



Local Economic Development in Ghana



International
Labour
Organization

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Rooting public-private dialogue

In Ghana, local economic activity stems to a large extent from small, informal businesses. Their interests are hardly reflected in development strategies, however, leaving their potential for economic growth and poverty reduction untapped. This is different in two districts in the Central Region. Here small business associations and the district government come together to discuss and initiate LED initiatives deliberately including small businesses.

Public-private forums have been created to design and implement LED strategies in the districts of Awutu-Efutu-Senya and Ajumako-Enyan-Essiam. These public-private forums are set up as *District Assembly Sub-Committees on Productive and Gainful Employment* (SPGEs). The SPGEs are innovative in Ghana for two reasons. Firstly, it is rare that small businesses are brought to the policy table. Secondly, employment, and in particular informal employment, has not been strategically addressed before in the districts.

The SPGE consists of 15 members. Six are private enterprise representatives, 4 are district assembly members and 5 are technical staff of the District Assembly. The latter represent other district assembly sub-committees such as the ones on agriculture, social services, and works. This ensures that

economic growth and employment can be treated in a transversal way. The roles of the members differ and complement each other. The elected assembly members make information on the activities of the SPGE available to all other assembly members.

What is a District Assembly Sub-Committee?

District Assembly Sub-Committees are statutory bodies under the Local Government Act. They assist the Executive Committee of the District Assembly in exercising its executive and coordinating functions. Each District Assembly shall have the following sub-committees: development planning, social services, agriculture, works, justice and security finance and administration. In addition, the District Assembly may decide to set up other sub-committees. The sub-committee can co-opt representatives from civil society. The costs of the sub-committee's functioning are covered from District Assembly resources.

Project facts

Project title:
Ghana Working out of Poverty project (WOOPP) *

Starting date:
March 2004

End date:
February 2006

Donor:
Government of the Netherlands

Implementation:
ILO Abuja (Nigeria)

Partners:
Ministry of Manpower, Youth and Employment, Trade Union Congress Ghana Employers' Association

Location:
Districts of Awutu-Efutu-Senya and Ajumako-Enyan-Essiam (Central Region)

Objectives:
To contribute to the reduction of poverty in Ghana by addressing Decent Work deficits in micro and small enterprises in the informal economy and by enhancing the employability of low-income women and men, the young in particular

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* The project built on the outcomes of ILO Ghana Decent Work Pilot Programme (2002-2005) and is followed up by the ILO/DFID strategic initiative Support for the adoption of decentralized pro-poor growth policies (2006-2007).



They play an advocacy role for the SPGEs by explaining issues to and sensitizing other assembly members as well as by lobbying for support. The District Assembly staff on the SPGE provide technical support. They give relevant socio-economic information to members for effective decision-making. Because they control the resources of the Assembly, they are able to facilitate the work of the SPGE. SBA representatives pursue the interest of their business associations. They carry the information on economic opportunities and binding constraints on growth from the SBAs to the Assembly through the SPGE and vice-versa. They have received training in areas like good business practices and service provision through association as part of the capacity building of the SPGE and act as resource persons for their SBAs. The SBAs have for example plaid a vital role in mobilizing their members to join the public health insurance and in some cases even the pension system.

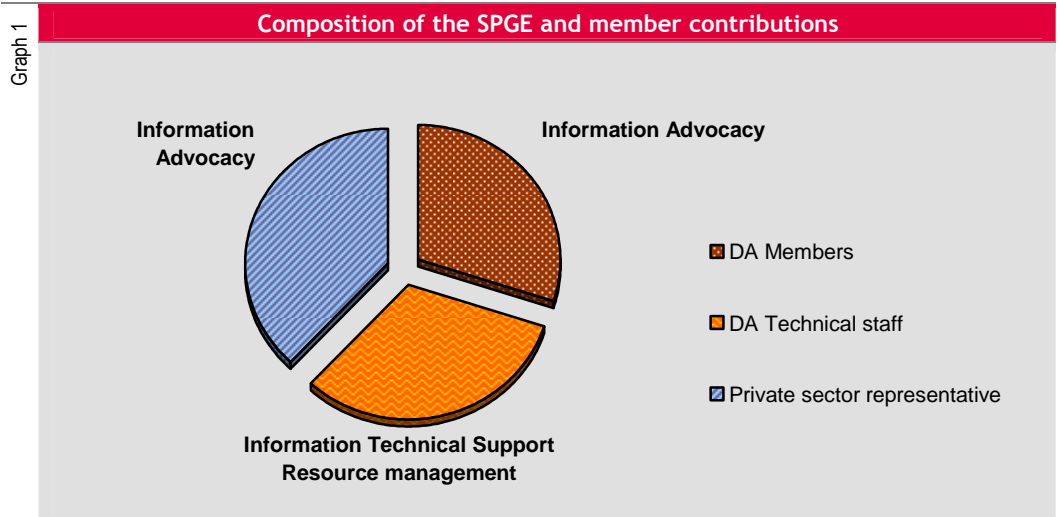
For the first time, SBAs have been involved in the fee fixing (local tax regulation) discussions of the districts. This enabled

groups that were previously excluded from decision-making processes to be heard. Consequently, some SBAs proposed to collect taxes from their members in exchange for a fee from the District Assembly. Partly as a result of the SBA involvement, the District Internally Generated Fund increased several fold. Eventually, the dialogue facilitated the collection of taxes and indirectly contributed to productive and social investments financed by the district development fund.

This example makes clear that organization and dialogue are the starting points for various other activities in which the SPGEs play a catalyzing and facilitating role. They inform, coordinate, mobilize and link stakeholders at the district, national and international level.

Information on the SPGE and LED activities are made available through:

- Business information centres / SPGE offices in both districts where entrepreneurs and other district residents can consult documentation



and receive basic referral services;

- Special events, such as a stakeholder's forum where the district experience was presented to officials from other districts, national government agencies, NGOs and international development partners;
- Awareness raising campaigns on safety and health at the workplace using local radio and media coverage of LED initiatives.

Additionally, the SPGEs have been successful in mobilizing technical assistance and resources from development partners outside the district. For example, the Social Investment Fund has opened credit lines in the districts for investment proposals by small enterprises recommended by the SPGE and the DANIDA/GTZ project SPEED-Ghana supports the development of product quality clinics in oil palm processing.

The initiatives of the SPGE and of the SBAs have helped hundreds of small businesses to



Oil palm processing

improve, grow and expand, raising incomes and creating more and better jobs in the process. Support for the SPGEs by the local government has been growing in both districts as their positive impact has become increasingly apparent and the LED plans of the SPGE have been incorporated into the medium-term overall development plan of the districts. The SPGEs have also been invited to submit proposals for the Assemblies' poverty reduction funds that would support the growth and employment potential of the small enterprise sector of the local economies. As such, the SPGEs not only bring participation and transparency into the allocation of district funds but also increase the efficiency by concentrating them on economically viable proposals. At

Box 2

How is the SPGE organized?

Given the specific nature of the SPGE's, there was a need to add on the existing Standing Orders for "classic" Sub-Committees of the District Assembly. Consequently, a local governance expert developed a specific handbook on SPGE rules and regulations. The concern for transparency, continuity and sustainability of the SPGE is central in this handbook. It covers issues such as:

- Membership rules (qualification, representativity, selection on merit, term of office, transition management)
- Roles and responsibilities inside the SPGE
- Roles and responsibilities in relation to outside bodies
- Sustainability of the SPGEs
- Use of the District Development Fund (a co-financing initiative of WOOPP and the District Assembly).



the same time, the SPGEs are sensitive to social dimensions of LED. Via the SBAs they increase the access of women to productive resources, promote good business practices, occupational safety and health, social protection and the fight against HIV/AIDS and child labour.

Box 3

Dialogue leads to innovative practice

From its dialogue with the SBAs, the SPGE realized that the conditions of existing credit programmes were not adapted to entrepreneurs who require longer reimbursement periods at reasonable rates. As a result, the SPGEs in both districts have initiated 'Edwumapa' credit unions (meaning decent work in the local language). This is an innovation in that credit unions are typically made up of salaried workers in Ghana and not of self-employed persons in more rural districts.

Lessons learned

Institutionalizing public-private dialogue within the national legal framework increases ownership and sustainability. It makes representative structures more committed to the outcomes of dialogue. The complementarity of skills and resources also makes it easier to follow up on them and to overcome binding constraints on development.

Furthermore, institutionalizing dialogue is a way to ensure that the basic costs of the

functioning of the body are covered. For institutions to be effective institutions they need a significant investment in capacity building.

Legitimacy. Institutionalizing dialogue does not per se guarantee its legitimacy. One should be aware of not reproducing existing, unequal power relations. The composition and representativity of the forum should be dealt with carefully. It is therefore important to agree upon membership rules before the creation of the forum. Such rules and procedures also contribute to the forum's continuity. Besides, transparency and a constant flow of information among forum members and other stakeholders, increase the legitimacy of the forum.

Need for tangible results. The involvement of groups that have previously been excluded from decision-making processes can be considered an achievement in itself. But public-private dialogue is not only an objective, it is also a means. Without tangible results, dialogue partners will soon lose interest and are likely to become less committed to the dialogue process. This is especially true for private sector representatives who have a business to run and expect some return on time invested. Visible impact will also attract other stakeholders.

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