



Assessing the Institutional Settings for Local Economic Development Promotion in Ghana

Jonas Ayaribilla Akudugu

Associate Professor, University of Energy and Natural Resources

Institutional arrangements for local economic development promotion commonly called local economic development agencies are often established to facilitate local economic development promotion. Through a qualitative assessment, this paper analyses efforts to set up local economic development agencies in Ghana. The paper argues that the structuring of the institutional architecture for local economic development in Ghana does not align with the principle of subsidiarity which requires that authority should presumptively rest on the agency representing those at the local level likely to be affected by an intervention. The current structuring of local economic development agencies in Ghana is top-down, largely ad hoc and in most part lacking legal or institutional powers to effectively promote local economic development. There is the need to re-think the approach to setting up local economic development agencies in Ghana to ensure local anchorage, and the commitment to make them functional and assume an enduring institutional character.

Keywords: Local economic development agencies, Subsidiarity, Institutional settings, Structures, Local economic development

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Corresponding Author

Jonas Ayaribilla Akudugu

Associate Professor, University of Energy
and Natural Resources

E-mail: jonas.akudugu@uenr.edu.gh

INTRODUCTION

Local economic development (LED) is an alternative bottom-up development strategy that is fast gaining acceptance in the developing world. Best practices have shown that local economic development (LED) promotion is anchored by an institutional arrangement known as local economic development agencies (LEDAs). Local economic development agencies are the institutional settings for organising and promoting local economic development, particularly at the sub-national level. Local economic development agencies are expected to undertake local economic development planning and champion place-based development (Lawrence & Rogerson, 2019). Local economic development agencies have become the principal organising units around which local economic development promotion at the sub-national revolves. Local economic development agency simply refers to an independent body of public and private sector actors constituted to champion the economic development and employment generation component of the local government mandate. Local economic development agencies work in concert with local government authorities. However, unlike traditional local government structures, local economic development agencies have a clear economic focus in their mandate. In view of this, local economic development agencies are often formed to serve as vehicles for anchoring the

economic development task of local governments (Lawrence, 2016; Pretorius & Blaauw, 2008).

It is generally accepted that the task of local economic development rest on multiple actors working in concert (Pugalis & Tan, 2017). This multi-stakeholder institutional arrangement is critical for a successful design and implementation of local economic development initiatives (Blakely & Leigh, 2010; Helmsing, 2003; OECD, 2001). The convergence of various actors through this institutional arrangement is crucial in facilitating information and knowledge sharing and promotes joint action resulting in successful LED intervention (Helmsing, 2001). The success of local economic development to a large extent is based on the formation of broad coalitions of actors with local stakeholders owning and taking the leading role in the process of organising and implementing LED initiatives (Rodriguez-Pose & Tijmstra, 2009). Properly instituted and functioning local economic development agencies have become engines of mobilising resources, designing and implementing local economic development initiatives at the sub-national level. Local economic development agencies are critical in facilitating public-private dialogue for local economic development promotion.

But the formation of a broad coalition of actors for the promotion of local economic development must align with the principle of subsidiarity. The principle of subsidiarity is a legal-political terminology requiring the assignment of policy responsibilities to various levels of government (Wanzenböck & Frenken, 2020). The principle of subsidiarity basically requires that the performance of a specific task should be decentralised to the lowest level of governance with the capacity to undertake that task (Marshall, 2018 ; Moroni, 2024). The locality-specific nature of local economic development and its desired goal of creating area prosperity requires that policy action should be pursued at the sub-national level. Thus, the assignment of responsibilities for organising local economic development must necessarily respect the principle of subsidiarity whereby local economic development is anchored by the appropriate sub-national institutional arrangements (Benson & Jordan, 2015). This would facilitate the design and implementation of locality-specific and tailor-made interventions to stimulate the local economy and create area prosperity. This is necessary because the principle of subsidiarity ensures greater local ownership and the sustainability of local level interventions.

It is often assumed that once local economic development agencies are established, local economic development is guaranteed. To this end, the introduction of contemporary local economic development initiatives is often accompanied by the formation of local economic development agencies. This is largely influenced by the idealistic association of attributes such as roundtables, dialogue, and consensus to local economic development agencies (Meyer-Stamer, 2003). Since 2010, the government of Ghana with the support of international development agencies embarked on a concerted effort to institutionalise contemporary local economic development practices in the country (Akudugu, 2018). Consequently, a national local economic development policy was formulated to provide direction for LED promotion. This national local economic development policy among other things set out the institutional architecture for local economic development related activities in Ghana. This signaled an important milestone in the organisation or promotion of local economic development initiatives in Ghana.

However, it is over a decade now, but no attempts have been made to critically assess this institutional architecture and its ability to anchor local economic development. Consequently, we do not know how this institutional architecture can potentially facilitate or constrain the organisation of local economic development. The paper seeks to bridge this knowledge gap by providing insight regarding the structuring of local economic development agencies in Ghana and how the resulting structuring can serve as a fostering or constraining institutional architecture. Specifically, the paper seeks to:

1. Map out the institutional architecture for LED and how they evolve over time.
2. Outline the expected roles or functions assigned to the various layers of the institutional architecture.

3. Analyse how this institutional architecture can facilitate or impede the organisation of local economic development in Ghana.

This would enhance understanding and contribute greatly in documenting the emerging local economic development institutional architecture in Ghana and also serve as basis for global comparison.

CONCEPTUAL APPROACH

Agency and Local Economic Development

Agency is critical in the attainment of development goals. In fact, development is largely driven by actors and their interests (Fleischmann et al., 1992). Agency is the pivot around which development revolves. In the words of Llewellyn (2007: 133), an agent is a person with the capability to pursue a project. Agency is conceptualised as coalitions or organisations, and sometimes as individuals or groups of people as well as the exercise of leadership. In the view of Leftwich (2010) agency is the capacity of individuals, organisations and coalitions to shape their environment. This explains why local, regional and national governments in many parts of the world have over the years tried setting up various institutional arrangements to pursue their development agenda (Mountford, 2009). The establishment of functional institutional architecture is considered critical for development success since such structures in turn create identity and visibility for development initiatives and also serve as vehicles for dialogue between different actors (Canzanelli, 2010). Most of these intentionally constituted institutional structures often assume responsibility for initiating and organising local development initiatives.

For a long stretch of time, researchers and policy makers have focused largely on finding structural explanations for developmental successes and failures; with less attention on the agential factors that have crafted the very different kinds of developmental strategies (Leftwich, 2010: 94). The formulation and implementation of development strategies is the work of human agency. To this end, we can only understand the effectiveness of developmental strategies and how they are implemented if we focus on human agency (Leftwich, 2010: 95). This human agency is simply the politics of development. A development agency is often created to serve as an organising vehicle for local development activities and to quickly respond to a crisis in the local economy (Mountford, 2009). Institutional architecture is critical for the coordination of development efforts and the management of local networks (Canzanelli, 2010). Institutional arrangements for development interventions have taken various forms over the years.

One such institutional arrangement that offers a life-line for the realisation of local economic development objectives is local economic development agencies (LEDA). Effective local economic development interventions have been associated with the emergence of a strong partnership arrangement between communities, public and private institutions (Khambule & Gerwel-Proches, 2019). “Local economic development agencies are legal, non-profit structures owned by the public and private entities of the territory, through which local actors plan and activate in a shared way initiatives for territorial economic development; identify the most convenient instruments for their realisation; and enhance a coherent system for their technical and financial support” (ILS LEDA, 2009: 1). Local economic development agencies are organised institutional arrangements with the mandate to organise local economic development. Local economic development agencies are participatory structures often instituted at the local level to promote sustainable economic growth as well as income and employment (Pretorius & Blaauw, 2008).

According to the International Links and Services for Local Economic Development Agencies (ILS LEDAs), a local economic development agency broadly represents:

- An intermediate autonomous entity facilitating the links between institutions, procedures and the external environment.
- A technical instrument for rendering more effective dialogue between local actors.
- An instrument designed to facilitate processes of decentralization for the promotion of economic development.
- A forum to stimulate debate and design development interventions.
- A structure to facilitate the mobilization and management of resources for local economic development.
- A structure providing comprehensive services to entrepreneurs and disadvantage people.
- An important reference for international partners interested in establishing partnership and implementing projects for the development of the area (ILS LEDA Basic, 2009: 2).

The importance of local economic development agencies has long been recognised in the United States of America and Europe. Starting from Europe in the 1950, there are about 300 local economic agencies across the globe, particularly in Eastern Europe, Latin America, East Asia and Africa (Pretorius & Blaauw, 2008). New forms of these development agencies with broader mandate were set up in Europe, North America and East Asia (Clark et al., 2010). The local economic agencies emerging in the developing world are based on the experiences of similar development agencies operating in Europe since 1960s (Suarez et al., 2013). In countries like France and the United Kingdom, these development agencies were established in various territories to promote competitiveness while countries like Germany and Canada set them in areas requiring development attention (Clark et al., 2010). The formation and structural orientation of these development agencies also differs in the developing world. For instance, while these development agencies are set up as local bottom-up initiatives in Brazil and South Africa, they are formed as part of a wider government strategy in Bulgaria and Mexico (Clark et al., 2010).

In recent years, the establishment of local economic development agencies is being given attention in the global south (Lawrence, 2016). In South Africa for instance, local economic development agencies have been established in response to the failure of local governments to champion local economic development (Khambule, 2018). In reality, local governments in Sub-Saharan Africa are often over-burdened with social development and political tasks. In their quest to please electorates, they give more attention to social development in the form of social protection and construction of school buildings than economic and environmental considerations. In countries like Ghana, the economic identity of towns is blurred since local government authorities have failed to harness the economic potentials of their localities. This is partly blamed on the lack of effective institutional settings to facilitate local economic development promotion at the sub-national level.

Consequently, it became necessary to look for an institutional arrangement to anchor economic development, particularly at the sub-national level. It is believed that such institutional architecture will provide expertise, incentives and enhance the coordination of development initiatives (Fleischmann et al., 1992). Consequently, local economic development agencies are emerging in different parts of Africa as the institutional arrangements designed to anchor local economic development. Knowledge of these institutional arrangements is thus essential since they are intended to anchor as well as shape and influence the outcome of local economic development initiatives.

METHODS

This study adopts a qualitative research design. Qualitative methods facilitate face to face interaction with respondents with the aim of sourcing data/information. Qualitative design is considered very useful since it allows the researcher to collect data or information in a setting where participants can comfortably provide a real-life account of the phenomenon as they experience it (Creswell, 2009). Qualitative research design facilitates the study of social processes over time (Babbie, 2005). These characteristics make qualitative design the most suitable design

for the study of phenomenon like the formation of local economic development agencies in Ghana. Understanding how these institutional arrangements were established and how they are evolving requires a closer and in-depth interaction with the relevant actors. The qualitative research design has also been useful because it offers a range of methods for the collection of data in a given setting.

Data for this paper were taken from a larger research focusing the evolution and dynamics of contemporary local economic development practices in Ghana which gained momentum from 2010 onwards. Data for this paper were collected with the use of two qualitative methods, - semi-structured interviews and documents analysis. Semi-structured interviews were conducted on selected officials of the ILO, UNDP, the officer in-charge of LED Desk at the Ministry of Local Government and Rural Development, and an official of GIZ. The Municipal Head of the National Board for Small Scale Industries, as well as the chairman and secretary of Ghana National Association of Garages in the Berekum were also interviewed. Similarly, documents relating to local economic development agencies were sourced from the ILO, GIZ and the LED Secretariat in Accra. The national LED policy of Ghana was also a very useful document for this study. These documents were sourced, reviewed and the needed information extracted for further analysis. The information obtained from these documents were useful in helping to construct the local economic development agencies' formation narrative in Ghana along the three main phases.

FORMATION AND STRUCTURING OF LOCAL ECONOMIC DEVELOPMENT AGENCIES

This section presents findings on the formation of local economic development agencies in Ghana at both the national and sub-national levels at different period of time.

Phase One: Formation of District Level Local Economic Development Agencies (2003-2010)

The formation of district/local government level local economic development agencies in Ghana was first facilitated by two international development agencies –the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the International Labour Organisation (ILO). The local economic development agencies whose formation was facilitated by the International Labour Organisation were called Sub-Committees on Productive and Gainful Employment (SPGE). The Deutsche Gesellschaft für Internationale Zusammenarbeit on the other hand also facilitated the formation of the Regional/District Local Economic Development Platforms. The formation of these local economic development agencies was associated with the local economic development interventions initiated by the respective international development agencies in some selected districts in Ghana. These two sets of local economic development agencies are elaborated below.

Sub-Committees on Productive and Gainful Employment

The International Labour Organisation was the first to introduce local economic development agencies in Ghana. This was done at a time when the ILO piloted its LED programme in the country known as 'the Ghana Decent Work Pilot Programme' (2002-2005). This programme was implemented in the Awutu-Efutu-Senya District and the Ajumako-Enyan-Essiam District in the Central Region of Ghana. The local economic development programme by the ILO was intended to promote the development of micro, small and medium enterprises in the pilot districts (ILO, 2009). Consequently, local economic development agencies were formed as a means of building the capacity of the micro and small-scale enterprises in the area. The local economic development agencies formed by the ILO were known as the 'Sub-Committees on Productive and Gainful Employment' (SPGEs). The Sub-Committees on Productive and Gainful Employment were formed to anchor public-private sector dialogue and also facilitate the implementation of local economic development initiatives contained in the Ghana Decent Work programme at the district level.

These local economic development agencies were made up of fifteen members: six representatives drawn from the private sector (particularly micro, small and medium enterprises, four Assembly members and five technical staff of each District Assembly. These members were trained in the ILO's approach to local economic development and their expected roles (ILO, 2012). The committee members were exposed to measures they could use to exploit economic opportunities within their localities and how to promote the competitiveness of micro and small enterprises in the districts. Within a relatively short period of their existence, the ILO reported success, particularly the ability of some SPGEs to position themselves for resources associated with national development programmes or projects undertaken by other development partners (ILO, 2012: 11).

Undoubtedly, the formation of local economic development agencies by the International Labour Organisation represents an important step in helping local actors to understand the current wave of local economic development. These semi-autonomous local economic development agencies were able to work with local government authorities, promote public-private dialogue and support the mobilisation of resources for local economic development in the districts of their operation.

District Local Economic Development Platforms

The formation of the District Local Economic Development Platforms by the Deutsche Gesellschaft für Internationale Zusammenarbeit was the second major attempt aimed at establishing local economic development agencies at the district level in Ghana. This effort was also associated with GIZ's Rural Trade and Industry Promotion Project (RUTIPP) (2005) which later formed part of the Programme for Sustainable Economic Development (PSED) (GTZ, 2008). A careful analysis reveals that the formation of this kind of local economic development agencies is largely influenced by GIZ conceptualisation of local economic development. The GIZ conceptualises local and regional economic development as "a process to mobilise stakeholders from the public and private sectors as well as from civil society, to become partners in a joint effort to improve the economy of a local or regional area" (GTZ, 2008). In view of this, the formation of local economic development platforms as local economic development agencies was critical in the success of LED interventions. In line with this thinking, the setting up of local economic development agencies also became an integral component of the GIZ's local and regional economic development (LRED) approach. The GIZ facilitated the formation of the Regional Economic Round Tables at the regional level, and District Local Economic Development Platforms at the district level in Ghana. But the attention was mainly on the district local economic development platforms.

The District Local Economic Development Platforms were mainly constituted as an institutional arrangement on which local economic development activities in the districts could revolve. These district level local economic development agencies are to promote social dialogue between public and private sector actors involved in the organisation of local economic development at the sub-national level. The district local economic development platforms assumed responsibility for identifying focal areas for LED intervention, resource mobilisation, planning and implementation of local economic development initiatives at the district level. The GIZ facilitated District LED platforms were composed of a wide range of actors at the district level, including District Co-ordinating Directors and Planning Officers of District Assemblies, business people, as well as the National Board for Small Scale Industries among other identifiable local actors.

Phase Two: Formation of Local Economic Development Agencies at the National Level (2010-2013)

The formation of local economic development agencies at the national level begun earnestly in 2010. The national level local economic agencies formed during this period took three forms: the setting up of the Local Economic Development Advisory Council, and the setting up of the National LED Technical Committee. These were the institutional settings envisaged in the early stages of national orientation towards organised local economic

development promotion in Ghana. These national level local economic development agencies were established prior to the formulation of the national local economic development policy.

Local Economic Development Advisory Council

The Local Economic Development Advisory Council was established as the apex body for all local economic development agencies (LEDAs) in the country. Membership of the LED Advisory Council comprises of the Head of Policy Coordinating Unit at the Office of the President, the Chairperson of the National Development Planning Commission, the Minister of Trade and Industry, the Minister of Local Government and Rural Development, the Minister of Food and Agriculture, the Minister of Tourism and the Minister of Environment, Science and Technology. It also included the Head of the Local Government Service, a representative of UNDP/UNCDF, and a representative from the Association of Ghana Industries.

The initial function of the LED Advisory Council was to exercise an oversight responsibility over the national local economic development technical committee and other institutional arrangements for local economic development promotion in the country. The LED Advisory Council was also expected to advise the president of Ghana on issues pertaining to local economic development promotion in the country. The LED Advisory Council was to play an advocacy role in ensuring that issues on local economic development receive attention in the office of the president. In effect, the LED Advisory Council was initially established to ensure that all relevant actors, particularly governmental agencies embrace local economic development as an alternative development strategy.

National Local Economic Development Technical Committee and Secretariat

The National Local Economic Development Technical Committee was the second local economic development agency to be set up at the national level in Ghana. The national LED technical committee was formed as a working group that will drive the institutionalisation of local economic development practices in the country. The size of the committee was not specified, but membership was drawn from a wide range of national agencies, including but not limited to the Ministry of Trade and Industry, National Board for Small Scale Industries, the Ministry of Local Government and Rural Development, Local Government Service, National Development Planning Commission, the Institute of Local Government Studies, and the United Nations Development Programme. Prior to the formulation of the national LED policy, the initial functions of the National LED Technical Committee as contained in the committee's action plan include the following:

- To identify local economic development efforts and new initiatives across all districts in the country.
- To facilitate the sharing of experiences among all relevant stakeholders involved in local economic development promotion in the country.
- To mobilise resources to support local economic development promotion in the country.
- To build the capacity of District Assemblies to be able to mainstream local economic development initiatives into the district medium-term development plans.
- To facilitate the piloting of local economic development strategies in the seven pilot districts in the country.
- To identify fifty additional districts aside the seven pilot districts for scaling up local economic development initiatives.
- To train the fifty additional districts on how to organise local economic development.
- To facilitate and encourage the implementation of local economic development action plans in the districts, and monitor the implementation process for effectiveness.
- To organise a national conference on local economic development and collate inputs from the conference for action.

- To formulate a national local economic development policy guide and facilitate the organisation of LED in the country (See MLGRD: Action Plan for National LED Technical Committee, undated).

In addition to the technical committee, a local economic development secretariat was also envisaged to be set up at the Ministry of Local Government and Rural Development. This proposed local economic development secretariat, which begun as a desk at in the Ministry of Local Government and Rural Development shall be responsible for the co-ordination of all LED actions in the country. In the meantime, the Ministry of Local Government and Rural Development appointed a schedule officer in-charge of the local economic development desk located in the ministry. It was envisaged that when the LED secretariat becomes fully operational, it would assume the functions of the LED technical committee in the long run.

Phase Three: Nation-Wide Structuring of Local Economic Development Agencies (2014 Onwards)

Following the finalisation of the national local economic development policy in December, 2013, a new structure of local economic development agencies was envisaged. The national local economic development policy provides for the setting up of a nation-wide structure of local economic development agencies. The policy provides for an elaborate top-down structuring of local economic development agencies in the country as illustrated in Figure 1.

The policy merges the sub-national local economic development agencies formed by the international development agencies with the national level agencies formed by the state prior to the formulation of the national local economic development policy. The Inter-Ministerial Coordinating Committee on Decentralisation (IMCC) was constituted as the apex body in this new institutional arrangement. This is followed by the Ministry of Local Government and Rural Development (MLGRD), the ministry responsible for all local government authorities (District Assemblies) in the country. Next is the local economic development advisory council. Below the LED advisory council are the national local economic development secretariat and national local economic development platform. This is followed by the regional economic development committee and the regional local economic development platform. At the very bottom of the structure are the district economic development committee and the district local economic development platform. The national LED policy affirmed or shaped the initial functions of the various institutional arrangements that were formed prior to the formulation of the policy as highlighted in Table 1.

The functions of these institutional settings are summarised in Table 1.

DISCUSSION

The success of local economic development largely depends on local economic development agencies who are responsible for the mobilisation of financial resources, planning, and implementation of the initiatives. Functional local economic development agencies and LED policies are critical for effective LED promotion. However, in the case of Ghana, both the national LED policy and the institutional arrangements do not appear responsive to local economic development. Ghana's current institutional architecture for LED is a bureaucratic arrangement with complexity and blurred functionality. The national LED policy for instance provides for the creation of a more bureaucratic and confusing institutional arrangement for organising LED as shown in Figure 1.

Figure 1 and Table 1 clearly demonstrates the complex structuring of local economic development agencies by the national LED policy document. It presents a structure that is lacking clarity in authority relationship and functions. It also has a bureaucratic outlook. Clearly, parallel structures are established with unclear mandates. This is likely to face accountability challenges. For instance, although nine layers of local economic development agencies have been outlined in the policy document, not all of them have their roles specified. The roles of the Regional

Table 1. Functions of Institutional Settings for LED Promotion in Ghana

Institution	Functions
Inter-Ministerial Coordinating Committee (IMCC) on Decentralisation	. Serves as a platform for receiving LED inputs from the various ministries involved . Engaging central government on all issues concerning LED promotion . Approving LED Policy Review
Ministry of Local Government and Rural Development	. Act as the lead central management agency for LED related programmes . Collaborate with other sector ministries and agencies on policy, planning, and resource mobilisation for LED promotion . Co-facilitate the preparation of District Medium-Term Development Plans and ensure that the plans reflect LED . Coordinate the preparation of annual action plans and programmes reflecting LED with corresponding targets and assigned responsibilities for smooth plan implementation.
LED Advisory Council	. Providing the necessary political weight for LED promotion . Ensuring that LED promotion becomes one of the key priorities of government . Providing strategic direction for the promotion of LED at all levels . Leading advocacy and dialogue efforts at the highest level of government . Facilitating the design of a national framework for the implementation of LED . Providing the platform for greater integration and closer cooperation between both LED stakeholders and sector departments involved in implementing LED . Undertaking national policy reviews, and the review of strategy and LED guidelines . Formulation of policy, and the establishment of a regulatory and fiscal environment for the purpose of LED promotion
LED Secretariat	. Coordinating the implementation of identified tasks with other responsible departments and agencies . Ensuring capacity development of all stakeholders involved in LED promotion . Mobilisation of resources to support LED promotion . Developing and implement appropriate communication strategy for LED activities . Collation of documentation on all LED work in the country . Facilitating all LED activities at the national, regional and district levels including the activities of LED platforms . Designing a framework for LED promotion and making recommendations to the LED Advisory Council . Undertaking joint monitoring and evaluation of LED activities
LED Platforms	. Facilitating dialogue and planning relevant to local economic development among Metropolitan, Municipal and District Assemblies (MMDAs), civil society, community-based organisations and private sector . Playing a key role in integrating state action, combining government and off-budget resources and energising innovation and excellence in local economic development promotion . Facilitating the exchange of information regarding needs and potentials of Metropolitan, Municipal and District Assemblies (MMDAs) and the private sector, including financial institutions.

Source: Extracted from the National LED Policy (Ministry of Local Government and Rural Development, 2013 with additions from field work).

Economic Development Committee, and that of the District Economic Development Committee are not stated in the policy document. As it stands now, the specific roles of these two institutional arrangements, and how they complement or impede the others in the performance of local economic development tasks remain unknown. Their roles can only be deciphered from early institutional arrangements by the Deutsche Gesellschaft für Internationale Zusammenarbeit. But the national LED policy which gave rise to this institutional structure is not the work of GIZ. The LRED platforms used by GIZ do not also have this kind of top-down bureaucratic outlook and cannot be assumed to perform the same functions.

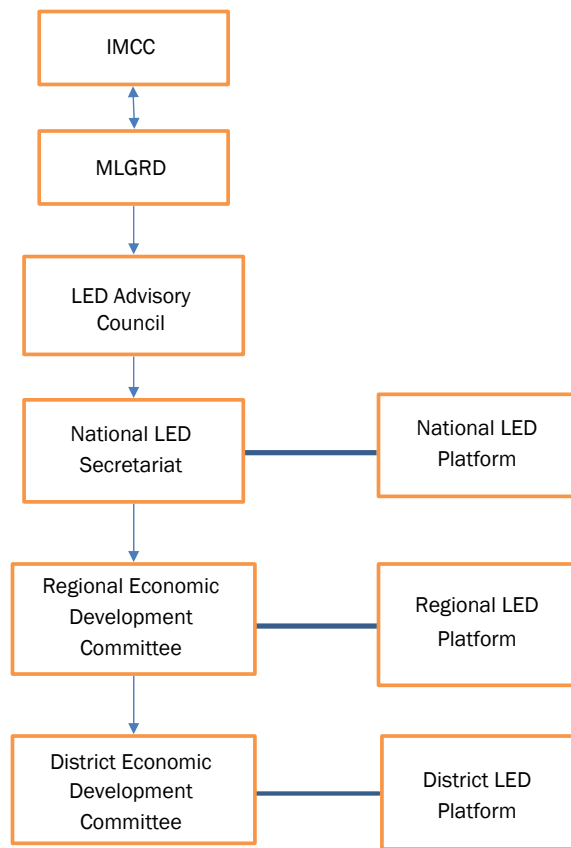


Fig. 1. Institutional Arrangements for LED Promotion in Ghana

Similarly, the institutional arrangements presented in Figure 1 show that the National LED Platform is placed at the same level with the National LED Secretariat, and the Regional LED Platform (RLEDP) is placed at the same level with the Regional Economic Development Committee (REDC). The District LED Platform (DLEDP) is also placed at the same level with the District Economic Development Committee (DEDC). But the actual relationship between them in terms of functions is not explained in the policy document. In addition, the differences in functions to be performed by the National LED Platform, the Regional LED Platform, and the District LED Platform are also not specified. Although there are functions for LED platform in the policy document, they are not categorised according to the levels – national LED platform, regional LED platform or district LED platform. It is assumed that the LED platforms will perform the same functions, irrespective of the level. But it is difficult to understand how the LED platforms at different levels could be performing the same function. Policy ambiguity of this kind results in the creation of local economic development agencies with overlapping mandates. When structures overlap, authority becomes diffuse and no one can be held responsible. This will eventually result in the duplication of local economic development activities at all levels (Rogerson, 2011). In this kind of structuring, resources become fragmented and thinly distributed among the overlapping institutions. This is a recipe for failure. It is quite strange that the institutional architecture outlined in the national LED policy (see Figure 1) creates the impression that LED platforms are different from the economic development platforms.

The current structuring of the LED institutional architecture has the tendency of creating path dependency along line agencies of the state. The top-down structuring of local economic development agencies involving so many layers of government ministries and agencies creates complexity that is likely to impede rather facilitate local economic development. They are not only difficult in nature, they have proven to be relatively inefficient (Schmeisser

et al., 2026). Although central government has an important role to play in local economic development, it should be exercised along the formulation of policies and guidelines for organising local economic development. The institutional arrangements presented here is merely a restructuring of public sector agencies who for many years have not been responsive to local economic development promotion in the country. Yet, the top-down structuring has the tendency to overlook the inputs of lower-level stakeholders who may not be properly represented (Grundei, et al, 2025). With this kind of structuring, local economic development task become fragmented across state agencies (Pugalis & Tan, 2017; Reid & Smith, 2012). When the structuring of local economic development agencies becomes fragmented, local economic development initiatives become chaotic with one agency assuming responsibility (Reid & Smith, 2012). This top-down structuring inhibits the organising role of sub-national actors (McDonald et al., 2020). This becomes so because when top-down implementation is prevalent in a multi-level governance system, the tasks left for sub-national units tend to be insignificant (Jüptner & Klimovský, 2022). This undermines local anchorage of local economic development initiatives.

The complexity in the institutional arrangement also creates fragmentation and fuzziness with no clear sense of direction (Pugalis & Tan, 2017). It worsens the already complicated nature of accountability in the public sector (Rivera & Uttaro, 2021). Best practices demonstrate that, though connected to government or government agencies, local economic development agencies are autonomous organised bodies that are strategically positioned to contribute to the development agenda of a locality (Lawrence, 2016). Best governance practice requires that the right set of structures are created for citizen engagement beyond the traditional forms of participation (Schnell, 2020). Thus, any exercise that seeks to draw actors mainly from these public sector agencies to be constituted into local economic development agencies is prone to fail. What makes things worse is a demonstration of poor understanding of the structuring and functions of some of the local economic development agencies in the national local economic development policy. It must be appreciated that local economic development agencies are established in the local government sphere (Malefane, 2011). They are basically local-level based institutional settings with the autonomy and capacity to organise local economic development.

The first set of LEDAs formed at the sub-national level through the instrumentality of the international development agencies faced challenges. One of the main challenges is the nature of their establishment that basically made then ad hoc institutional arrangements within Ghana's local government system. For instance, the formation of the Sub-Committees on Productive and Gainful Employment in Ghana by the International Labour Organisation was in line with the prevailing ad hoc or special sub-committee system of the District Assemblies in the country. Although it initially created a good fit in the District Assembly system in Ghana, the formation of ILO's local economic development agencies along this sub-committee system created problems of sustenance. The formation of district level local economic development agencies as ad hoc committees of District Assemblies is one key factor that negatively affects their sustenance in Ghana. Ghana's local government system is designed in a manner that the local government authorities (District Assemblies) work through a number of committees. Currently, there are two broad committees known as the Executive Committee and the Public Relations and Complaints Committee. The executive committee is mandated to carry out executive and coordinating functions of the District Assemblies. The executive committee in turn has a number of sub-committees, namely development planning sub-committee, finance and administration sub-committee, works sub-committee, social services sub-committee, as well as justice and security sub-committee, (Ahwoi, 2010). These sub-committees perform deliberative functions and make recommendations to the executive committee for the necessary action. Apart from these statutory sub-committees, District Assemblies also have the authority to set additional sub-committees, usually as ad hoc or special sub-committees to cater for a specific issue (such as food and agriculture, youth and sports, disaster management, etc) in a given district, (Ahwoi, 2010). But local economic development agencies cannot be ad hoc in nature. They require sound statutory footing.

Unlike the five statutory sub-committees of the District Assemblies, the ad hoc or special committees are often created for special tasks. They do not have an enduring character as they can be dissolved after performing the specified task for which they were created for. But local economic development agencies must exhibit stability and permanence (Venter, 2014). These agencies need a high degree of autonomy in order to become innovative (Thompson et al., 2020). Thus, forming local economic development agencies along the line of ad hoc or special sub-committees meant that they are created to assist in the implementation of a project rather than institutionalised structures for local economic development promotion. This is exactly the case with ILO's sub-committees on productive and gainful employment. The once vibrant local economic development agencies in the country cannot be found few years after the end of the 'Ghana Decent Work Pilot Programme'. Following the end of the programme, the sub-committees on productive and gainful employment could not transform themselves into permanent and independent local economic development agencies. They were also not incorporated as a statutory (sub)committee into the local government system though they performed important local economic development tasks during the 'Ghana Decent Work Pilot Programme' period. Rather, they gradually phased out as the case of typical ad hoc or special sub-committees within the local government system in Ghana. The absence of strong institutional footing for this set of local economic development agencies do not just affect their autonomy, it undermines their existence and relevance. Lacking a legal form required of an essential institutional setting like a local economic development agency undermines their effective functioning and sustenance. Local economic development agencies must evolve as organic units with proper legal and institutional grounding in the local government system.

The other area of challenge is the formation of local economic agencies along changing thematic arenas of development aspirations. The formation of local economic development agencies at the district level along temporary and/or changing thematic areas or along specific LED initiatives affected their long-term viability. In Ghana, District Assemblies prepare and implement a four-year district medium term development plan. These medium-term development plans are prepared along defined thematic areas as contained in the particular national development policy framework and the guidelines issued by the National Development Planning Commission (NDPC) for the preparations of these plans. For instance, the Ghana decent work pilot programme was implemented at the time that the Ghana Poverty Reduction Strategy (GPRS I: 2003-2005) was the national development policy framework. The Ghana Poverty Reduction Strategy had five thematic areas along which District Assemblies were to prepare their medium-term development plans. The thematic areas were: macro-economic stability, human resources and basic services, production and gainful employment, special programmes for the poor and vulnerable, and governance (NDPC, 2010). Thus, the sub-committee on productive and gainful employment was formed in line with one of these thematic areas - production and gainful employment. Within the district medium development plans, this thematic area focused on initiatives aimed at supporting productive activities and expanding employment opportunities in the districts. But the elapse of this development policy framework in 2005 meant that the Sub-Committees on Productive and Gainful Employment was left hanging as subsequent development policy frameworks and plans focused on different thematic areas other than production and gainful employment. Consequently, the sub-committee on productive and gainful employment was considered a temporal institutional arrangement whose mandate ends with the completion of that medium-term development plan of the district. Although the task of organising local economic development could be placed on the Planning Departments of Metropolitan, Municipal and District Assemblies, it is highly not recommended to tow such line. Placing such responsibilities on the Planning Departments of Metropolitan, Municipal and District Assemblies without the needed resource allocation could result in poor local economic development planning (UN-Habitat, 2005). Since local economic development has a clear economic focus, it is unlikely to be prioritise when added to the responsibilities of Planning Departments in the Metropolitan, Municipal and District Assemblies.

Fundamentally, the idea of setting up of institutional arrangements for local economic development did not

follow any clear institutional design principle. But any new institutional arrangements, the design principle must be clear from the onset. This explains why it becomes absolutely necessary to ensure that institutional design principles are followed in the setting up of institutional structures (Morrill, 2021). The current structuring of the institutional arrangements for local economic development promotion in Ghana particularly failed to follow the decentralising design principle otherwise known as the principle of subsidiarity. The principle of subsidiarity is particularly important in this context because it enhances self-governance which is critical in promoting efficiency and sustainability (Soto-Oñate et al., 2026). The devolution of power in line with the principle of subsidiarity has always served as a source of motivation which translates into enhanced performance (Mear & Werner, 2021). Despite several decades of decentralisation efforts, the tendency towards centralisation remains strong (Navarro & Velasco, 2022). This hinders the assignment of responsibilities to sub-national agencies and also impedes the capacity development necessary for their effective functioning. A decision to employ a decentralised decision-making mechanism encourages local anchorage of local economic development initiatives. This is necessary because it is widely accepted that local economic development agencies perform the economic development function of local governments and in some cases contribute to realising the vision of developmental local government (Malefane, 2011; Nel & Rogerson, 2016; Reid & Smith, 2012; Venter, 2014). This also aligns with general calls for more political support that will grant local governments the autonomy and resources to effectively enhance their performance (Abane & Brenya, 2021). But when the capacity of local actors is under-estimated, the principle of subsidiary and self-governance is as well undermined (Marshall, 2015). Local governments in Ghana and the associated local economic development agencies need to be properly positioned, resourced and oriented to effectively anchor local economic development promotion.

POLICY RECOMMENDATIONS

The quest to adopt and upscale contemporary local economic development practices in Ghana faces an uphill task because of policy gaps and weak institutional footing. There is therefore the need for urgent policy action and strategic direction to properly establish and position local economic development agencies to play a meaningful role in this direction.

First, local economic development agencies must be established and supported to operate at the local government level. This calls for a shift from the current nation-wide top-down structuring of local economic development agencies to the formation of local government level agencies. This will facilitate the participation of relevant local actors, the identification and design of appropriate local economic development initiatives as well as facilitating local anchorage.

Second, local economic development agencies should not assume the character of governmental agencies, nor should they come under the control of local governments. Rather, local economic development agencies must be anchored on public-private partnerships. This public-private partnerships should work with local government authorities but not come under the control of local government agencies. To this end, strategic partnership and continuous engagement between local government authorities and local economic development agencies is desirable.

Third, there is the need to move away from the formation and use of ad hoc entities as local economic development agencies. Local economic development agencies must have firm statutory footing, clear mandate and clouded with authority to function effectively. The formation of local economic agencies in Ghana should ensure that such agencies have legal as well administrative autonomy.

CONCLUSION

The intention of establishing local economic development agencies to spearhead local economic development promotion is laudable but far from reality. The approach used to set up these local economic development agencies does not properly ground them to effectively carry out their local economic development mandate. The decision to virtually tie them to governmental agencies makes them mere ad hoc and short-lived institutional arrangements. The two cases of local economic development agencies established by the International Labour Organisation and the Deutsche Gesellschaft für Internationale Zusammenarbeit demonstrate how institutional settings championed by external actors could be short-lived. These externally facilitated institutional arrangements hardly function effectively because they did not have the requisite statutory footing. Government attempts to also set up institutional arrangements to champion local economic development promotion in the country still remains ambiguous and lacks sound policy direction. There are still no concrete actions taken to operationalise them. The complex outlook of the institutional architecture and the fuzzy nature of the expected roles of these agencies make their operationalisation and continuous functioning more challenging if not an impossibility. Given the important role that local economic development agencies play in realising local economic development, it is necessary that both central and local government authorities pay serious attention in supporting the setting up of LEDAs and making them operational. It is also important to emphasise that the formation of local economic development agencies in Ghana must follow international best practices. Ghana's local government system must be responsive in recognising and working with existing and emerging local economic development agencies at the local government level where they are most suited. Supporting capacity building for these local economic development agencies and creating space for them to participate and mainstream local economic development initiatives and action plans into district medium development plans would eventually give them the enduring character required of local economic development agencies.

Declaration

I declare that there is no conflict of interest associated with this paper.

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가나의 지역경제개발 촉진을 위한 제도적 기반 평가

Jonas Ayaribilla Akudugu

Associate Professor, University of Energy and Natural Resources

본 연구는 가나의 지역경제개발(Local Economic Development, LED) 촉진을 위한 제도적 기반을 질적 접근을 통해 분석하였다. 연구 결과, 지역경제개발기관이 지역경제 활성화를 목적으로 설립되었음에도 불구하고, 현재의 제도적 구조는 보충성(subsidiarity)의 원칙에 부합하지 않는 것으로 나타났다. 가나의 지역경제개발기관은 중앙정부 주도의 하향식(top-down) 방식으로 조직·운영되고 있으며, 전반적으로 임시적이고 단편적인 형태를 띠고 있어 지역경제를 효과적으로 촉진할 수 있는 법적·제도적 권한이 미흡한 실정이다. 이에 본 연구는 지역사회 중심의 제도적 기반을 강화하고 지역경제개발기관의 기능과 역할을 재정립할 필요가 있으며, 지속가능한 지역경제 발전을 위해서는 안정적인 제도적 기반과 지속적인 운영체계를 갖추는 것이 중요함을 강조한다.

주제어: 지역경제개발기관, 보충성 원칙, 제도적 기반, 조직구조, 지역경제개발

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Corresponding Author

Jonas Ayaribilla Akudugu

Associate Professor, University of Energy and Natural Resources

E-mail: jonas.akudugu@uenr.edu.gh