-making decisions. LED has been defined variously by development practitioners, international institutions, and researchers. A global organization such as United Nations describes LED as a process in which local stakeholders, both sectors of public and private work together with the society to support the local economy, which contributes to sustainable development [1][2]. In a related approach, the implementation of LED in a community requires establishing, running, and providing support to an internal network that would help accelerate development [3]. In addition, it was highlighted that LED's primary goal is to create employment opportunities, help small and medium-sized businesses, improve the economic environment in the area, and use enterprises to combat poverty.

Similarly, LED is a territorial concept and a component of local or regional development that is explicitly aimed at stimulating the growth of the local economy and creating employment opportunities by making better use of the resources that are readily available in the area [4]. Objectives of LED include



aiming for the growth of the economy, creation of enterprises, creation of jobs, as well as driving innovation. LED is essential for sustainable development, reducing poverty, and raising the indicators of well-being for people and society [5].

In African nations like Ghana, traditional macro-economic policies have not successfully created enabling developmental environments in rural settlements over the years. LED has been widely accepted as an alternative to development [6][7]. The key advantages of LED implementation show that LED is able to empower and ensure the participation of the local community, allowing them to take an active role in the planning, development, and operation of their enterprises, as well as being more open to participating in local partnerships [8]. Therefore, this paper will analyze the settlement settings as a determinant for the community's resilience to LED in Ghana. The hypothesis for this study is that if the LED strategy is well-formulated and implemented effectively, it can promote and accelerate the creation of jobs and improvement of the quality of life for local communities.

2. Literature Review

2.1. *Local Economic Development (LED) in Ghana*

The implementation of LED in Ghana involves various stakeholders in government and the private sector in urban and rural settlements to improve the citizens' quality of life. The Ministry of Local Government, Decentralization, and Rural Development (MLDGRD) acting through the Metropolitan, Municipal, and District Assemblies (MMDAs) at the local level, is the primary government entity responsible for the coordination and implementation of local economic development interventions [8][9]. Their responsibilities are outlined in the Local Governance Act 2016 (Act 936), the Decentralization Policy Framework (2012), and the National Local Economic Development (LED) Policy (2013).

The successive national development plans being implemented at the district assembly have emphasized the need to stabilize the local economy and promote the productive capacity of MMDAs and local businesses. The development plans addressing this emphasis are the Ghana Poverty Reduction Strategy, the Growth and Poverty Reduction Strategy, the Ghana Shared Growth and Development Agenda I and II, and the Coordinated Programme of Economic and Social Development Policies (2017–2024), which contains policies gearing towards the stimulation of micro-economies of MMDAs and promoting LED to build resilient and robust local businesses [8][9]. Private sector institutions support LED promotion through public-private partnerships, where actors contribute to different resources such as capital, land, knowledge, reputation, legislative, power, or technology. The Public-Private Partnership Act, 2020 (Act 1039) has been operationalized as the legal framework for Public-Private Partnerships.

2.2. *Challenges of LED in Ghana*

The resilience of LED for Ghana's economy is highly dependent on the resilience of the local economies of its cities, rural areas, and regions. As part of measures ensuring the resilience of LED in Ghana, the national LED policy and operational manual were developed in 2013 as guidance for MMDAs for the implementation of LED [8]. However, Ghana's implementation of LED faces numerous challenges, especially in terms of poor performance of the LED policy, such as financial constraints to implement LED activities at the local level, poor performance Public-Private Partnership (PPP) towards LED, limited exploration of the sanitation value chain LED activities, and insufficient capacity of small-medium micro enterprises (SMMEs) and smallholder farmers have often affected the success of its implementation.

Financial constraints to implement LED activities due to the poor capacities of MMDAs have limited their ability to facilitate an environment that would enable the private sector in job creation [8][9]. MMDAs face financial challenges to ensure effective coordination and facilitation of LED actions locally. According to the MMDAs, a significant challenge for LED implementation in finance [8]. In the districts, there is no fund dedicated specifically to promoting LED. All available revenue sources, including the District Assemblies Common Fund (DACF), the District Assemblies Common Fund-Responsiveness Factor Grant (DACF-RFG), and donor funds, continue to be allocated primarily to

social interventions rather than LED interventions and platforms. It is expected that improved capacities will enable local governments to stimulate development in the direction of poverty reduction and job creation, which will result in an increase in internally generated revenue (IGF), which will be used to fund LED and other service obligations over time. MMDAs have the potential to drive LED through the provision of various comparative and competitive advantages if the right actions are taken to solve the bottlenecks inhibiting their success [9].

One of the most significant obstacles to the implementation of LEDs in Ghana is the poor nature of its public-private partnerships (PPP) [8][9]. Proper implementation of LED would create partnership opportunities between stakeholders, including actors from private and public sectors and government and international organizations. Therefore, LED initiatives that are designed well can actually create a provision of access to sources to finance LED. The limited explore ratio of the sanitation value chain LED activities is one of the significant challenges of effective LED implementation. The sanitation value chain involves the collection, transportation, disposal and treatment, and re-use of waste which will ensure job creation and significant major economic activities of most rural settlements in Ghana. The construction of treatment systems for compost would serve as an opportunity for farmers in rural areas. The treated compost could be used as fertilizers to give proper harvest, thus benefiting them. Unemployed women and youth can also collect plastic waste and sell it to recycling companies for money, which is an economic value.

2.3. The settlement as a determinant for a community's resilience to LED

LED correlates with the nature of the settlement, thus whether rural or urban. The type of settlement system mainly determines household income [3][10]. Generally, the average wage of employees in urban settlements is higher than the income of employers in rural settlements. Convenient transportation, especially the accessibility of public transport, availability of modern markets and shopping malls, and availability of educational institutions for capacity building, improves the LED in urban areas than in rural areas. Instead, rural settlements are plagued by a lack of essential services such as educational, health, and leisure services; the aging and masculinization of the population; a lack of basic infrastructures for communication, which creates limitations on access and mobility to essential services; a labor market that lacks opportunities for employment towards younger generation and women; and a lack of capacity development in LED.

As a result, LED policies need to be developed in a comprehensive manner. Efforts must be directed toward linking economic development initiatives with territorial growth through urban planning and social development through job creation. Policies aimed at promoting LED in Ghana should be focused on improving locational quality, developing a distinctive profile for the locality, and developing infrastructure facilities that will increase the country's competitiveness. Territorial development policies should enhance LED's quality of living in the affected settlements.

3. Framework for settlement as a determinant for the resilience of Local Economic Development

Government, particularly MMDAs, have the oversight responsibility of implementing the decentralization policy framework (2012) to enhance the business enabling environment, improve business financing, support entrepreneurs and MSME development, and improve public-private investments in agribusiness and local development for all settlements to prosper [11] [12]. The framework will adopt strategies to promote job creation, poverty alleviation, and the general improvement of quality of life. Ensuring the success of LED, requires strong and committed local governance system leaders and resilient settlements. The MMDAs are mandated to lead the coordination and facilitation with support from SMMEs. LED operates on the foundation of a strong partnership between the government, the private sector, and the general public[13][14]. Local stakeholders forming partnerships with one another is a dynamic driving force behind LED initiatives (Figure 1).

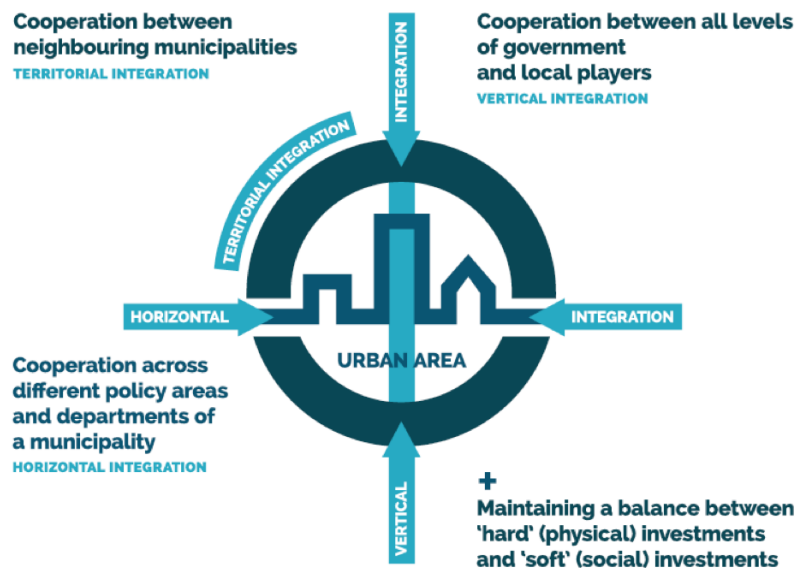


Figure 1. Developing partnership and collaboration for LED.

LED is a cross-cutting issue and should be the function of all departments at the MMDAs working in partnership (Figure 1). All departments must drive LED in an integrated manner. Horizontal partnerships between businesses should also foster synergies and symbiotic relationships that contribute to the implementation of environmentally sustainable principles as well as the economic development of the communities in which they operate. Horizontal partnerships between MMDAs and private sectors should be established to generate benefits that would overcome the challenges mentioned above. Vertical relationships should see greater collaboration among authorities. It allows MMDAs and private sectors to have access to non-traditional funds. Lastly, vertical partner partnership will also have to ensure coherence in policies across national, sub-national, and local governance.

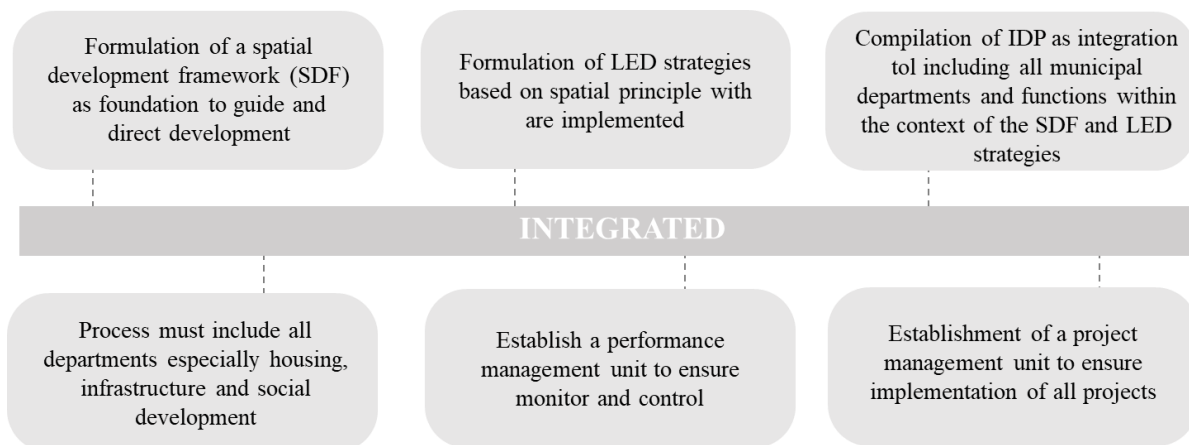


Figure 2. LED function integrated into the local government sphere.

In order to ensure the targeted development of nodes and corridors in the region, spatial planning initiatives such as the spatial development framework (SDF) must be included in the implementation (Figure 2). There is a need for compilations of marketing plans for local municipalities since none of the programs existed. These marketing plans would specifically focus on competitive advantages in sectors such as agriculture, manufacturing, tourism, and mining, in order to attract, retain, and expand businesses, as well as formulate incentives for land and tax rebates.

4. Suggested Methodology for Research

The case study is based on the settlement as a determinant for a community's resilience to local economic development in Ghana. The primary data was gathered through fieldwork with research instruments of questionnaire forms, observational input, and in-depth interview sessions. Purposive sampling was used for this study, which involved the heads of government institutions that are responsible for coordinating and implementing LED activities for Ghanaian households. Both quantitative and qualitative research methods were used to capture views on challenges and determinants of resilience in LED in both rural and urban settlements in Ghana. The questionnaire form was used as the main tool to collect information on the challenges of LED and the determinants of resilient LED practices.

The observation through fieldwork was used to gather data surrounding the selected settlements in terms of the physical aspect of development that influenced the performance of their local economies and household income and poverty levels [3][15]. The interview sessions will support the questionnaire instrument by obtaining important information on the life story analysis of successful and less successful settlements. Two settlement patterns involved in accessing resilience in LED consist of settlements that utilize the economic opportunities, which will obtain higher resilience to LED growth, and settlements that did not utilize the economic opportunities, which will experience lower resilience of LED growth. By obtaining a complete set of data collection through both primary and secondary data, the research will adopt a quantitative and qualitative method for several analyses related to the determining the level of resilience of LED in terms of settlement patterns (mean scores and F-test) and analyzing the significance of settlement as a determinant of the LED resilience (thematic content analysis) based on a case study of successful and less successful settlements.

5. Discussion and Conclusion

The determinants of LED in Ghana caused by different factors were solicited from relevant stakeholders and sources to develop solutions for effective implementation of Local Economic Development. One of these determinants is the settlement. It requires integration of the determinants for the LED resilience that will resolve the LED challenges of poor implementation of the LED policy, financial constraints to implement LED activities at the local level, poor implementation performance Public-Private Partnerships (PPP) towards LED, limited exploration of the sanitation value chain LED activities at the local level, and insufficient capacity of small-medium micro enterprises (SMMEs) and smallholder farmers.

Strategic spatial planning of settlement is critical in ensuring effective resource distribution and a resilient LED policy. It is reinforced by the framework shown above that the determinants of financial capital and the socioeconomic background of rural communities have an impact on the factors and indicators based on financial prosperity and socioeconomic background indicators [16][17]. Therefore, this paper was able to provide insights on the settlements as a determinant for the LED resilience in Ghana by highlighting several LED challenges, especially the governance that could hinder the LED implementation in Ghana. Lastly, the suggested framework for this research is essential in incorporating settlement as a determinant for a community's resilience to LED.

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