



FOSTERING LOCAL ECONOMIC DEVELOPMENT FOR JOBS: ASSESSING YOUR LOCAL GOVERNMENT'S ENTREPRENEURIAL EDGE?

Introduction

Ghana's local governments (LGs) are mandated by law and policy to promote local economic development (LED) for job and income growth. However, a neoliberal ideology—holding that government should not engage in business—has made LGs hesitate to directly support LED. Consequently, decentralisation efforts have historically and consistently focused on bringing services closer to the people, often neglecting job creation. At best, many LGs limit their involvement to hosting business forums or providing basic

vocational training (e.g., snail and mushroom farming), leaving significant support gaps

A policy-relevant action research conducted in five LG jurisdictions to analyze entrepreneurial behavior of LGs in youth enterprise support has identified three traits associated with LGs in business development for job creation: facilitative and intrapreneurial, less facilitative and ambivalent, and pretentious. The first actively supported youth enterprises with resources and intrapreneurship, the second showed weak support, and the third appeared supportive but shifted costs to the youth group.

The findings have implications for the recent government policy to: (a) 'promote LED by ensuring that District Assemblies integrate job creation into their planning and reporting processes'; and (b) 'scale up small- to medium-sized enterprises (SMEs) created by young people, tailored to district-level economies' (Manifesto of NDC, 2024).

POLICY CHANGE BEYOND THE 'ENABLING ENVIRONMENT' MANTRA

Throughout history, countries have restructured national governance and development processes to overcome challenges. These reforms have cascaded to subnational structures as a basic condition for development, necessitating a rethink of LGs' contemporary roles and functions beyond the 'enabling environment' mantra. The 'local developmental state' concept emphasizes that proactive LGs drive economic and industrial transformation by fostering innovation,

supporting SMEs, and building cooperatives (Nel & Binns, 2001). The Basque Region in Spain exemplifies this 'bottom-up' approach, where local institutions spearhead economic success (Bateman, 2000). LGs must now do more than provide services: they should actively partner with enterprises to drive LED, create jobs, raise incomes, and support social protection. This shifts them from a service-focused to an entrepreneurial, development-oriented role (Schoburgh & Chakrabarti, 2016).

Next Generation Local Economic Development (NGLED)

The next generation LED (NGLED) represents an ideological shift and strategy based on the principle that LGs should engage in business to create jobs and improve incomes. This approach enables LGs to provide direct investment and technological support in productive sectors—such as supplying farmers with quality seedlings and innovations, establishing local industries with private partners, offering training and start-up tools/capital, monitoring beneficiaries to ensure job creation objectives are met, and facilitating product standardization, branding, and marketing. NGLED holds that job creation requires more than just an ‘enabling environment’.

In 2022, the Institute of Local Government Studies (ILGS)—under the direction of the Ministry of Local Government, Decentralisation and Rural Development (MLGDRD) and the Ministry of Food and Agriculture (MoFA), with financial support from the Inter-Ministerial Coordinating Committee on Decentralisation (IMCCoD) and Global Affairs Canada—conducted nationwide training and sensitization for LG officers on NGLED. As part of this, all 261 Metropolitan, Municipal, and District Assemblies (MMDAs) developed strategic LED plans outlining partnerships with enterprises to produce LED products based on local resource endowments and comparative advantages.

The ILGS then organized a LED investment fair where 18 MMDAs showcased products to development partners, private investors, social investors, financial institutions, and public corporations to attract partnerships. Exhibits included packaged organic vegetables, poultry products, mushrooms, catfish, ginger powder and paste, fruit juice, tomato powder, processed cashew nuts, cashew wine, woven bamboo bags, packaged rice, plantain chips, gari, and tourism products.

One year after the training, the MMDAs continued their business-as-usual approach to LED, without knowing whether the challenge stemmed from an ideological block against change or a lack of capacity to pursue a new approach. So, in 2023, the ILGS, with support from the Knowledge Platform on Inclusive Development Policies (INCLUDE), began a three-year action research project: ‘Youth Economic Inclusion through NGLED.’ Designed as action research, the study sought to analyse the entrepreneurial and intrapreneurial behaviours among young people and LG officials respectively in the pursuit of productive economic activities for sustainable jobs and income growth. The study asks:

- 1 How can LGs do successful business that creates sustainable jobs for the youth without falling into the traps that led to the failures of the public sector in productive sectors in the past?
- 2 What conditions enable LG officials and bureaucrats to become successful intrapreneurs, providing opportunities and addressing various barriers to youth start-ups in agric-business?

10 of the 18 MMDAs that exhibited products were invited to submit proposals, from which 5 were selected for the pilot study. In collaboration with the 5 LGs, ILGS facilitated the incorporation of 5 youth businesses and provided hands-on entrepreneurial and intrapreneurial skills training respectively for the youth groups and the LG officers to help them successfully manage the businesses.



The groups that chose fish farming as business were given grants to construct fish ponds, training in aqua-culture, stocking of dams and dugouts with suitable fish species; appropriate technology, etc. Those in poultry and rearing of small ruminants were assisted to build their poultry and animal farms (chicken houses, flock shed), provided with starter packs such as 'day old chicks' and feeds.



- 3 Formalization of the youth businesses (development of partnership agreement and registration of the businesses at the Office of Registrar Companies);
- 4 Opening of business bank accounts to facilitate transfer of funds;
- 5 A provision of start-up capital of GHC60,000-75,000 to each youth group

FINDINGS AFTER 18 MONTHS OF STUDY

During the first 18 months of working with the youth groups and their LGs, we observed the following attitudes among the five LGs, which can be grouped into three categories:

Facilitative and entrepreneurial LGs:

Two municipalities demonstrated the qualities of facilitative and entrepreneurial LGs by investing financial and technical resources in the youth enterprises. They extended electricity and water to the youth businesses, invested their time to supervise quality work and expanded the project with the potential to reach out to many young people. In one of the municipalities, the LG did not only allocate land but also used their earth moving equipment to clear the land, constructed the pond, provided water supply and invested additional financial resources into the project. During the pond construction, the assembly deployed engineers to supervise and assure quality. The LGs saw the development of the youth enterprises as a new way of promoting municipal partnership for economic development. The LG officers demonstrated intrapreneurial traits, and a call to duty.

"Sometimes I go with the youth to the bank. I think that is the sacrifice we also have to make for the young people to have confidence in the municipality (LG Officer)"

The ILGS further facilitated:

- 1 Formation of a special purpose vehicle (SPV) at the LGs to manage the business processes;
- 2 Signing of MoUs between the youth groups and their respective LGs;

LG staff showed commitment because the MCE demonstrated leadership and accountability, inspiring the Coordinating Director, Planning Officers, Budget Officer, Works Engineer, and others to follow suit. Local bureaucrats became true intrapreneurs, going beyond duty to ensure NGLED succeed. They acted with initiative, innovation and risk-taking mindset within the legal and policy framework of Ghana's local governance.

Less facilitative and ambivalent role:

The second category, also comprising of two LGs played less facilitative role, did not invest their financial resources into the youth businesses, and their technical and supervisory role was ambivalent. This made the youth business less productive, cost inefficient and loss of business interest. The 2 municipalities exhibited business as usual attitude that they had portrayed in the past. In one municipality, the LG needed only GHC 1,000 (US\$100) to repair a water pump for the newly constructed pond, but undue delays in fund release lasted weeks. By then, the pond had developed cracks and leaks, requiring reconstruction at substantial extra cost to the project. In another municipality, LG officials never visited the project site after inception and provided no financial support.

“Although we were told that the project was apolitical, the DCE made it look like political patronage. Hence, some of my colleagues exhibited poor work ethics.” (A youth entrepreneur)



“You can visit the Assembly early in the morning, only to be told at 3pm that the Finance Officer could not make it to the office after waiting for almost the whole day. You have to be extremely patient and resilient when working with the Assembly.” (A youth entrepreneur)



Pretentious:

The third category (one LG) patronized the youth business by feigning support without investing its own funds. It extended electricity and security—at the youth group's expense—despite the site being only metres from LG offices. Without providing security, thieves stole construction materials at the site.

In all five LGs, selection errors affected targeting of unemployed graduates for support. Some ‘unemployed’ youths were actually underemployed and misrepresented themselves as unemployed; this went undetected before commencement.

CONCLUSION AND IMPLICATIONS FOR POLICY

Preliminary findings show that governments can rely on some LGs to lead, partner in, and build capacity for youth enterprise development and localized job creation. These LGs should be identified as anchors for government policy on LED and job localization. A key success factor is MCEs' leadership: their interest in youth economic activities motivates staff commitment and

technical support. Even as we draw these preliminary conclusions, we recognize that some LGs are beginning to improve, while those that started well are backsliding on their initial positive traits. Some LG staff have been transferred out from the municipality to other jurisdictions. In the remaining year of the action research, we will provide updates on how the ambivalent and pretentious LGs transition to enabling and facilitative ones, as well as any backsliding traits. Nevertheless, the findings from the action study have implications for government policy on LED and job creation.

In 2025, the government proposed resetting local policies and practices to boost LED and youth jobs via District Assemblies (NDC Manifesto, 2024):

- 1 Promote LED by ensuring District Assemblies integrate job creation into their planning and reporting processes.
- 2 Initiate the “Adwumawura Programme”—a special start-up policy to facilitate the creation, tracking, and mentoring of at least 10,000 youth-led businesses annually under the 24-Hour Economy policy.
- 3 Develop and implement a programme to support tertiary graduates in forming cooperatives, accessing skills training, and receiving start-up kits.
- 4 Scale up small- and medium-sized enterprises created by young people, tailored to district-level economies.



Implications for Policy

- 1 Not all LGs possess the leadership or intrapreneurial drive required to spearhead economic partnerships. MMDCEs and their staff need mindset training to effectively mentor youth enterprises. Officers accustomed to regulation over innovation will likely remain ambivalent—or even extractive—toward such programmes;
- 2 Avoid selection errors by conducting due diligence on applicants to ensure they are genuinely committed to self-employment. State-supported programmes are often perceived as political patronage—a label even applied to ILGS's own grant-funded research involving LGs. Our findings suggest that many youths are not committed to entrepreneurship, viewing business development merely as a stopgap until they secure wage employment (Awortwi, 2025)
- 3 In the current setups, LED unit hobbles among departments in the LGs administrative structure without specific home or base to operate from. Given the time needed to show results, it is better that a SPV is established that comprises of youth representative and the DAs to facilitate the implementation of LED.
- 4 Frequent staff transfers in LGs disrupt the dynamism of partnerships. It is therefore essential to formalize municipal-private economic development agreements through signed Memoranda of Understanding (MoUs) that bind the institution rather than individual officers
- 5 Emphasize job creation as LED's key tangible output over bureaucratic processes. Without tracking sustainable new jobs, LGs can easily report on support activities alone.

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Further Information



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