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**THE EFFECT OF FISCAL DECENTRALISATION ON LOCAL ECONOMIC
DEVELOPMENT: A CASE OF KWAHU SOUTH MUNICIPAL ASSEMBLY**

BY

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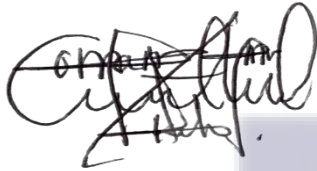
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DECLARATION

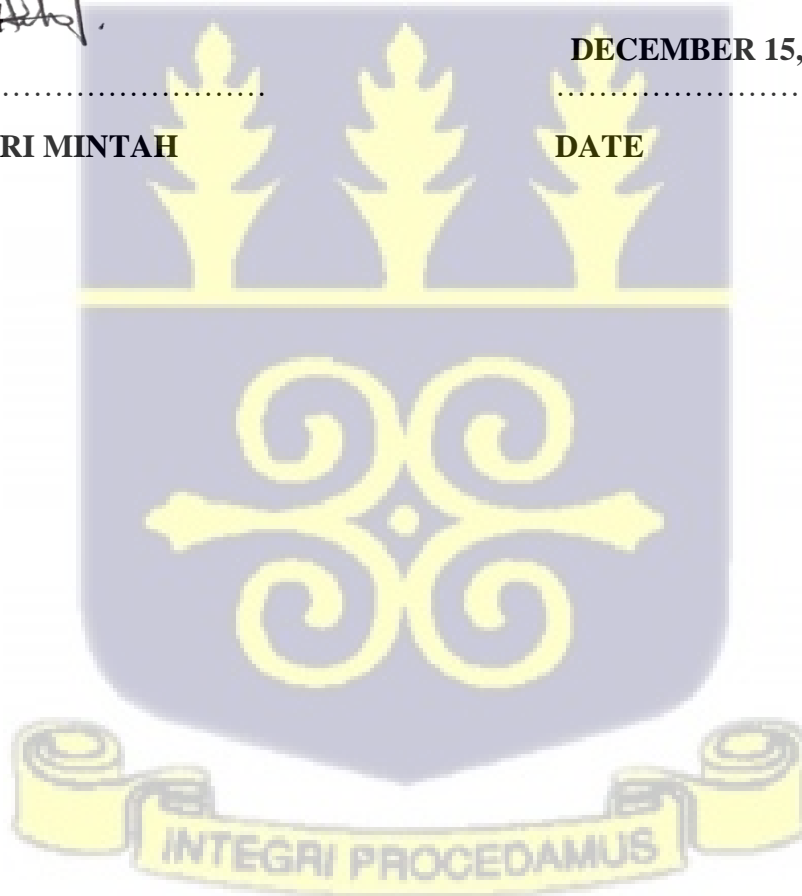
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CERTIFICATION

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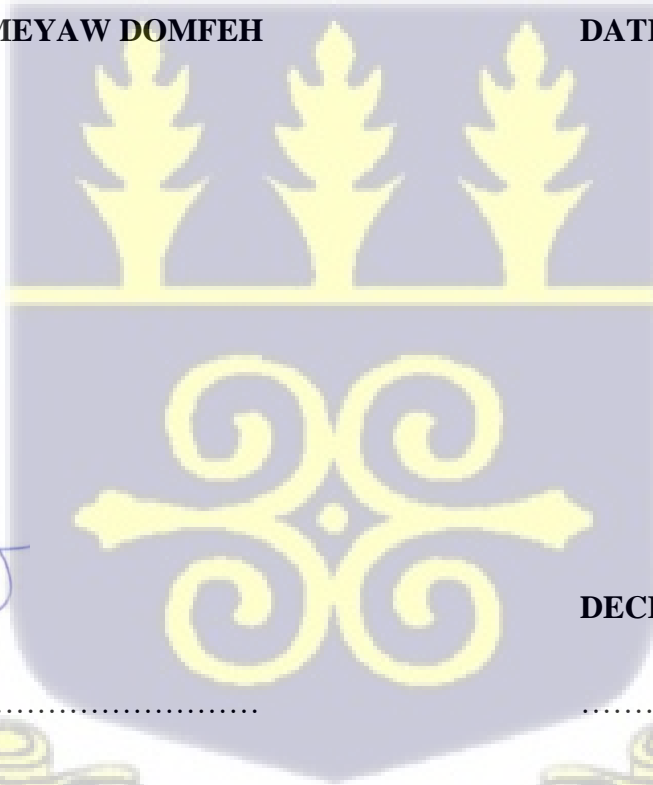
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DEDICATION

This work is dedicated to all those who have contributed directly and indirectly in my life and have had a great impact on me.



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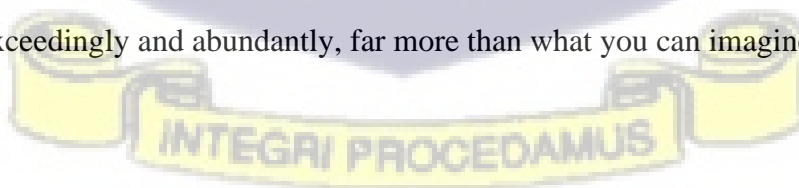


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LIST OF ABBREVIATIONS

AD	Assistant Director
AS	Assembly Man
AGD	Agric Director
BO	Budget Officer
BOT	Build Operate Transfer
BTO	Build Transfer Operate
BOO	Build Own Operate
CSO	Civil Society Organisations
DA	District Assemblies
DACF	District Assemblies Common Fund
DFD	Deputy Finance Director
FD	Finance Director
FGD	Focus Group Discussion
FGT	First Generation Theory
GTZ	Deutsche Gesellschaft für Internationale
IGF	Internally Generated Funds
ILO	International Labour Organisation
LED	Local Economic Development
LEP	Local Enterprise Partnership
LG	Local Government
LGA	Local Government Authorities
LGU	Local Government Unit
MCE	Municipal Chief Executive
MISAG	Management and Information System Officer of the Agric Directorate
MMDAs	Metropolitan Municipal and District Assemblies
OECD	Organisation for Economic Co-operation Development
PO	Planning Officer
PPP	Public Private Partnership

PSBO	Private Sector Business Owner
SMEs	Small and Medium Scale Enterprises
USAID	United States Agency for International Development
UNDP	United Nations Development Programme



ABSTRACT

The concept of decentralisation and Local Economic Development has become a concern to most scholars since “top-down state-led” interventions have been ineffective when resolving economic development issues in various localities. The ineffectiveness of “top-down state-led” has necessitated the need for Local Economic Development (LED), which is a bottom-up approach to economic development. Despite the immense benefit of LED activities, it is still rife with some challenges, such as lack of funds and poor coordination among the various stakeholders and partners involved in LED. A qualitative research approach, a case study design and a sample of 36 made up of the staff of Kwahu South Municipality, assemblymen, community members and private sector business owners were adopted for this study. This study sought to determine how fiscal decentralisation contributes to Local Economic Development (LED), the extent to which community members and private sector organisations are involved in LED activities, and the constraints of these actors in LED initiatives. The findings of the study revealed that fiscal decentralisation has contributed to human resource development, infrastructural activities, and business start-ups. The study’s findings also revealed that community members and private businesses are involved in LED activities. However, there are some constraints associated with the involvement of these actors in LED activities. Notable among these constraints are operational issues, lack of transparency, and apathy. Therefore, this study recommends that there should be effective coordination among various stakeholders or actors involved in LED activities, effective revenue mobilisation, and encouraging more of Public-Private Partnerships to enhance LED activities.

CHAPTER ONE

INTRODUCTION

1.1 Background

The concept of Local Economic Development (LED) and decentralisation has become of keen interest to scholars in public administration. The interest in issues of decentralisation and LED have skyrocketed because the ability to enhance the delivery of public goods and services which promotes economic development has become a problem for most governments (Post, Bronsoler & Salman, 2017; Zhang, Fan, Zhang & Huang, 2004). However, efficient and effective delivery of goods and services is greatly influenced by the extent to which a central government is decentralised (Otoo & Danquah, 2021; Lavigne, 2011) and how sub-national bodies can effectively amass resources for economic development (Ahwoi, 2010; Boachie-Danquah, 2011). Likewise, national developmental goals can be achieved when sub-national bodies convert such goals into actions by involving partners and local actors (Mensah, Bawole & Ahenkan, 2017; Beyer, Peterson & Sharma 2003). In effect, this has necessitated the need for a rethinking of Local Economic Development (LED) which happens to be output-oriented and connected to policies at the national level (Mensah et al., 2017).

LED is an alternative strategy to top-down development strategies that seeks to promote development (Mensah et al., 2017; Rodríguez-Pose & Tijmstra, 2007). It emerged in the United States during the Great Depression in the 1930s when local communities began to create jobs due to retrenchment in the labour force and the closing of factories (Akudugu & Laube, 2013). Gradually, LED is being adopted as a complementary or alternative strategy for development (Marais, 2010; Rogerson & Rogerson, 2010). Although LED has gained much attention, it is still not precise, and it is open to numerous interpretations (Akudugu & Laube, 2013; Bond, 2002). In

Ghana, for instance, the understanding of people on LED differs from contemporary Local Economic Development discourse (Akudugu & Laube, 2013). Local Government Authorities (LGAs) regard the support they give to people within the agricultural sector and the various management and training programmes they provide to Small and Medium Scale Enterprises (SMEs) as Local Economic Development. However, scholars have asserted that mere support from LGAs to SME owners does not necessarily constitute LED and that there is a clear distinction between traditional and contemporary LED. According to Tassonyi (2005) LGAs in countries that are now developing continue to adopt traditional LED initiatives and it entail efforts made by local authorities to attract firms through the provision of subsidies and support to existing firms. However, contemporary LED is a process where by a number of actors come together to formulate and implement initiatives which will revamp the local economy (Akudugu & Laube, 2013).

Blakely who established the pace for contemporary LED, defined it as “a process by which local governments and/or community-based groups manage their existing resources and enter into new partnership arrangements with the private sector and/or each other to create new jobs and stimulate economic activity in a well-defined zone” (Blakely, 1994, p. 89). The contemporary definition of LED postulates that Local Economic Development is not only about supporting economic activities. However, the definition above shows that, LED is about the involvement of multiple actors such as civil society groups, the public and private sector in promoting development.

In Africa, the adoption of a decentralised system of governance and private sector activities have helped in the implementation of current LED initiatives (Akudugu & Laube, 2013). In Ghana, Local Economic Development activities are undertaken by Local Government Authorities who have the mandate to enhance growth in various localities (Mensah, Bawole, & Ahenkan, 2013). Ghana’s decentralisation system was instigated to encourage grassroots involvement in the

planning process and delivery of services for development in various localities. The delivery of these services also seeks to enhance people's standard of living (Mensah et al., 2013). District Assemblies (DAs) are also expected to coordinate district-level projects that seek to reduce poverty by involving the people within their locality and other actors such as Non-Governmental Organisations (NGOs) and the private sector.

Likewise, the world economic crisis has compelled most countries to transition from fiscal centralisation to fiscal decentralisation. This transition happens to be a major public administration reform that seeks to mitigate world economic crisis (Bartlett, 2013; Bartlett & Prica, 2013; Kmezić, Kaluđerović, Jocović & Đulić, 2016). In Ghana, fiscal decentralisation aims to upsurge the mobilisation of revenue and restructure the distribution of resources to meet the needs of local people (Agyemang-Duah, Gbedoho, Peparah, Arthur, Sobeng, Okyere, & Dokbila, 2018). Also, fiscal decentralisation authorizes Metropolitan, Municipal, and District Assemblies (MMDAs) to allocate funds generated internally and those received from the central government (Agyemang-Duah et al., 2018). Concerning the objectives above, MMDAs have been vested with the power under Act 936 of the Local Government Act 2016 to collect fines, tolls, rates, licenses, and fees for economic development.

“Fiscal decentralisation can assume many forms such as self-financing or cost recovery through user charges, co-financing or co-production arrangement through which the users partake in providing services and infrastructure through monetary or labour contributions, and expansion of local revenues through property sales taxes” (Gumede, Byamukama, & Dakora, 2019, p. 53). The assertion made by Gumede et al. (2019) indicate that fiscal decentralisation is not centred solely on intergovernmental transfer and the ability to generate funds internally. However, it is also concerned about how MMDAs can partner with other actors (private, NGO's, community, and

donors) to co-finance or co-produce goods or services. In this regard, there is the need to examine the involvement of the private sector/community in LED initiatives, the constraints these actors face, and how fiscal decentralisation as a whole contributes to Local Economic Development in the Kwahu South Municipality.

1.2 Problem Statement

Top-down state-led interventions have proven to be ineffective in resolving economic development issues in various localities (Akudugu & Laube, 2013). The ineffectiveness of top-down state-led interventions has paved way for LED, a “bottom-up” approach to development. However, the implementation of LED has also proven to be ineffective with some challenges such as funding issues and poor coordination among various actors involved in LED (Khumalo, Mthuli & Singh, 2019; United Nations Development Programme, 2003).

The need to promote LED has generated several studies on the impact of fiscal decentralisation on LED. Yet, most of these studies on LED have used Gross Domestic Product (GDP) as a measure of economic development (Ma & Mao, 2018; Nguyen & Anwar, 2011; Stansel, 2005; Zhang, Fan, Zhang & Huang, 2004; Davoodi & Zou, 1998). However, GDP to some extent does not cover the informal sector, environmental and social issues (Michalek & Zarnekow, 2012; Pavel & Moldovan, 2019). Besides, little attention has been given to Wong framework for measuring LED, which is multidimensional and covers the informal, environmental and social factors. Therefore, this study seeks to determine the impact of fiscal decentralisation on LED by using Wong (2002) LED framework. Notable among the variables of Wong (2002) framework of LED are infrastructural factors, human resources development, capital and finance, and industrial structure.

Secondly, whereas fiscal decentralisation is multi-dimensional, most studies have only used inter-governmental transfer and local expenditure to national expenditure as fiscal decentralisation in LED research (Bartlett, Đulić & Kmezić, 2020; Bodman & Hodge, 2010; Jin & Rider, 2020). However, this study will adopt the various forms of fiscal decentralisation (intergovernmental transfer, internally generated funds and co-financing) by the World Bank to determine the impact of fiscal decentralisation on LED.

Also, a number of studies have been done on actors who can support Local Government Authorities to undertake LED activities. Most of these studies have been centred on actors such as international development agencies in LED (Akudugu, 2013; Akudugu & Laube, 2013; Azunu & Mensah, 2019; Rodríguez-Pose & Tijmstra, 2009). Despite all these studies conducted, little has been done on the community who are direct beneficiaries of LED and the private sector, which happens to be major LED actors. Therefore, the study seeks to fill this gap on private sector and community participation in LED activities since fiscal decentralisation can promote development when it is designed to facilitate local participation.

1.3 Research Objectives

The general objective of the study is to examine how fiscal decentralisation affects Local Economic Development and the concept of partnership and participation in LED in the Kwahu South Municipality. This study therefore seeks to achieve the following specific objectives:

- I. To examine how Fiscal Decentralisation contributes to Local Economic Development initiatives in the Kwahu South Municipality.
- II. To examine the extent to which community members are involved in LED initiatives in the Kwahu South Municipality.

- III. To examine the kind of partnership arrangement Kwahu South Municipality has with the Private Sector in undertaking LED initiatives.
- IV. To examine the constraints on partnership and participation in Local Economic Development initiatives in the Kwahu South Municipality.

1.4 Research Questions

- I. How has fiscal decentralisation contributed to Local Economic Development initiatives in the Kwahu South Municipality?
- II. To what extent are community members involved in LED initiatives in the Kwahu South Municipality?
- III. What kind of partnership arrangement does Kwahu South Municipality have with the private sector in undertaking LED initiatives?
- IV. What are the constraints on partnership and participation in Local Economic Development initiatives in the Kwahu South Municipality?

1.5 Significance of the Study

A study of this nature is expected to be very relevant in diverse perspectives, and the findings of the study are expected to contribute immensely to policy, practice and academia. Concerning practice, this study provides the necessary measures that will enable Local Government Authorities promote economic development. Concerning policy, the study provides the need why central government has to formulate policies that will help Local Government Authorities to effectively discharge their duties without any fear or interference and formulate policies that will enhance Local Economic Development initiatives. Concerning academia, this study contributes to the existing literature by filling the research gaps in the study of Local Economic Development. This

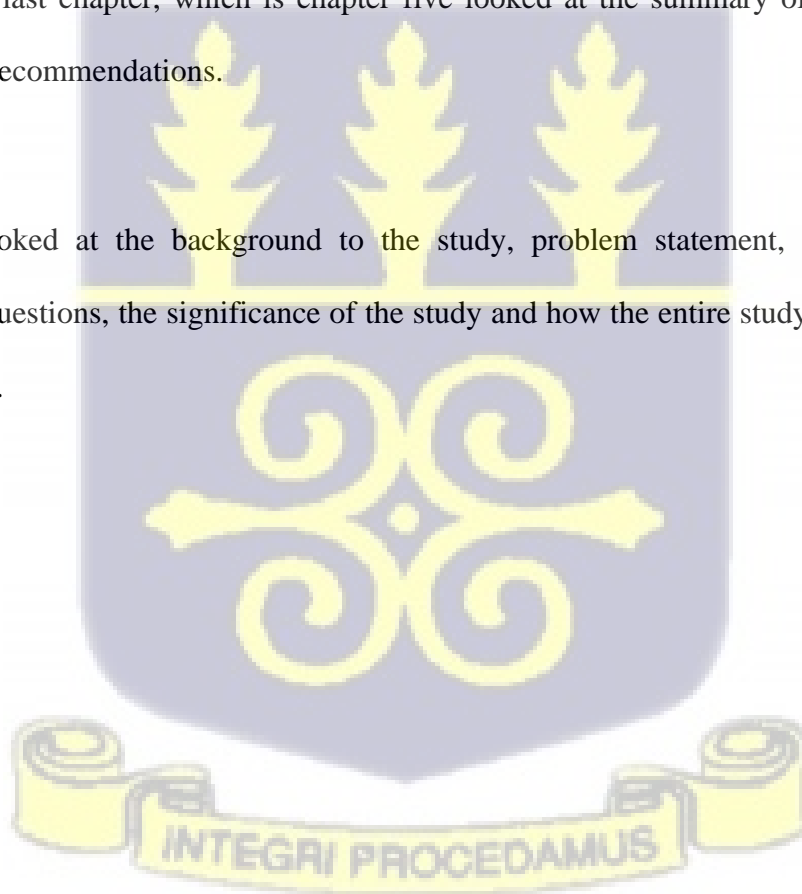
study will also add to the existing literature on the impact of Fiscal Decentralisation on economic development.

1.6 Chapter Disposition

This study is grouped into five chapters. This first chapter covers the background of the study, research problem, research objectives, research questions, the significance of the study, and chapter disposition. The second chapter discusses the literature review of the study by looking at the theories underlying this study, the conceptual framework and empirical review. Chapter three presents the research methodology, while chapter four presents the study's findings, analysis, and discussion. The last chapter, which is chapter five looked at the summary of the findings, the conclusion and recommendations.

1.7 Summary

This chapter looked at the background to the study, problem statement, research purpose, objectives and questions, the significance of the study and how the entire study is outlined in the various chapters.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the reviewed literature on Local Economic Development (LED) and fiscal decentralisation and it is grouped into three sections. The first section presents the various concepts underpinning fiscal decentralisation and LED and the second aspect of this chapter talks about the theory used for this study. The remaining sections present the conceptual framework and empirical review of the study.

2.2 The Concept Decentralisation

This section examines the concept of decentralisation by focusing on the types of decentralisation, the advantages and challenges of fiscal decentralisation, and the forms and variables used in measuring fiscal decentralisation.

Several studies have shown that decentralisation helps in good governance and it aids in enhancing growth (Chikulo, 2000; Pike & Tomaney, 2004; Rodríguez-Pose & Sandall, 2008). It is also regarded as a wide-ranging concept which is defined by various authors to express diverse thoughts (Conyers, 1983; Falletti, 2004; Hyden & Hydén, 1983; Mawhood, 1983; Rondinelli, 1981; Rondinelli, Nelliset & Cheema, 1983; Smith, 1985). According to the World Bank (2000), decentralisation is about assigning the duties and powers of government from the central administration to quasi-independent governmental organisations, the private sector or local government authorities. Also, Rondinelli et al. (1983, p. 13) define decentralisation as “the means of transferring or delegating authority to plan and make decisions and manage public functions from the central government and its agencies to field organizations of those agencies, subordinate units of government, semi-autonomous public cooperation, area-wide development authorities,

functional authorities, autonomous local governments or non-governmental organizations.” The above definitions indicate that decentralisation serves as a means to an end and not an end in itself. This assertion is in line with the findings of Bossert (1998), who indicates that decentralisation helps achieve broader objectives such as efficiency, financial soundness and equity but not an end in itself. Therefore, putting in place the necessary measures to enhance decentralisation could help in promoting economic development.

2.2.1 Types of Decentralisation

The types of decentralisation entail fiscal, political, and administrative decentralisation. According to the World Bank (2013), the ability to distinguish between these concepts is very helpful in understanding the various types and the essence of coordination among them. Arguably, the types of decentralisation normally overlap, and that one type of decentralisation might depend on the other.

2.2.1.1 Political Decentralisation

Political decentralisation is about transferring authority from a national government to a Local Government or sub-national body (Ahwoi, 2010). It happens to be the most practiced type of decentralisation in sub-Saharan Africa (Aye, 2004; Ofei-Aboagye, 2007). Supposedly, allowing lower levels of government in decision making ensures accountability. This assertion is in line with the World Bank (2013) findings which posits that political decentralisation enhances participation and accountability since it permits citizens to be involved in decision-making. In Ghana, Article 240 of the 1992 constitution and Act 963 of the Local Government Act 2016 makes provision for political decentralisation, and the ability to carry it out very well could have a great impact on economic development. However, questions could be raised as to whether political decentralisation enhances accountability and also promotes participation. This is because most

sub-national bodies are appointed by the president, and this makes them more accountable to the central government other than the local people.

2.2.1.2 Administrative Decentralisation

Political decentralisation normally results in administrative decentralisation, and it refers to the redistribution of responsibility, financial resources and authority to sub-national bodies (World Bank, 2001). This definition is supported by Hossain (2004), who indicates that responsibilities are transferred from the central government to local institutions to manage and finance public activities under administrative decentralisation. In this regard, administrative decentralisation helps in bringing activities performed at the central level to sub-national authorities, regional units, or semi-autonomous public authorities (Devas, 1997; Yuliani, 2004). The above discussion shows that administrative decentralisation helps in waning the workload of central government and allows the local people to be involved in decision-making.

Decentralisation or Administrative decentralisation can be in the form of devolution, delegation and de-concentration (Ahwoi, 2010; World Bank, 2001). These forms seek to measure how responsibilities are transferred from the centre to sub-national authorities.

Delegation is considered an all-embracing form of decentralisation. Delegation helps in transferring responsibilities to bodies that are semi-autonomous and are not controlled by the central government but happen to be accountable to the central government (Charbit, 2011; World Bank, 2001). Delegation occurs when the government transfers responsibilities to establish a public enterprise, regional development activities, and special services. In contrast, de-concentration is regarded as the weakest form of decentralisation, and it is often used in unitary states (World Bank, 2001). De-concentration helps in the redistribution of central government's responsibilities to its various units (Santagati, Bonini & Zan, 2020; World Bank, 2001). It posits

the extent to which the central government shifts administrative responsibilities to its ministries or offices. Over here, authority remains in the bosom of the central government and in Ghana, the ministries at the regional level exhibit some form of de-concentration. Although de-concentration happens to be the weakest form of decentralisation (World Bank, 2001), it enhances decongestion. This is because it wanes overcrowding of office spaces in the national capital and reduces the centralisation of public administration systems.

Devolution is the “legal conferment of powers and the performance of specified functions by formally constituted sub-national governance structures without reference to the central authority” (Ahwoi, 2010, p. 1), and it happens to be the most preferred form of decentralisation (Ayee & Dickovick, 2010). Devolution is seen as the utmost preferred form of decentralisation since it helps in the transfer of complete responsibilities in terms of mobilizing and allocating resources to sub-national bodies that are not dependent on the devolving authority. Likewise, it is very hard to take away power that has been devolved since it will always require an amendment in the constitution. Also, Adam, Delis and Kammass (2008) argue that Local Government Authorities are mandated to recruit, employ and fire staff without any impediment from the central government under devolution.

2.2.1.3 Fiscal Decentralisation

The fiscal aspect of decentralisation is very important when undertaking a decentralisation program. For a decentralised unit to thrive well, there should be adequate sources of funds that are either raised from a local or external source. These decentralised units are also expected to have the power in making decisions on their expenditure. Fiscal decentralisation is the aspect of public finance in the broad context of decentralisation that explains expenditure and revenue across the levels of government. Fiscal decentralisation can be undertaken in various forms, such as transfer

of funds from the central government, self-financing, or a joint production (World Bank, 2001). However, Rubinchik-Pessach (2005) postulates that the exact nature of decentralisation practiced among countries differ based on how the country's local government system is structured.

Developmental agencies such as the United States Agency for International Development (USAID) and the World Bank have provided much support to fiscal decentralisation. This support has made fiscal decentralisation almost inevitable to be practiced by most countries. Besides, this has also made fiscal decentralisation contribute to developing countries' formulation and implementation of developmental strategies. In this regard, fiscal decentralisation can assist in transforming the local economy of Kwahu South Municipality. The economy of Kwahu South Municipality can be transformed because the transfer of funds from the central government, internally generated funds, co-financing activities through partnership arrangements, and donor funding can help the municipality undertake developmental initiatives.

Smoke (2001), in his findings, identified three reasons why fiscal decentralisation is vital to countries that are developing. Smoke (2001) indicated that the inability of the central government to provide economic planning measures that will promote development has necessitated the need for fiscal decentralisation. Also, fiscal challenges resulting from structural adjustment policies meant to enhance development in the public sector and the ability of developing countries to be financially autonomous provide the need for fiscal decentralisation. The assertion made by Smoke (2001) is in line with the findings of Hanif (2014), who indicates that being financially autonomous is very vital to developing countries since it enhances economic performance. The assertion made by Smoke (2001) is supported by Hanif, Wallace and Gago-de-Santoset (2020), who posits that economic performance is greatly influenced by expenditure and revenue decentralisation.

According to Bahl and Linn (1992), fiscal decentralisation as an avenue of enhancing local development can be argued from two perspectives. Namely, the mobilization of revenue at the local level and economic efficiency. The mobilization of revenue argument is supported by the fact that a decentralised tax structure system will increase revenue mobilization. The efficiency argument also postulates that fiscal decentralisation tends to move central government closer to the people and also enable local governments to become more responsible on decisions made on expenditure, hence leading to an increase in welfare (Bahl & Linn, 1992; Oates, 1972). Although a decentralised tax structure system increases revenue mobilisation, Local Government Authorities who do not have institutionalized mechanisms that are transparent and effective for tax collection can undermine revenue mobilisation. In effect, this will impede developmental initiatives. This assertion conforms to the findings of Hanif et al. (2020), who posits that a positive impact on economic development could be tempered when there are weak institutions, political instability and corruption in a society.

2.2.2 Benefits and Challenges of Fiscal Decentralisation

Decentralisation has gained much attention over the years, and this could be attributed to the benefits it provides. Fiscal decentralisation promotes economic efficiency in the provision of services (Boschmann, 2009; Gumede et al., 2019; Porcelli, 2009; Rodríguez-Pose et al., 2009). Local Government Authorities live with the people, and as a result, they can identify the exact services needed by them and the kind of problems they are going through. The above assertion is supported by Smoke (2003), who explains that Local Government Authorities are in a better position to effectively distribute resources as compared to the central government.

According to Smoke (2003), fiscal decentralisation also helps in the provision of inputs to indigenous businesses. It also assists in coordinating private and public businesses to form

partnerships, which assists in promoting Local Economic Development (Smoke, 2003). The argument here is that municipalities that can generate revenue internally will not wait for the central government to provide stimulus packages and incentives to indigenous businesses. In this regard, it will prevent municipalities from becoming client municipalities (Gumede et al., 2019). “A client municipality is a type of municipality that depends on financial support from the national and provincial government and remains dependent on the upper levels of government for its financial livelihood even though it is located within a very wealthy location” (Gumede et al., 2019, p. 63). Besides, such a municipality is not capable of passing laws that can assist in generating wealth through partnership with indigenous businesses (Gumede et al., 2019).

Fiscal decentralisation also promotes accountability in public spending (Bahl, Heredia-Ortiz, Martinez-Vazquez & Rider, 2005). The ability to send government closer to the people provides much legitimacy to sub-national government units to engage the people in Local Economic Development strategies (Jin & Rider, 2020). The findings of Jin and Rider (2020) conforms to the findings of De Mello (2006), who also supports the assertion that fiscal decentralisation propels transparency and accountability in the usage of public funds at the sub-national level. De Mello (2006) added that fiscal decentralisation promotes fiscal autonomy at the local level, transparency in fiscal governance, and enhances local economic growth, which reduces poverty.

In contrast to the above assertions on the benefits of fiscal decentralisation, scholars have also indicated some challenges associated with fiscal decentralisation. Canaleta, Pascual, Arzo, Rapun, and Garate (2004) and Sacchi and Salotti (2014) cautions that fiscal decentralisation can result in either fiscal disparities among Local Government Units or unfavourable macroeconomic conditions, which may adversely lead to a decline in economic growth. This could be a major problem because localities that cannot mobilize enough revenue will not be able to undertake

developmental initiatives compared to localities that can mobilise much revenue. Also, localities with many resources will attract more investors than localities with few resources. The assertion above conforms to the findings of Stossberg, Bartolini and Blöchliger (2016), who indicates that poor regions normally lose their competitiveness to endowed ones.

Another problem of fiscal decentralisation identified by the World Bank is that, fiscal autonomy does not necessarily improve services delivered by the sub-national government (Gumede et al., 2019). Also, the World Bank posits that there is inadequate technical and institutional capacity that seeks to devise better service plans that depict the needs of the local people (Gumede et al., 2019). This assertion is supported by Ahmad, Devarajan, Khemani and Shah (2006), who indicate that a decentralised system becomes a challenge when inadequate skills and institutional capacity are needed.

Likewise, the rate of corruption or financial indiscipline among Local Government Units (LGU) is extreme to the point that just a few Local Government Units get a clean audit from an Auditor-General (Gong, 2006; Gumede et al., 2019). The assertion above is embedded in the fact that fiscal decentralisation provides a framework for revenue, expenditure, and legal discretion in which municipalities operate. However, it does not address issues on accounting practices within municipalities, matters relating to fiscal management, supply chain management, and compliance issues on the management of finances (Davey, 2003).

2.2.3 Measuring of Fiscal Decentralisation

Various scholars have measured fiscal decentralisation from different approaches. Some scholars use the budget data approach or the district expenditure/revenue ratio to national expenditure/revenue as a proxy for fiscal decentralisation (Bodman & Hodge, 2010; Jin & Rider, 2020). With expenditure decentralisation, it is the extent to which public services such as the

management of solid waste, primary healthcare, and safety measures are provided by Local Government Authorities (Jin & Rider, 2020).

Likewise, intergovernmental transfers normally serve as the major revenue source to Local Government Units (Davoodi & Zou, 1998; Jin & Rider, 2020). Intergovernmental transfers normally serve as the major source of revenue because most Local Government Units (LGUs) in developing countries do not have the requisite tax-based system to self-finance their expenditure responsibilities. This is visible in rural areas, where subsistence farming is the major economic activity. In the case of Ghana, the central government uses the District Assemblies Common Fund (DACF) to resolve the fiscal gap that exists between LGUs expenditure and their ability to raise funds to cover expenses.

However, measuring fiscal decentralisation with local expenditure/revenue to national expenditure/revenue is not sufficient to provide a holistic or an overall form of fiscal decentralisation. This assertion is supported by Kim et al. (2013) as well as Rodríguez-Pose and Ezcurra (2011), who indicates that the use of indicators such as the share of local government revenue or spending to measure fiscal decentralisation is not satisfactory and also provides a misleading fiscal framework. Again, this assertion is supported by Martínez-vázquez and McNab (2003), who posits that how empirical studies have measured fiscal decentralisation seems to be problematic since there is no best measure for decentralisation. Martínez-vázquez and McNab (2003) added that, the use of a single dimension or form of fiscal decentralisation is a clear misrepresentation irrespective of how detailed it will be.

The World Bank (2001) posits that decentralisation is effective when there is enough intergovernmental transfer, when enough revenue is raised internally and when local or sub-national government units have the mandate to make decisions on expenditure. Again, the World

Bank (2001) and Gumede et al. (2019) posits that effective fiscal decentralisation can assume various forms. Notable among these forms is the ability of sub-national government to self-finance their activities through user charges, the ability to co-produce/finance services through labour or monetary contributions, generating local revenue through sales tax, property tax or indirect charges, intergovernmental transfers that seek to transfer funds from the central government to sub-national government units, and authorizing Local Government Units to borrow or mobilize local government resources through loan guarantees. Therefore, there is the need to consider all the various forms of fiscal decentralisation when measuring fiscal decentralisation. Besides, this will provide a holistic form of fiscal decentralisation.

2.3 The Concept Local Economic Development

Local Economic Development (LED) paves way for a decentralised system of government to be felt much (Grävingholt, Doer, Meissner, Pletziger, von Rümker & Weikert, 2006). This section discusses the concept LED by highlighting the benefits and challenges of LED, determinants or approaches to LED, the stakeholders or actors involved in LED, and partnership and participation in LED.

Local Economic Development (LED) has gained much attention over the years, and it is currently viewed as a substitute to “top-down” development initiatives (Helmsing, 2003; Nel & Rogerson, 2016; Rodríguez-Pose & Tijnstra, 2009). Although LED has gained much attention and is being regarded as an alternative approach to development across the continent, it has not been clearly defined (Mensah et al., 2013). This could be attributed to the absence of a defined theoretical model for LED (Mensah et al., 2013). The numerous definitions of LED have been centred on the various characteristics and issues surrounding LED.

Gwen, Goga and Murphy (2006, p. 1) define Local Economic Development as “the process by which public, business and non-governmental sectors partners work collectively to create better conditions for economic growth and employment generation.” Trousdale (2003, p. 1) also sees LED as a “participatory process where local people from all sectors work together to stimulate local commercial activity resulting in a resilient and sustainable economy.”

According to United States Agency for International Development, as cited in Oduro-Ofori (2011), the term local refers “to the process of valuing the endogenous potentials and making optimal use of already existing local capacities.” Also, the term economic is about “the identification of investment opportunities, supporting entrepreneurial activities and facilitating access to new markets while development refers to the process aimed at promoting an improvement in the living and working conditions of the local area through the creation of new jobs, the retention of existing jobs and the generation of income.”

The areas where LED interventions tend to focus on has been changing over time. According to Helmsing (2001), the focal areas of LED initiatives is enterprise development, community-based economic development and locality development. However, Akudugu and Laube (2013) indicate that the focal areas for LED programmes are greatly influenced by donor agencies and local government. They further reiterated that; in some areas, all stakeholders have much influence on the focal areas of LED initiatives, while in other areas, it is the private sector only.

Ghana as a state has initiated a series of strategies to promote LED, and this is evident in the various developmental strategies, legislative and institutional frameworks (Mensah et al., 2013). Besides, international organisations responsible for development such as the International Labour Organisation (ILO), Deutsche Gesellschaft für Internationale (GTZ), and the United Nations Development Programmes (UNDP), has also been instrumental in terms of designing, financing,

formulation and the implementation of LED initiatives in Ghana. Most importantly, their participation has rejuvenated the attention on LED leading to the enactment of Ghana's national LED policy (Akudugu & Laube, 2013).

2.3.1 Benefits and Challenges of LED

In recent times, Local Economic Development (LED) has become imperative to countries that are now developing due to the benefits it renders. LED is seen as a means of resolving unemployment problems through employment creation in various localities. This assertion is supported by Mensah et al. (2013) who posits that LED helps in the creation of jobs and also serve as a podium which brings "all hands on deck" in designing suitable answers that helps in waning the rate of unemployment. This also conforms to the findings of Gooneratne and Mbilinyi (1992) who indicates that initiatives at the local level serve as the only avenue that ensures the survival and existence of the marginalized or the poor.

Local Economic Development also propels citizens to participate in entrepreneurial activities and also provides a conducive environment that seeks to develop the capacity of individuals within a locality (Hill & Nel, 2004). Hill and Nel (2004) added that the objective of every LED activity is to increase employment by creating and encouraging business activities. However, to be able to let this benefit come into reality, there must be the need to mobilise entrepreneurial resources which will enable the jobs been created to be utilized by the local people.

Vázquez-Barquero (2002) also highlight some benefits associated with LED and notable among them are; the provision of employment opportunities, providing infrastructure development such as roads and markets that seeks to boost economic activities, increasing of household income to equip individuals with skills that will help in enhancing their productivity and poverty reduction. The assertion made by Vázquez-Barquero (2002) is in line with the findings of Canzanelli (2001)

who posits that LED ensures social inclusion, a reduction in poverty and boosting of economic activities. In as much LED promotes social inclusion. This can only be effective when the stakeholders of LED are brought on board in the implementation of LED initiatives.

In spite of all the benefits mentioned above, LED is confronted with a number of challenges that serve as an impediment to the overall concept of LED. A major problem associated with the implementation of LED initiatives is inadequate skilled personnel. According to the UNDP (2003) inadequate skilled personnel makes the implementation of LED cumbersome. This problem has been explained by Smith (1998), who indicates that local authorities do not have the necessary capacities or skills to provide a conducive environment for fostering partnership in undertaking LED activities. Likewise, similar observations have been made by Taylor and Mackenzie (1992), who posits that the performance of firms at the local level is hindered by lack of technical know-how, administrative issues and social pressure. Dere (2001) also aligned the challenges of LED to human factors such as insufficient information systems, poor attitude towards work, no clear-cut responsibilities and inadequate feedbacks.

Despite the immense benefits provided by the various actors/stakeholders involved in LED, managing all these actors in the event of formulating an LED initiative could be problematic. This assertion is supported by the UNDP (2003), who posits that there are inadequate horizontal and vertical linkages between the various actors. This leads to duplication of functions, and this impedes the implementation of LED initiatives. Also, varying opinions from the respective stakeholders could slow decision making. Likewise, an evaluation exercise conducted by the UNDP on LED initiatives in South Africa observed that the manner in which the local people define an LED problem and how such problems are identified is a major problem affecting LED (Mensah et al., 2013).

2.3.2 Measuring of LED

To examine how fiscal decentralisation contributes to LED, one must first consider the various indicators that will be used as LED. However, Wong (2002) posits that a holistic or all-inclusive nature of Local Economic Development (LED) makes it tedious to comprehend the relations between the various socio-economic variables required in LED. Likewise, Michalek and Zarnekow (2012) posit that using one indicator such as Gross Domestic Product (GDP) or perhaps GDP per Capita to measure economic development for a particular area is insufficient. This is because it does not consider other forms of development like social and environmental factors (Michalek & Zarnekow, 2012). Also, GDP is not sufficient to measure LED since activities in the informal sector are not considered when computing for GDP. However, most people who live in rural areas normally constitute the informal sector. Therefore, using GDP as a measurement of LED can sideline some groups of people within the informal sector. Therefore, the appropriate way of measuring LED is to adopt a multiplicity of indicators that will serve as a proxy for each dimension under LED. This assertion is supported by Michalek and Zarnekow (2012) and Pavel and Moldovan (2019), who posits that the variables used in measuring LED should be sufficient to cover various facet of economic development.

Simms, Freshwater and Ward (2014) have grouped LED initiatives into six, and this entails spatial location, revenue, demography, basic services, economic structure and governance. According to Helmsing (2003), LED initiatives include research promotion, export promotion, reduction of cost through lower incentives, and provision of subsidies on inputs.

In Ghana, the Kpandai District Assembly (2010) indicates that LED initiatives entail establishing business associations, providing infrastructure to facilitate trade activities, and enhancing artisan skills. Also, Mensah et al. (2013) indicate that LED programmes entail human resource

development, the ability to attract investors, a good business environment aimed at boosting local businesses, provision of infrastructure and encouraging new businesses.

Although the various programmes of LED provided by Helmsing (2003); Kpandai District Assembly (2010); Mensah et al. (2013), and Simms et al. (2014) cover major aspects of economic development, Wong (2002) provides a more multidimensional way of measuring LED since it covers social, physical and economic dimensions of LED.

Wong (2002) classified LED initiatives into 11 factors: “locational, physical, infrastructural factors, human resources, capital and finance, knowledge and technology, industrial structure, quality of life, business culture, business culture, community identity and image, and institutional capacity.”

2.3.2.1 Wong’s Approach of Measuring LED

Wong (2002) 11 typologies on Local Economic Development can be grouped into intangible and traditional factors. The traditional factors are the various factors that have received scholarly attention over the years from neo-classical economists like Ricardo (1817) and industrial geographers like Weber (1909). This tends to focus on the qualitative aspect of production factors. In recent times, there has been a shift in attention from the traditional factors to intangible factors, and this entails the quality of living, institutional capacity, and business culture (Johnson & Rasker, 1995). Concerning Wong’s determining factors of LED, “Locational factors, physical factors, infrastructural factors, human resources, capital and finance, knowledge and technology, and industrial structure serves as the traditional factors while quality of life, business culture, institutional capacity as well as community identity and image serves as the intangible factors” (Wong, 2002, pp. 1835–1837). In as much as Wong’s approach of measuring LED is multidimensional and covers a wide range of economic development indicators, these indicators

were carved from a study conducted in the United Kingdom (UK) and focused on LED in the UK. Therefore, questions could be asked as to whether it will be more appropriate to use it in Ghana. However, these factors will be appropriate in Ghana since it is multidimensional in nature, and it entails factors that are applicable in Ghana.

Locational Factors

Locational factors refer to “attributes external to an area; the accessibility advantage gained from the spatial interplay between an area and its partners in the production and consumption process—for example, the markets, the suppliers, major business centres” (Wong, 2002, p. 1836). Begg and Cameron (1988) and Debbage and Rees (1991) support locational factors as a determinant of LED. From the findings of Begg and Cameron (1988), getting access to potential markets and suppliers happens to be one of the factors cited on several occasions as a determinant of LED. Wong (2002) posit that location is not about internal qualities. However, it is about traits that are external to a particular area. Besides, a locational advantage is gained due to the relationship between physical location, which cannot be changed, such as infrastructure, accessibility and communication networks (Wong, 2002). Getting access to major airports, good railway services and roads to business service centres, markets and suppliers is used as a proxy in measuring locational factors (Wong, 2002).

Physical Factors

Physical factors are defined as the “availability and cost of suitable sites, premises and other built environment resources for development” (Wong, 2002, p. 1836). Providing appropriate site buildings is regarded as a universal LED initiative (Blakely, 1994; Herrschel, 1995). Physical factors are necessary for the developmental process since many technologies used for production are space-consuming (Wong, 2002). Besides, in areas where the populace is not much inclined to

the usage of technology in order for them to have online shops, it will be much prudent to have a number of physical shops for renting to assist those who cannot afford a parcel of land to build a shop. According to Townroe (1976), available land and premises can aid inadequate space for deliveries, parking slots for cars and expansion. According to Wong (2002), factory space, office space, and parking slots can measure physical factors.

Knowledge and Technology

Knowledge and technology entail activities in research, technological innovation and knowledge development (Wong, 2002). Technological innovation and entrepreneurship play a very vital role in economic development. Acemoglu, Aghion, and Zilibotti (2006) also assert that technological advancement contributes immensely to local economic growth. This assertion is in line with the findings of Batabyal and Nijkamp (2014). Likewise, Hall, Breheny, McQuaid and Hart (1987) posit that knowledge infrastructure is related to research and institutions that assist in innovations, and an example is universities. This is further argued by Malecki and Bradbury (1992), who supports the assertion made by Hall et al. (1987). They explained that the purpose of local universities is to upgrade people's skills rather than providing recruitment opportunities.

Quality of Life

Contributing factors to quality of life such as good environment and required living or working conditions contributes immensely to economic growth and also create jobs by helping to retain existing local businesses (Bosman & de Smidt, 1993; Gao, Yang & Ma 2019; Hall et al., 1987; Poliduts & Kapkaev, 2015). Geographers define quality of life from the perspective of non-market public goods such as environmental amenities, climate, and public services (Rogerson, Morris & Coombes, 1989). However, studies relating to economics tend to add income levels to their measurement (Stover & Leven, 1992).

Infrastructural Factors

The definition for infrastructural and locational factors tends to be fuzzy. This is due to the relational attributes between them (Wong, 2002), which tends to create a problem in classifying them. There is also a challenge in defining infrastructure since it can fit into most categories (Biehl, 1986; Coombes, Wong, and Raybould, 1993). The other factors in which infrastructure can fit into are physical factors, locational, knowledge and technology (Wong, 2002). Infrastructural factors entails public and capital goods that ease economic development (Biehl, 1986). The findings of Prud'homme (2004) indicates that effective and efficient infrastructural facility plays an instrumental role in the growth of an economy since it reduces trade barrier. Wong (2002) used indicators such as the quality of public transport and road traffic capacity to measure infrastructural factors. Also, some infrastructural factors (public and capital goods) include roads, street lights, and communication networks.

Human Resource Development

Human resources “include the availability, participation level, quality, attitude, cost and other characteristics of the workforce” (Wong, 2002, p. 1836). This entails income distribution, per capita income (Hasan, 2013), and training programmes that seek to enhance indigenous skills and reduce unemployment (Wong, 2002).

Finance and Capital Venture

Finance and capital are the available financial resources like credit facilities and grants used to promote local businesses to enhance economic development (Wong, 2002). Venture capital seems to be more appropriate to local businesses and very vital for LED. This is because venture capitalists provide business skills and equity finance to set and manage a business (Florida & Kenney, 1988).

Business Culture

Business culture “refers to the entrepreneurship and the dynamics of indigenous business activities such as the ability of business start-ups and the capacity of existing businesses to innovate and adapt” (Wong, 2002, p. 1836). Wong (2002) measures business culture by looking at death rates and vitality rates of Small, Medium, and Scale Enterprises (SMEs).

Industrial Structure

“Industrial structure refers to the mix of industrial sectors in an economy” (Wong, 2002 p. 1836). Areas with industrial activities tend to have a competitive advantage, and this has a significant impact on LED (Howells & Green, 1988). According to Wong (2002), industrial structures does not create only employment opportunities. However, it breeds competitiveness among businesses in a locality which in effect also enhances economic development.

Community Identity and Image

According to Wong (2002), community and identity image entails the extent of mutual coordination and social image responsiveness of the people living in the community and their attitude towards the development of businesses in the community.

Institutional Capacity

Institutional capacity is seen to be one of the factors that affect Local Economic Development. It “refers to the coherence of local policies and the co-operation among local actors to support and assist economic development activities” (Wong, 2002, p. 1843). The intervening capacity of organisations like NGOs, donor funds, chambers of commerce and other agencies play an instrumental role in the LED process (Bennett, 1991).

2.3.3 Actors Involved in Local Economic Development

To develop a good institutional framework on LED, the actors involved in LED initiatives are supposed to be given much attention concerning their functions and the level of influence they can exert (Oduro-Ofori, 2016). The actors of LED can be categorized into three. Namely, the public sector, private sector and civil society groups.

The civil society group/sector entails NGO's and community-based organisations. An NGO could be an international or local organization responsible for undertaking developmental work in a particular area to make profit or not to make profit. This group entails traditional institutions and government systems as well. In the Ghanaian context, many stakeholders in this category are traditional authorities. Most lands in Ghana happen to be stool lands, and they are controlled by traditional authorities who happen to be heads of communities. Their objective is to enhance the standard of living of their people. This category of stakeholders also covers international development agencies.

Another sector that serves as an actor in LED is the public sector. The essence of involving the public sector can be attributed to several reasons, and one of these reasons is market failure. It is the duty of government to intervene in activities where the private sector cannot operate effectively and efficiently due to the risk associated with it and positive and negative externalities. Also, it is the duty of government to make available essential goods and services irrespective of people's ability to afford such goods and services (Manuel, 1997). When such goods and services are left in the hands of the private sector, whose aim is to make a profit, the very few who will help the private sector maximize profit will afford these goods and services at the expense of the marginalized who cannot afford. Some stakeholders within the public sector entail Local

Government Units and their institutions or agencies, elected councils and sector boards authorities like education and health (Grävingholt et al., 2006).

Also, the private sector serves as a major actor in LED, whose primary aim is to make profit. Generally, this sector is capable of creating jobs and generating investments. The private sector is endowed with a variety of resources (managerial/technical skills), which can contribute immensely to LED. The private sector entails large corporations and SMEs, chamber of commerce and financial groups (Grävingholt et al., 2006). Table 2.1 provides the categories of the various actors involved in the LED process.

Table 2.1: Actors Involved in LED Process

Public Sector	Private Sector	Civil Society
<ul style="list-style-type: none"> ➤ Local government authorities ➤ Regional government Authorities 	<ul style="list-style-type: none"> ➤ Think thanks ➤ Large firms ➤ SMEs ➤ Chamber of Commerce ➤ Land and Real Estate Developers ➤ Financial Groups 	<ul style="list-style-type: none"> ➤ Community Service groups ➤ Local/Community leaders ➤ Local Educational Institutions ➤ NGOs

(Source: Adopted from Beyer, Sharma and Peterson (2003, p. 18))

2.3.4 Partnership and Participation in LED

According to Thiessen (2003), Local Economic Development (LED) tends to positively impact economic growth. A number of models have also been adopted to promote LED, and notable among them is the World Bank City Development Strategies (CDS) Model and the GTZ LED framework and Hexagon model (Gwen et al., 2006; Hindson, 2007; Patterson, 2008). However, Beyer et al. (2003) posit that regardless of the LED model adopted, most developmental models focus on two major components and these are partnership and participation. Beyer et al. (2003)

further reiterated that the anticipated prospects of Local Economic Development are entrenched in the breadth and depth of individuals and organisations responsible for undertaking LED initiatives.

Partnership and participation provide two relevant outcomes of Local Economic Development strategies. Namely, poverty reduction and economic growth (Beyer et al., 2003). Also, the formation of LED strategies is dependent on Local Government Authorities ability to involve a wide range of actors responsible for planning and making decisions. Besides, local authorities are expected to engage civil society groups, including the poor, vulnerable, marginalized and ordinary people, who will air their grievances on poverty reduction and equitable distribution of resources and services.

2.3.4.1 Participation

Participation and partnership and many other terms in development have been overused and ambiguously defined (Beyer et al., 2003). Participation in the setting of governance can be defined as a forum of exchange that is designed to facilitate communication among firms, citizens, interest groups and government over an issue (Hemmati, Dodds, Enyati & McHarry, 2002). Ideally, participation seeks to provide results (Hemmati et al., 2002). The first result is to strengthen and enhance democratic governance, and this is the extent to which civil societies are involved in decision making. The second desirable result is that it ensures efficient and demand-driven services, as well as economic prospects and this is the ability to involve a series of actors who will help in making meaningful decisions on the various services provided. This assertion conforms to the findings of Michels (2011), who posit that participation has a positive impact on democracy since it increases civic skills, public engagement and knowledge. Michels (2011) further reiterated that the impact of participation on democracy is dependent on the kind of democratic reforms been instituted.

In as much as participation is required in building the trust needed for economic development, there must be a balance between equity and efficiency (Beyer et al., 2003). Equity of access in the decision-making process needs to be balanced with efficiency in providing LED initiatives. Implementers of LED initiatives must carefully select who to include and at what stage in the process should they be involved, and the extent to which they can maintain their involvement.

2.3.4.2 Partnership

In the initial stages of development, there is the need to have a leader who will determine the extent of participation of the various actors involved. However, as planning becomes comprehensive, it is expected of the various actors to transform their relation into partnership (Beyer et al., 2003). Participation seeks to address the nature of inclusion and the degree of civil society participation. However, partnership seeks to transmute a mere inclusion into productive and equitable working relationships. Partnership is defined by Mitchell-Weaver and Manning (1991) as a series of institutional associations between actors such as civil societies and the private sector. Unlike participation, partnership entails a more formal relationship with explicit defined roles and responsibilities for the various actors involved in LED initiatives.

From the aforementioned definitions of participation and partnership, it must be noted that the nature of projects can lose the extent of participation as it becomes complicated. Once the project gets to the implementation stage, there will be a series of activities to implement. Besides, several decisions need to be made through consultations to maintain the same level of participation. Taking decisions at this level is time consuming and costly. Therefore, in situations where actors become comfortable with their respective responsibilities and their roles become more regularized, there must be a need to form partnerships (Beyer et al., 2003).

There are several types of Public Private Partnership (PPP) across the globe. Most of these types of PPP operate similarly but with different names pertaining to where it is being used. Some of the main types of PPP are mentioned as follows.

Build Operate Transfer (BOT)

Build Operate Transfer is a type of Public-Private Partnership that allows the private sector to provide the requisite resources needed for undertaking a project. Under this type of partnership, the private sector builds and manages the project over a stipulated time frame (World Bank, 2020a). The time frame is between five (5) to thirty (30), as indicated in Ghana's framework on PPP. The public sector assumes full ownership of the project after the stipulated time frame expected for the private sector to manage the project has elapsed.

BOT could also be regarded as a form of concession. Over here, the private entity is expected to own the project during the operational period provided in the contract (World Bank, 2020a). During this era, the private operator would have to recoup its investment, which could be done through user charges. The facility is handed over to the public sector at the end of the operational period. The operational period is perceived to be sufficient for the private entity to recoup its investment and earn a profit.

Build Transfer Operate (BTO)

The BTO type of PPP is synonymous with that of BOT. However, the transfer of ownership from the private entity to the public sector occurs when the facility has been completed.

Build Own Operate (BOO)

Build Own Operate (BOO) Public-Private Partnership (PPP) is a type of PPP that allows a private entity to own and run a facility. Under this type of partnership, the private entity provides the

funding, build and manage the facility without transferring the facility to the public sector in the future (World Bank, 2020a).

Joint Venture

Joint Venture is a type of PPP that allows the private and public sectors to finance and construct a facility jointly. Over here, the facility is financed, owned and managed by the public and private sector (Grimsey & Lewis, 2004). This type of PPP can assume two forms. That is “a partnership with a profit-sharing arrangement created for a specific purpose and a contractual consortium in which the parties work together on a specific project without a profit-sharing option” (Alidu, 2018, p. 7).

Leasing

Leasing allows the public sector to transfer the risk in investment to a private entity. Under leasing, the public sector constructs a facility and later contracts a private entity for its operation (World Bank, 2020b).

Management Contracts/ Operation and Maintenance Contracts

Under this type of Public-Private Partnership, the private entity is usually contracted to manage a facility which is public owned (World Bank, 2020c). However, this type of PPP has a short period of time, and it is usually limited to two (2) to (5) five years (World Bank, 2020c).

2.4 Theoretical Review

A study conducted on how fiscal decentralisation contributes to Local Economic Development needs to be guided by theories that underpin the concept. Although much attention has been given to LED, a complete theory for LED is yet to be established (Malizia, Feser, Renski & Drucker, 2020; Rogerson, 2010). Nevertheless, there are several theories that are adequate to explain the

concepts underpinning this study. This section seeks to place the study within the context of stakeholder theory.

2.4.1 Stakeholder Theory

Decentralisation and Local Economic Development is practiced in the midst of many actors. These actors play a vital role in promoting LED, and they cannot be undermined when one seeks to achieve a successful LED initiative. It is vital to examine the conceptual issues surrounding the actors involved in LED programmes. Therefore, attention has been given to the stakeholder theory.

Richard Freeman propounded the stakeholder theory, and it was published in 1984 (Gomes, 2006; Stieb, 2009). The stakeholder theory describes the relationship between a group of people or an organization and its environment. The main assumption underpinning this theory is that, the extent to which an organization is said to be effective is dependent on how the organization can satisfy everyone who has a stake in the organization (Freeman, 1984). Freeman defined a stakeholder as “an individual, group, or organization who may affect, be affected by, or perceive itself to be affected by a decision, activity, or outcome of a project” (Nangoli, Namiyingo, Namono, Jaaza, & Ngoma, 2016, p. 183). The stakeholder theory has become very relevant in projects that seek to empower the less privileged (Nangoli et al., 2016; Nalweyiso, Waswa, Namiyingo & Nangoli, 2015; Savage, Nix, Whitehead & Blair, 1991).

Applying the stakeholder theory in the public sector is in line with the New Public Management theory (Gaebler, 1993). The New Public Management theory allows activities practiced in the private sector to be carried out in the public sector, provided it will be effective. Stakeholder analysis in the public sector context can be observed from two viewpoints: the permissive and mandatory stakeholders (Ahenkan et al., 2013). Mandatory stakeholders are the stakeholders who are required by law to be stakeholders. According to Gilson et al. (2012, p. 166), mandatory

stakeholders are “formal bureaucratic and political authority” who has the legitimacy to take decisions. Permissive stakeholders also constitute interest advocates and interest wielders (Ahenkan et al., 2013). Interest wielders entail stakeholders whose interest can be affected by a policy, while interest advocates are stakeholders who defend interest wielders (Ahenkan et al., 2013). In the context of LED, mandatory stakeholders are Local Government Authorities who happens to be the main actors of LED and are mandated by law to spearhead developmental initiatives in various localities. Also, permissive stakeholders could be community members who are direct beneficiaries of LED initiatives, the private sector who can support LED activities, and civil society organisations.

The stakeholder theory posits that when actors who have a stake in projects are involved in shaping decisions through participation, the interest of such stakeholders will be addressed. Involving these actors will lead to the perceived success of the project in terms of the quality and delivery of the project (Donaldson, 2003; Nangoli et al., 2016; Phillips, 2003). The stakeholder theory is applicable in this study because LED entails many stakeholders who need to be engaged to promote LED. The theory also emphasizes on the need to engage the various LED actors.

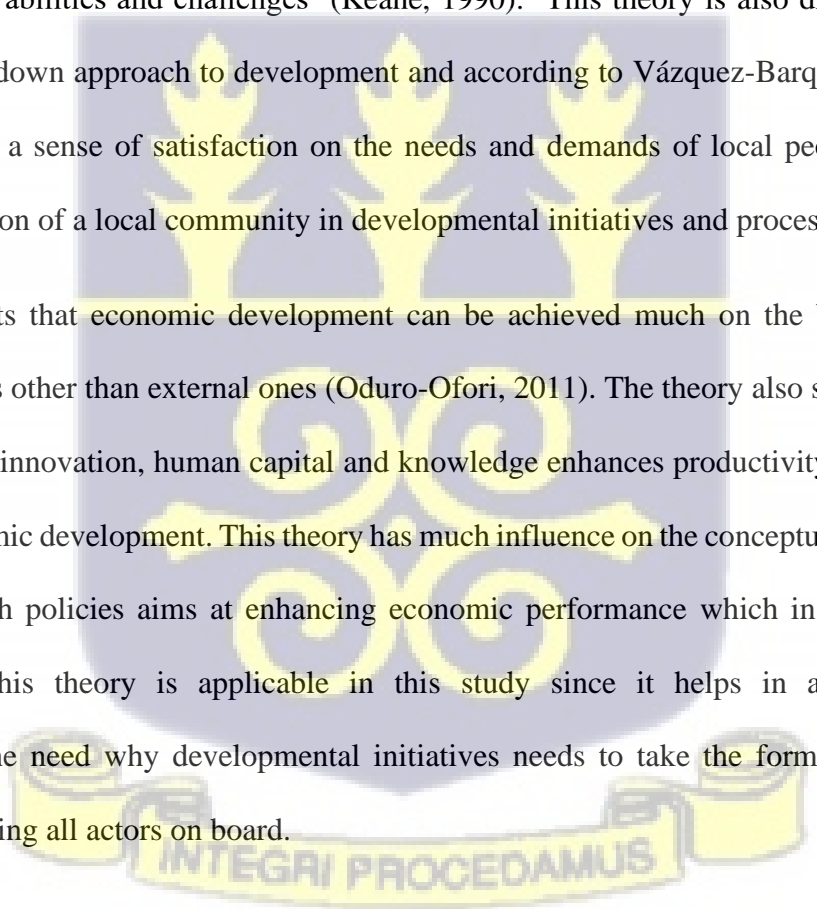
Although this theory is vital in the relationship between an entity and its stakeholders, it has its shortcomings. The theory fails to explain the complexities of the relationship between an entity and its stakeholders (Jones & Wicks, 1999). Despite the shortfalls of this theory, the theory is applicable in the context of this study because it helps in finding out why Local Government Units (LGUs), who are major actors of LED, needs to spearhead LED through the activities of fiscal decentralisation and also involve other actors like community members. It will also help in knowing the role of actors like private sector organisations in LED activities and the need to involve them. The stakeholder theory also helps in scanning an organizational environment in

order to identify threats that can be avoided and opportunities that can be embraced (Freeman, 1984). With this assertion in mind, the theory helps in knowing when and how to involve LED actors, the issues they are concerned about and how to address these concerns.

2.4.2 Endogenous Growth Theory

Theoretically, the concept LED and decentralised form of governance is rooted in endogenous growth theory which postulates that, the enhancement in the socio-economic conditions of a locality can be achieved by identifying and enlivening the resources of a respective locality (Ray, 1997). This theory advocates that development needs to be contextualized on the auspices of a locality's needs, abilities and challenges (Keane, 1990). This theory is also different from the exogeneous top down approach to development and according to Vázquez-Barquero (2002), this theory promotes a sense of satisfaction on the needs and demands of local people through the active participation of a local community in developmental initiatives and processes.

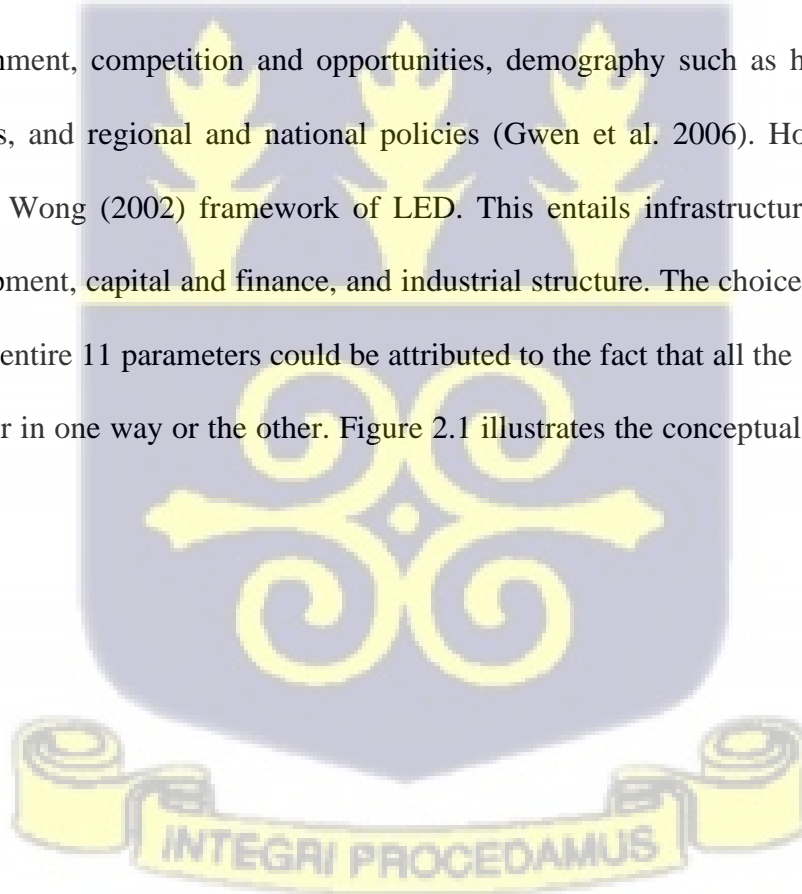
The theory posits that economic development can be achieved much on the basis of internal economic factors other than external ones (Oduro-Ofori, 2011). The theory also stems on the idea that advances in innovation, human capital and knowledge enhances productivity which in effect promotes economic development. This theory has much influence on the conceptualization of local policies and such policies aims at enhancing economic performance which in effect promotes development. This theory is applicable in this study since it helps in appreciating and understanding the need why developmental initiatives needs to take the form of a bottom-up approach by getting all actors on board.

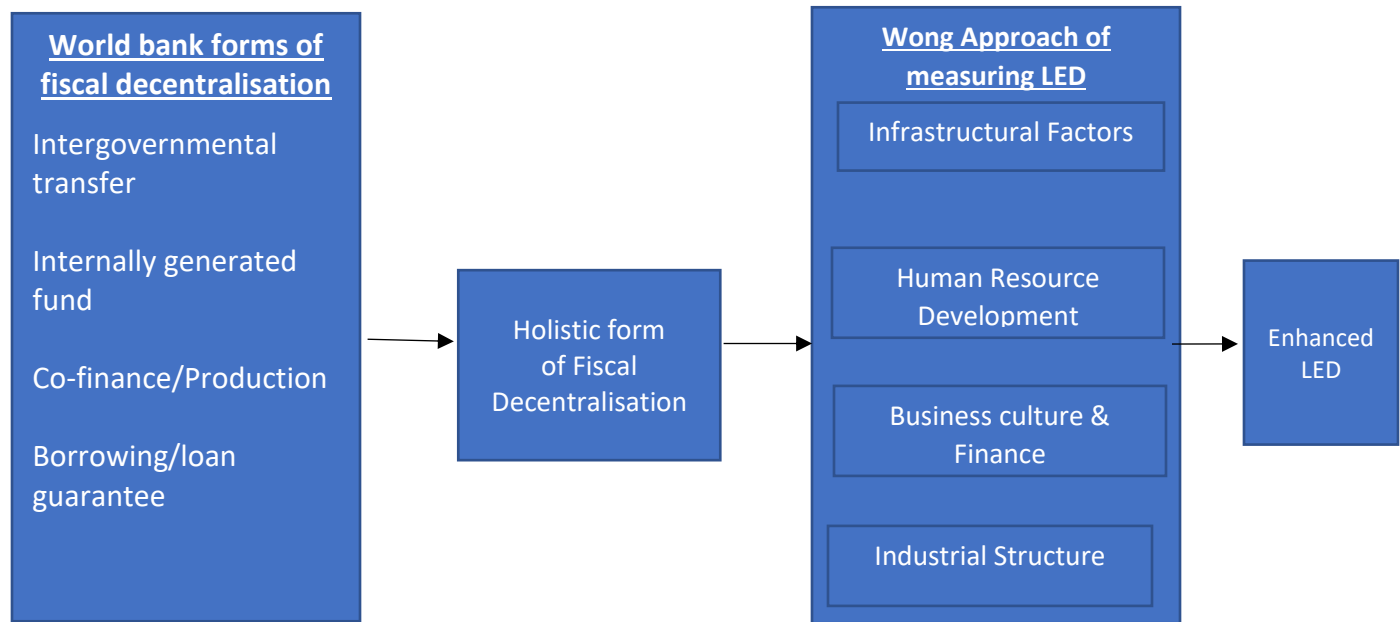


2.5 Conceptual Framework

The conceptual framework of this study is designed to explain that economic development is conceivable in districts whose forms of fiscal decentralisation is effectively practiced. Notable among these forms of fiscal decentralisation is the ability to self-finance or co-produce projects with LED actors, improved Internally Generated Funds collection methods, and effective and consistent inter-governmental transfer (Gumede et al., 2019; World Bank, 2001). This assertion is based on reviewed literature of fiscal decentralisation. In this regard, improving the various forms of fiscal decentralisation will assist in promoting LED initiatives in the Kwahu South Municipality.

However, improved LED could be based on several factors. These factors include infrastructure, business environment, competition and opportunities, demography such as human capital and human resources, and regional and national policies (Gwen et al. 2006). However, this study adopted four of Wong (2002) framework of LED. This entails infrastructural factors, human resource development, capital and finance, and industrial structure. The choice of selecting these four and not the entire 11 parameters could be attributed to the fact that all the 11 parameters can fit into these four in one way or the other. Figure 2.1 illustrates the conceptual framework of the study.





(Source: Adopted from Wong (2002, p. 1835–1837) and World Bank (2001))

Figure 2.1: Conceptual Model

From figure 2.1, the arrow pointing at holistic form of fiscal decentralisation implies that looking at all the various forms of fiscal decentralisation will help provide much understanding of the contribution of fiscal decentralisation to development. Some developmental initiatives could be financed through Internally Generated Funds (IGFs), while others could be done through intergovernmental transfers. Therefore, taking a single form of fiscal decentralisation might sideline some initiatives undertaken through the activities of fiscal decentralisation. In this regard, all the various forms of fiscal decentralisation will be put together to form one component.

Also, the arrow pointing at Wong (2002) parameters of measuring LED indicates that a holistic form of fiscal decentralisation will help in getting access to these LED strategies (infrastructural, capital and finance, industrial structure and human resource development). Therefore, implementing these LED strategies will assist in enhancing Local Economic Development (LED).

2.6 Empirical Review

This section of the study presents an empirical review of studies related to the objectives of this study. This section is grouped into four broad categories. Namely, general studies conducted on LED, studies conducted on the relationship between fiscal decentralisation and economic development, partnership and participation under Local Economic Development and studies on the politics of decentralization.

2.6.1 General Studies on Local Economic Development

The success of Local Economic Development could be achieved when the needed attention is given to institutional and policy frameworks. As a result of this, many studies have been conducted on policy and institutional frameworks of LED. Using relevant policy documents and interviews, Akudugu (2018) examined the various measures taken to institutionalise LED in Ghana. Akudugu (2018) found out that the various measures used as the means of Institutionalising LED have proven ineffective. From the findings of Akudugu (2018) institutional frameworks such as “structuring development policymaking and planning” in the country do not facilitate bottom-up developmental approaches and decision-making process. Akudugu (2018) also reiterated that there is no political will to implement reforms that seeks to make District Assemblies more responsible for the promotion LED.

The findings of Akudugu (2018) are similar to the findings of Oduro-Ofori (2016). Oduro-Ofori (2016) indicates that the various institutional frameworks that support districts assemblies to promote LED do not indicate what District Assemblies are expected to do and how things are supposed to be done. Oduro-Ofori (2016) added that such frameworks do not provide requisite sanctions to district assemblies who fail to involve themselves in LED activities.

Mensah et al. (2017) also examined the policy aspect of LED in Ghana by drawing their findings from existing studies and vital policy documents. They looked at the status of policy and practice of LED in Ghana and the various measures adopted by international development agencies that helped in the formulation and implementation of LED initiatives in Ghana. Mensah et al. (2017) named the years that preceded 1987 as “lost decades of LED implementation” since developmental plans were top-down in nature. They further described the period from 1988 as the “policy maturity stage” since that is when Ghana began the implementation of decentralisation, the promulgation of Ghana’s 1992 constitution, policy frameworks on national LED, and the enactment of various Acts of parliament.

Mensah et al. (2017) found out that, LED in Ghana is embedded more in policy than practice. They indicated that there had not been any real LED implementation despite the numerous policy documents on LED. Also, Mensah et al. (2017) posited that international developmental agencies have assisted in enhancing LED in Ghana. They further reiterated that LED in Ghana is at its “start-up level.” This is because very few districts have undertaken LED initiatives, specifically in areas where developmental agencies offer support. The assertion made by Mensah et al. (2017) that LED in Ghana is at its beginning or start up stage after decades of its implementation as well as the findings of Akudugu (2018) and Oduro-Ofori (2016) calls for the need in finding out the challenges associated with LED and the necessary conditions for enhancing LED.

Also, several studies have been conducted on the factors that have increased the interest in LED. Studies conducted in Africa on LED have shown that economic problems, unemployment issues, poverty, the failure of top-down development initiatives, and a decline in industrial activities have necessitated the need for LED initiatives (Helmsing, 2003; Rodríguez-Pose & Tijmstra, 2005). Likewise, Yatta (2015) linked the increase of LED in Africa to the 2008 economic crisis,

globalization, high population growth rate, and urbanization. In South Africa, LED has become very important and has been implemented due to the employment opportunities it provides (Koma, 2012). The studies discussed above were not conducted in Ghana, and the findings indicate that various countries have their own reasons for implementing LED. Therefore, the reasons identified in some African countries could not be juxtaposed in the Ghanaian context. This calls for the need in finding out the factors that have dictated the need for LED initiatives in Ghana.

2.6.2 The Link between Fiscal Decentralisation and Economic Development

The quest to find out the various measures that can promote economic development has necessitated the need to examine the relationship between fiscal decentralisation and economic development. As a result, many findings have been provided on the linkage between economic development and fiscal decentralisation. Some studies found a positive relationship, while others found a negative relationship. However, other studies did not find any significant relationship.

Imi (2005) found a positive and significant relationship between fiscal decentralisation and GDP per Capita among 51 countries with different income levels from 1991-2001. Bloechliger and Égert (2013) also found a positive and significant relationship between fiscal decentralisation and GDP per capita among OECD countries from 1970-2010. Using a panel regression analysis, Buser (2011) also looked at how revenue and expenditure decentralisation affect high income earned 20 OECD countries from 1972-2005. He found out that the decentralisation of expenditure and revenue to local government units tends to increase income at a decreasing rate.

Sagbas, Huseyin, and Mushin (2005) examined the relationship between fiscal decentralisation and economic growth in Turkey from 1982-2002. They used a Johansen co-integration and cross-section times series data and found a negative relationship between fiscal decentralisation and economic growth. Rodríguez-Pose et al. (2009) also found a negative correlation between national

economic growth expenditure and intergovernmental transfers to Local Government Units in Europe. Again Rodríguez-Pose and Ezcurra (2011) found out that there is a negative relationship between fiscal decentralisation and economic growth among OECD countries. Rodríguez-Pose and Gill (2005) also reviewed empirical studies conducted on fiscal decentralisation and economic development and concluded that the relationship between these two variables happens to be inconclusive. These findings also conformed to the findings of Nguyen and Anwar (2011).

Although some studies have been conducted on fiscal decentralisation and economic development, most of these studies measured economic development at the national level. These studies did not pay much attention at the local level. Most of these studies used a country as their unit of analysis. This study therefore complements existing studies that have used countries as their unit of analysis by looking at a Local Government Unit, specifically Kwahu South Municipality. The purpose of using a small unit analysis is embedded in the assertions of Stansel (2005) who posit that using a country as a unit of analysis could be challenging as a result of differences in culture and institutions.

Also, these studies focused on economic growth and used GDP as a proxy to measure economic growth. However, economic growth is not sufficient to measure economic development. Economic growth is just a segment of economic development (Zhuravskaya, 2000). Besides, economic development entails economic growth, standard of living, freedom from oppression, and improvement in self-esteem needs (Trah, 2004).

Very few studies have been done on fiscal decentralisation and Local Economic Development. For instance, Bartlett et al. (2020) looked at the relationship between fiscal decentralisation and economic development in Serbia by using a cross-section time series regression analysis. Bartlett et al. (2020) used local employment to measure economic development, which was the dependent

variable. They found out that there is a positive relationship between public expenditure and economic development. They also found out that investment per capita positively has a positive relationship with economic development and concluded that fiscal decentralisation has enhanced local economic development in Serbia.

Gil-Serrate et al. (2011) also examined the relationship between fiscal decentralisation and regional growth. They used revenue autonomy as a measure of fiscal decentralisation, and they found out that revenue autonomy of regional governments has a marginal positive impact on regional growth. They justified this by saying that most regions do not utilize their revenue completely. However, this study only looked at how Internally Generated Funds impact regional growth. Innocents (2011) also sort to find out whether fiscal decentralisation can promote LED. However, in an attempt to answer this question, Innocents (2011) examined the contribution of fiscal decentralisation in the fight against corruption that feeds into economic crisis. However, this study did not indicate how fiscal decentralisation has supported LED initiatives. Despite all these studies conducted, this study seeks to examine how fiscal decentralisation affects LED in Ghana, specifically Kwahu South Municipality, using Wong LED factors. Using these factors will be sufficient enough to tell whether fiscal decentralisation contributes to LED or not. This is because it entails determining factors of LED that are multi-dimensional in nature since it covers the informal and formal sector.

2.6.3 Empirical Review on Partnership and Participation in LED

Partnership and participation among the various LED actors, being private, community or voluntary based organisations, is essential. Raco (2000) examined local political relations in governance and issues about the involvement of community members in LED. He first examined the role of communities in urban policy and the strength and weaknesses of developing

community-based initiatives. He later examined the role played by groups that are community-based in urban policy in Cardiff Bay, South Wales.

According to Raco (2000), partnership plays a significant role in establishing policy frameworks, coordinating private and public sector activities, and the involvement of varying segments of the community. Raco (2000) further argued that developing a community should be seen as a process and that voluntary partnerships may not engage a wide range of community interests. However, it will result in the over-exploitation of the “so-called responsible” sections of the community. This study was conducted in a completely urban area in South Wales. Therefore, questions could also be raised as to whether the prevailing circumstances in community participation in an urban area in south Wales are the same as that of Sub-Saharan Africa and specifically Ghana. Therefore, this study will extend the work of Raco (2000) by focusing on Kwahu South Municipality, which comprises both urban and rural areas.

Coetzee (2014) looked at successful partnerships in LED. Coetzee (2014) posits that there is a need for government, civil society, and the private sector to actively promote a sustainable LED. Coetzee (2014) also looked at the need to embrace partnership in LED. He indicated that “Local partnerships have the potential to foster better, more adequate and innovative solutions to societal problems on the basis of a constructive dialogue between the actors involved and an exploitation of their different resources and comparative advantages”(Coetzee, 2014, p. 20).

Beyer et al. (2003) also examined the essence of partnership and participation in LED. According to Beyer et al. (2003), partnership and participation provide two major important outcomes of LED strategies: reducing poverty and enhancing economic growth. They further reiterated that participation produces two major outcomes. First, it ensures efficiency, demand-driven services,

and economic opportunity. A second desirable outcome is that it strengthens and enhances democratic governance.

Blakely (1994) also identified four major roles actors play in any LED process: coordination, facilitation, entrepreneurial roles, and stimulation. According to Blakely (1994), the role of coordination ensures that all actors involved in the LED process come together to achieve maximum output. Blakely (1994) further reiterated that coordination ensures that the various actors bring their resources on board to achieve a particular goal effectively and efficiently. This finding conforms to the findings of Elena (2014), who posit that Local Government Units (LGUs) provide the needed conditions or services which enable the private sector to operate effectively. Concerning entrepreneurship roles, Blakely (1994) posit that the actors assume full responsibility for establishing and operating a business firm to create job opportunities for the local people. Also, the role of facilitation “involves the use of the planning powers to establish employment or development zones and standards that encourage a particular class, scale or character of development” (Blakely, 1994, p. 72).

Moreover, this role seeks to encourage community groups and individuals to initiate economic activities and also helps to improve the extent to which businesses get access to resources. This conforms to a study conducted by Ofreneo and Parisotto (2007) in Naga and Marikina City in Philippines. Ofreneo and Parisotto (2007) indicated that LGUs create employment through training and development. Similar assertions have been made by Oduro-Ofori (2016), who proposed that the major role of actors in LED is to ensure participation, regulation, facilitation, and adjustment. Despite these studies conducted, there is also the need to determine the constraints on partnership and participation in LED. Besides, there is also the need to examine the various types of partnership

engaged in by the municipality when undertaking a LED initiative, and this study seeks to address these issues.

A study conducted by Pike, Marlow, McCarthy, O'Brien, and Tomaney (2015) in England examined the role of Local Enterprise Partnership (LEPs) in LED. Pike et al. (2015) argued that LEPs perform their task in multi-agent and multi-scaler institutional settings. According to them, the setting in which these LEPs operate tends to affect the scope of LED activities. They further argued that LEPs have supported LED through funding. Pike et al. (2015) also found out that LEPs are controlled by the central government, and this serves as a major problem to them. The assertion made by Pike et al. (2015) conforms to the findings of Ayee (2004), who posits that centralisation tends to masquerade itself as decentralisation. Therefore, this study seeks to extend the work of Pike et al. (2015) by looking at the constraints on partners involved in LED activities.

Lasimbang (2008) also looked at the role of indigenous people or communities in LED and found out that these local people use crafts, and tools that are locally based and helps in waning waste of resources. Lasimbang (2008) added that these people engage in Small-scale economic activities, and as a result, they are threatened by globalization and the market economy. To prevent these threats, Lasimbang (2008) recommended that a niche market should be created for indigenes. This study will extend the work of Lasimbang (2008) by looking at the extent to which community members are involved in LED activities and also provide the necessary recommendations that can enhance LED.

2.6.4 Empirical Review on the Politics of Decentralisation

Politics is very keen in the concept of decentralisation to the point that, the ineptitude of decentralisation can be attributed to the absence of political will and devolution. In this regard, political subtleties at the local government level greatly affects the implementation of decentralised

activities. This is evident in the findings of McCollum, Limato, Otiso, Theobald, and Taegtmeier (2018) who postulates that reforms on decentralisation can be swayed by political deliberations geared at engraining the powers and entitlements of politicians.

Khan (2021) in his study “decentralisation: the limits to service delivery” examined the hindrances associated with the delivery of services in district assemblies in Pakistan. The findings of Khan (2021) revealed that the hindrances to the delivery of effective services can be attributed to technical and political factors. He further reiterated that, common good services such as education and health are forfeited for schemes such as the provision of water pump for households, and street in some localities by local politicians. This is because, household services (provision of water pump for households, and street in some localities) gives politicians more political leverage as compared to goods and services deemed as a common good. Khan (2021) therefore concluded that, political dynamics like the relation between local and central government, the degree of political polarization and bureaucracy affects the delivery of services and that political factors turn to outweigh technical factors in the outcome decentralised services. This conforms to the findings of Ding and Riccucci (2021) as well as Miller and Keiser (2021) who found out bureaucracy affects the delivery of services.

Ponce-Rodríguez, Hankla, Martinez-Vazquez, and Heredia-Ortiz (2018) also examined how democratic decentralisation (election of local government authorities) and party centralisation (the mandate of permitting national political party leaders to hold offices at the local level) enhance the delivery of services. Their findings revealed that the said factors (democratic decentralisation and the centralisation of political party) yield the best health and educational outcomes. This also conforms to the findings of Myerson (2015) who posit that democratic decentralisation can enhance governance when the right people are elected. Again, Lewis and Hendrawan (2019)

revealed that when political parties control a greater portion of council seats, it enhances the delivery local services especially in the health sector. However, this only last for one or two years as fraud on budgeting begin to increase through infrastructure outlays.

2.7 Summary

This chapter presented the literature review of this study by looking at the concept of fiscal decentralisation and LED, the theories used for this study, the conceptual framework, and the empirical review of the study.



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Selecting a suitable research methodology is critical and thought-provoking when conducting social science research since it can determine the refusal or acceptance of a work within a scientific community. On this this note, there is the need for a researcher to espouse and use the requisite methodology when conducting social research. This chapter therefore presents and justifies the methodology adopted for this study.

3.2 Research Paradigm

Kivunja and Kuyini (2017) posits that a research paradigm is an abstract of a belief that tends to influence the perspectives of a researcher. According to Creswell and Poth (2016), every good research work must have a paradigm that informs how a research process is being conducted.

Although there are a number of research paradigms, this study adopted the interpretive approach as the research paradigm for this study. This paradigm believes that knowledge and truth are very subjective, historically and culturally centred on life experiences. Also, there is no single knowledge of reality since knowledge is subject to the experiences of human beings and their interpretations (Ryan, 2018). This paradigm explains that getting access to reality is only through social constructions such as shared meanings, language, and consciousness (Bogdan & Biklen, 1998; Myers, 2019). Besides, the interpretive paradigm posits that a researcher cannot be separated from their beliefs and values since it informs how data is gathered, analyzed, and interpreted (Ryan, 2018). This study adopted the interpretive paradigm since it helped in explaining the relationship between fiscal decentralisation and Local Economic Development from the perspective of the various participants involved in the study. The study was also carried out using a qualitative

research approach and this made it prudent to adopt the interpretive paradigm. This is because, qualitative studies depend on participant observation or interviews that rely on the subjective relation between the researcher and the participant.

3.3 Research Approach

A qualitative research approach was adopted as the research approach for this study. The qualitative research approach involves using observation, interviews, and documents to explain a social phenomenon, understand a phenomenon in its natural state situations (Lincoln & Denzin, 1994), and better explain the views, emotions, beliefs, and values of a participant. A major advantage of this research approach is that it helps understand participants in their own words and experiences since it explains why certain things happen (Johnson & Onwuegbuzie, 2004). This study adopted a qualitative research approach because it provides an in-depth explanation of the research problem and helps in understanding the participants view of the research problem by interacting with them.

3.4 Research Design

Creswell (2014) sees a research design as a form of enquiry that provides a direction on how research is supposed to be carried out. Babbie and Mouton (2005) also reiterate that the research design being adopted for a study can influence the intended result a study seeks to achieve. The import of this study was to examine the effect of fiscal decentralisation on Local Economic Development in the Kwahu South Municipal Assembly. The study adopted a case study research design that falls under a qualitative research approach to achieve the objective of the study. The case study design helps in having a detailed study on a particular town, an individual, or an organization (Grix, 2018). In this regard, this study focused on Kwahu South Municipality. The

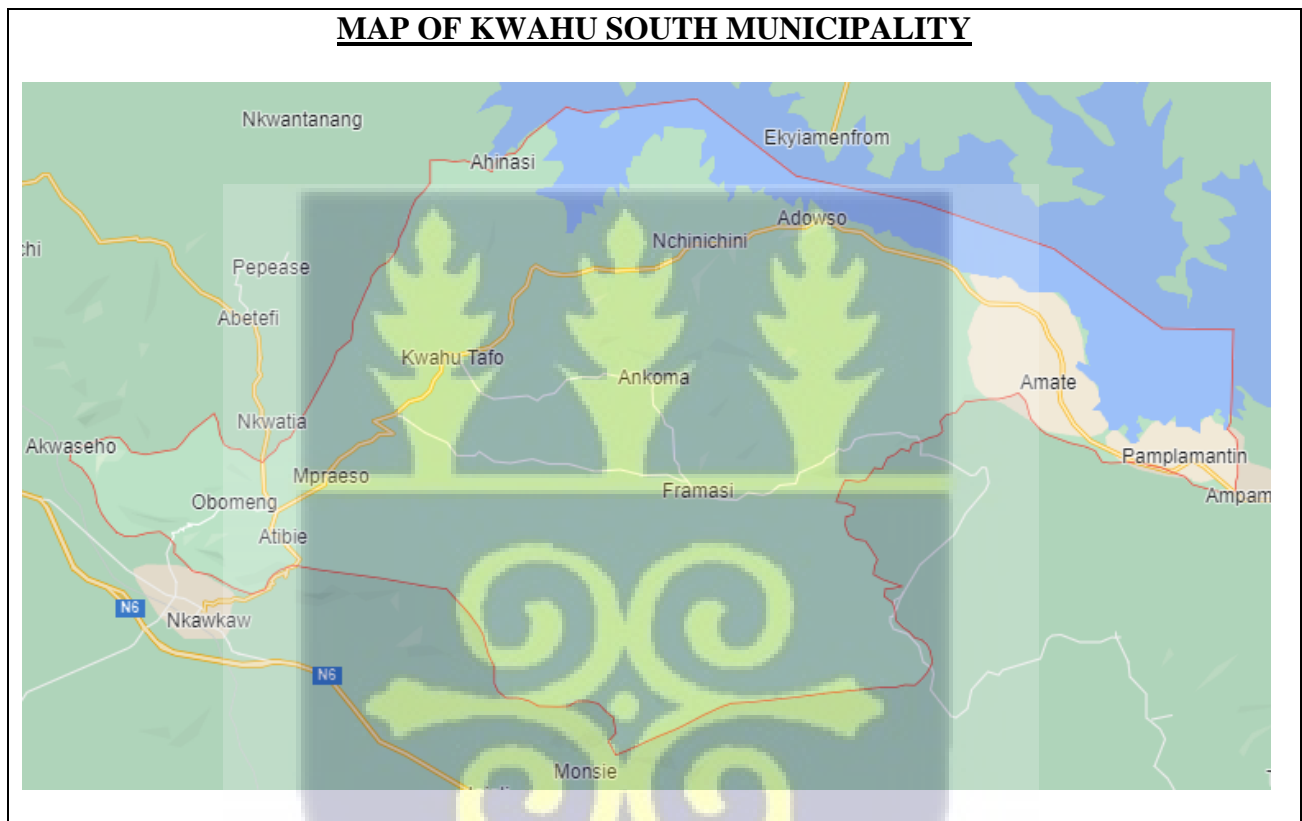
case study design was very appropriate for this study since the researcher sought to pay attention to a single unit of analysis, which is Kwahu South Municipality.

3.5 Study Area

The Kwahu South District was elevated to a municipality under the Legislative Instrument (LI) 2419 after serving as district for thirty-two years. The total size of the Municipality is 602 km². According to the 2010 Population and Housing Census, the population of the area was 807,757. 41,088 were females, representing 50.9%, while 39,667 were males, representing 49.1% (Ghana Statistical Service, 2014). However, the population was projected to be 86,468 by 2020. Kwahu South Municipality is a heterogeneous society that is dominated by the Kwahu's since they form about 63.9% of the population, followed by the Ewe's (10.5%), Dangme (7.7%), and Ashanti (2.9%). Christianity is the dominant religion, and it entails 79.4% of the population. Those who have no religious affiliation constitute 12.2%, while Muslims constitute 6.45%, and it is also evident that Traditionalists can also be found in the municipality (Ghana Statistical Service, 2014). The Kwahu's are known for the celebration of Easter. A season whereby all meaning citizens come back home to join in the celebration of this occasion, and this is a period where family issues are resolved, and there is reunion.

It is estimated that about 71.2% of the population are economically active while 28.8% are not economically active. Concerning those who are economically active, 94.7% are employed, while 5.3% are not employed (Ghana Statistical Service, 2014). The private informal sector employs about 89.9% of the population, while the public sector employs only 7.3%. Regarding those who are not economically active, a larger proportion of them are students (43.6%), 20.5% undertake household activities, and 9.2% are disabled. 46.5% of the employed population are engaged in agriculture, fishery, or forestry works, 18.3% are into sales and services, 17.9% are in craft and

other related trade, while 9.5% are professionals, technicians, and managers (Ghana Statistical Service, 2014). Also, six out of ten unemployed are always seeking for a job for the first time. Besides, more than 72.9% of the areas that make up the municipality are rural (Ghana Statistical Service, 2014). Therefore, the findings of this study will provide the necessary measures that will help in enhancing the livelihood of the rural people through LED initiatives. Figure 3.1 indicates the map of Kwahu South Municipality.



(Source: Retrieved from <https://www.google.com/maps/place/Kwahu+South/>)

Figure 3.2: Map of Kwahu South Municipal Assembly

3.6 Population of the Study

McMillan (1996) defines the population of a study as a group of cases or elements that are either individuals, events, or objects from which conclusions are drawn. Therefore, it is expected of researchers to define the group of interest that they seek to study. The population of this study

were workers within Kwahu South Municipal Assembly who are involved in the formulation and implementation of developmental initiatives in the municipality, private sector organisations that partner with Kwahu South Municipality in undertaking Local Economic Development initiatives, Assembly Members and community members within the municipality. These participants were chosen because they are responsible for developmental initiatives in the municipality and serve as stakeholders in LED. Therefore, they were in a better position to respond to the issues on LED and fiscal decentralisation in the municipality.

3.7 Sample Size

According to Holloway and Wheeler (2002), no guidelines are used to determine sample size in qualitative research. Marshall, Cardon, Poddar, and Fontenotet (2013) also posit that little or no rigour is required in determining sample size in qualitative studies. Researchers who do qualitative study hardly know the exact number of participants to be involved in a study beforehand since the sample size may change or go on until a point of saturation is met, namely where no new information is obtained (Holloway, 1997). The sample size of this study was influenced by the availability of the participants who could provide the needed answers in achieving the research objectives. Based on this assertion, a sample size of 36 was adopted for this study. The sample of size of 36 was made up of 7 senior staff workers of Kwahu south municipal assembly and 4 assembly members, 4 owners of private sector organisations who partner with the municipality for undertaking LED initiatives and 21 community members.

The choice of selecting senior staff workers within the municipality and private sector organisations that partner with the municipality in LED initiatives could be attributed to the fact that they are involved in the formulation and implementation of LED initiatives. Likewise, the community members also serve as stakeholders and direct beneficiaries of LED initiatives, while

the assembly members serve as intermediaries between the community members and the municipality. Therefore, they were in a better position to answer questions on LED initiatives in the municipality. Also, these participants (community members, municipal assembly workers and private sector organisations who partner with the municipal assembly for undertaking LED initiatives) were involved in this study because it enabled the researcher to obtain varying responses on the subject under discussion.

3.8 Sampling Technique

A sampling technique is the means used in selecting a group of people for a study. Boateng (2014) also sees a sampling technique as choosing a group from a population to become the basis of obtaining data to address a research problem. Since this study adopted a qualitative research approach, it is imperative to also choose an appropriate sampling technique that can assist in selecting the needed participant for the study.

To find answers to the research questions, the participants involved in this study were selected using a purposive sampling technique. According to Parahoo (1997, p. 232) purposive sampling “is a method of sampling where the researcher deliberately chooses who to include in the study based on their ability to provide necessary data.” Purposive sampling is one of the sampling techniques mostly used in qualitative studies since it enables a researcher to choose the respective participants who can assist in achieving the research objectives (Taherdoost, 2018; Teddlie & Yu, 2007). This technique was chosen because it allowed the researcher to involve participants who are directly or indirectly involved in Local Economic Development initiatives in the Kwahu South Municipality.

3.9 Instrument for Data Collection

The instrument used for data collection is interview guide and Focus Group Discussion. These instruments were chosen because it provides an opportunity to have personal contact with the participants, enable the participant to express their views and share their experiences on the topic under discussion, and ask for follow-up questions for further clarification. The interview guide was designed according to the research objectives. The interview sessions were also recorded with a digital recorder. An interview schedule was also kept in order to get in touch with the participants in case there was a need for further clarification. The senior staff within the municipal assembly and owners of private businesses that partner with the municipality in LED initiatives and assembly members were interviewed.

In addition, 3 Focus Group Discussion (FGD) was conducted with the community members, and this included seven members in each group. Focus Group Discussion is a technique that involves the use of group interviews where participants are purposively chosen from a specific group. Focus Group Discussion helps in interviewing a considerable number of people who are affected by an issue. The groups were selected on the basis of similar socio-characteristics. This enabled the participants to be comfortable when expressing their views to the interviewer.

3.10 Source of Data

The source of data used in conducting research could either be secondary or primary. The primary source of data provides first hand evidence whereas the secondary source of data dwells on existing source of data. This study made use of primary source of data which provides first hand evidence and it was obtained through a face-to-face in-depth interview and a Focus Group Discussion.

3.11 Data Analysis and Presentation

Data analysis seek to attach meanings to observations made from the field of study. Researchers who collect data through interviews need to organize and code the data for easy description and interpretation. The responses from the interview sessions were first transcribed and grouped into themes in accordance with the research objectives for the analysis and interpretation to be carried out. From the objectives of the study, four main themes were arrived at (fiscal decentralisation on LED, the extent to which community members are involved in LED activities, the kind of partnership arrangement Kwahu South Municipality has with the Private Sector in undertaking LED activities and the constraints on partnership and participation in Local Economic Development).

Miles and Huberman's data analysis technique was used in analyzing the data. According to Miles and Huberman, (2018) analysis entails three activities and these are data reduction, data display, and conclusion drawing/verification. This approach makes use of time, place, and context. Under the data reduction stage, the mass qualitative data (interview transcript) was reduced and organized through coding, writing summaries, and doing away with irrelevant data. The next stage was data display, and under this stage, the data was organized in a manner that permitted the researcher to conclude. Under the conclusion stage, the researcher drew conclusions from the analyzed data and indicated its implications on the research questions at hand.

3.12 Ethical Consideration

This section indicates the ethical issues that were observed in the event of conducting this research. According to Savenye and Robinson (2013), ethical consideration ensures the protection of participants from being harmed, and it also seeks to ensure the integrity, quality, and validity of a research process. Therefore, an introductory letter on permission to collect data was obtained from

the Public Administration and Health Services Management Department of University of Ghana, Legon to Kwahu South Municipality. Copies of the approval letter were circulated to the intended participants who were involved in the study. The purpose of the study was explained to the participants, and they were allowed to participate in this study without forcing them. Sim and Waterfield (2019) also posit that confidentiality and consent are very important for ethical issues. Therefore, the participants were assured of the confidentiality of their responses. Also, the participants were asked to participate in the study voluntarily and withdraw from the study at any point.

3.13 Research Validity and Reliability

Data validity and reliability deal with the extent to which the data used for a study is very reliable. According to Rose and Johnson (2020) the validity of data in a qualitative study is about finding out whether the data used for a study is accurate. The researcher ensured that the participants understood the various questions that were asked in order to be able to provide the needed information required to answer the research questions. The questions in the interview guide were also asked in several ways to find out whether the same responses will be retrieved from the participants. Also, to ensure that the data was reliable, the data was collected using a tape recorder to record the interview, which was later transcribed. Also, the data was triangulated with information collected from the key informants and existing studies.

3.14 Variable Measurement

This study adopted Wong (2002) multiple determining factors of Local Economic Development (LED), and it was used as a proxy in measuring LED. The variables adopted from Wong (2002) are infrastructural factors, human resource development, finance and business culture, and industrial structure. These variables were selected because they cover economic development

parameters in the formal and informal sector as well as environmental and social factors (Wong, 2002). Also, these variables were sufficient to explain the status of economic development in the Kwahu South Municipality.

For fiscal decentralisation, this study adopted the various forms of fiscal decentralisation as reiterated by the World Bank (2001) and Gumede et al. (2019). This entails self-financing or cost recovery through user charges, co-financing/production arrangements through monetary or labour contributions, revenue generated from tax or user charges, intergovernmental transfers from the central government to local governments, and the ability to borrow or mobilize local government resources through loan guarantees. However, all the variables on fiscal decentralisation were treated as one while the variables on LED were treated individually. Also, the choice of selecting World Bank (2001) variables on the forms fiscal decentralisation is that, it helps provide a very holistic form of fiscal decentralisation. Therefore, it helped in knowing how fiscal decentralisation has contributed to LED.

3.15 Limitation of the Study

The study was limited by a considerable number of factors. First, the use of a qualitative research approach can create a problem on making a generalization for an entire population by using a small sample size. The present study is also limited to the various actors of LED involved in this study. Despite the numerous actors of LED, the study focused on the private sector, community members, and Local Government Authorities. Also, some participants were reluctant to participate in the study with the assertion that always people come to take data from them but they do not see any improvement in their lives.

3.16 Summary

The research paradigm, approach, design, and study area of this study were discussed in this chapter. The participants were mainly staff of Kwahu south municipal assembly, assembly members, community members within the municipality, and private sector organisations who partner with the municipality to undertake developmental initiatives. The data source was primary data, and it was retrieved from interview sessions and focus group discussions. The data was also analyzed by using Miles and Huberman's data analysis technique.



CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter presents the analysis of the data collected on the effect of fiscal decentralisation on Local Economic Development (LED) in the Kwahu South Municipality. Specifically, the findings on the contribution of fiscal decentralisation to LED, the involvement of community members in the formulation of LED initiatives, the kind of partnership arrangement the assembly has with the private sector in the formulation of LED initiatives and the constraints on partnership and participation in LED initiatives. The data is analysed in accordance with the study's research objectives.

4.2 Demographic Characteristics

The participants involved in this study were mainly senior staff members of the Kwahu South Municipal Assembly (Assistant Director (AD), Planning Officer (PO), Budget Officer (BO), Finance Director (FD), Deputy Finance Director (DFD), Agric Director (AGD) and the Management and Information System Officer of the Agric Directorate (MISAD)), 4 Assembly Members (AM), and 4 Private Sector Business Owners (PSBO). Also, 21 community members were grouped into 3, with 7 participants in each group for a Focus Group Discussion (FGD). In all, a total of 36 participants were involved in this study. Table 4.1 represent the demographic characteristics of the participants involved in this study.

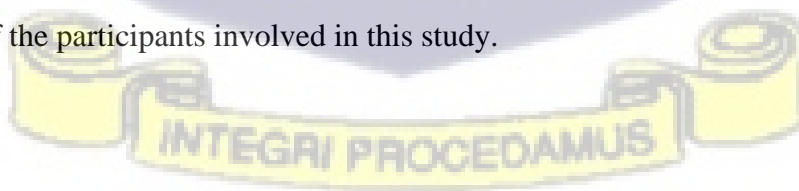


Table 4.2: Demographic Characteristics

	Frequency	Percentage
Gender		
Male	21	58.3
Female	15	41.7
Age Range		
18-30 years	8	22.2
31-40 years	8	22.2
41-50 years	8	22.2
51 years and Above	12	33.3
Years of Staying in the Municipality		
Less than a Year	1	2.8
1-5 Years	5	13.9
6-10 Years	3	8.3
11 Years and Above	27	75
Level of Education		
Junior High School (JHS)	7	19.4
Senior High School (SHS)	7	19.4
Tertiary	12	33.3
Masters	10	27.8
Total	36	100

(Field Data, 2021)

From Table 4.1, it is evident that 58.3% of the participants involved in this study were males, while 41.7% of the participants were females. Also, 22.2% of the participants were within the ages of 18-30 years, 31-40 years and 41-50 years, respectively. Also, 33.3% of the participants were above 51 years. The years of the participants indicate a strong and vibrant labour force in the municipality whose potentials could be tapped to enhance economic development. Likewise, majority of the participants reiterated that they have stayed in the municipality for at least 11 years. This indicates that the participants are in a better position to address questions on economic development since they have a fair idea of how successive local government administrations have contributed to economic development in the municipality. From Table 4.1, 75% of the participants have stayed in the municipality for at least 11 years, while 8.3% have stayed in the municipality for about 6-

10 years. 13.9% of them have stayed for about 1-5 years, while 2.8% have stayed in the municipality for less than a year. In relation to educational background, it is evident that all the participants have had some level of education. 27.8% of the participants have a master's degree, while 33.3% have had tertiary education. Also, 19.4% have acquired a basic level of education which is Junior High School (JHS) and second cycle education which is Senior High School (SHS), respectively.

4.3 Contribution of Fiscal Decentralisation to Local Economic Development

This section looks at how fiscal decentralisation has contributed to LED initiatives such as infrastructure, human resource development, finance and business culture, and industrial structure.

4.3.1 Infrastructural Development

Infrastructure could not be undermined in terms of the factors that promote economic development. Therefore, a deficiency in infrastructural development can retard economic development, and this is evident in the findings of Chakamera and Alagidede (2018) and Loayza and Odawara (2010). The findings of this study shows that several infrastructural activities have been undertaken to promote economic development, and notable among them include office spaces, markets, water and sewerage, health care facilities, and roads. This is what the Assistant Director (AD) said in relation to how fiscal decentralisation has contributed to the provision of infrastructure.

“We do build a number of infrastructures such as school buildings, CHPS Compound, and boreholes. All these things are part of our functions, and we do from time to time. Recently with the covid, now when you go to most of our markets, we have supplied pipe born water, and we have connected it to the main stream so that people can easily connect or fetch water to wash their hands. When you go to Mpraeso, we have about four points, and each has about four taps. If you go to Ketapa, we have done the same thing there. So, we have provided water for all these markets to curb the problem on water. When you go to

Obomeng, you will see two big poly tanks just after the market on your left. About 10000-litre tank, which was done by the assembly, has been used to mechanize one of their wells.”

The assertion made by the AD conformed to what the Budget Officer (BO) said;

“We have extended a lot of water facilities to various markets and communities. We have mechanized some of the boreholes like the one in the Ntomem market. For communities like Obo, it is very difficult to dig a borehole there since the water table is not good. So, for them, we have created a reservoir for them with pipe born water.”

The community members in the Focus Group Discussion (FGD) also indicated that the assembly has helped in the provision of water and sewerage facilities.

“The municipality has helped us in getting water systems. A clear example is the Obomeng water tank.” FGD3

From the findings of the study, it is evident that the assembly has also helped in the provision of markets, office spaces and shops to businesses who do not have huge sums of capital to acquire parcels of land to build their shops. The provision of shops and office spaces is undertaken through private partnership arrangements with the private sector or from the IGFs of the assembly.

“For the shops, we recently constructed additional market sheds, and we made it in such a way that you can convert it into a shop. So, if you go into our markets, you will find out that we have been able to construct about 69 stores there through PPP. So, it is through PPP that we were able to construct them. Also, when you go to Bepong, we have constructed market stalls for them. Mpraeso is where we have the office space or shops, and we do them from time to time with monies that the assembly has generated” AD

The DFD also intimated that:

“When you look at our activities and what we have done for people in the municipality, we have stores that we have built and rented out, and this is relatively cheaper than what the

private person would have done. We give it to them, then they pay. Some pay on monthly basis while others pay every year.”

These are some of the assertions from the FGDs:

“The municipality has helped Mpraeso in getting a market. The Asakraka own is still ongoing, but for the Mpraeso own, we are done. The thing is, for the Mpraeso market, the assembly gave it to a private entity to construct it, and this private group is Obuoba group of companies.” FGD1

“With the help of a private sector, the assembly helped in the construction of office spaces and shops as well as markets with the aim of enhancing trade. Without the help of a private sector, the assembly could not have helped in getting it done since it delayed.” FGD 2

The study also found out that a number of feeder roads have been constructed or rehabilitated through the activities of fiscal decentralisation. The construction or rehabilitation of road networks is vital since it helps in getting access to business centres, which in effect can enhance economic development.

The AD reiterated that:

“From time to time, we do make sure that roads leading to business centres are in good shape. Most of the roads in typical rural settings are not tarred, so we have a feeder roads department that sees that from time to time, especially after the rainy season, it is being put to shape for easy access, for example, from Bepong to Ntomem. From Bepong to Ntomem, that stretch is the food basket of the municipality. That is where they do most of the agricultural stuff. So that road is always maintained to enable the buyers and the sellers to use it frequently.”

The results from the FGD also revealed that the assembly has rehabilitated several roads, although most of them are still in a deplorable state.

“The assembly rehabilitates roads, but most of them are still not in good shape.” FGD1

The findings of the study indicate that fiscal decentralisation has contributed immensely to the provision of infrastructure in the municipality. The findings of this study conform to the findings of Chowdhury, Yamauchi and Dewinawho (2009), who indicate that fiscal decentralisation helps in getting access to infrastructure in various localities. The implication of these infrastructural activities is that it helps in getting access to business service centres easily. The easy access to business service centres reduces trade barriers and also assists in boosting the local economy. The study's findings have proven that Local Government Authorities, who are major stakeholders of LED, have increased infrastructural activities in the municipality after partnering with the private sector. The increase in infrastructure development after partnership arrangement with the private sector conform to the stakeholder theory, which indicates that bringing all stakeholders on board in decision making will help in achieving a desired output (Nangoli et al., 2016).

4.3.2 Human Resource Development

Human resource development is regarded as LED initiative since it helps in building the capacity of individuals (Blakely, 1994; Wong, 2002). From the findings of the study, it is obvious that a number of training programmes have been undertaken to build the capacity of the indigenes. Notable among these training programmes include how to make soap, beads making, metal doors making, and animal rearing. These training programmes helps in improving the technical competencies of individuals and assist in performing tasks effectively and efficiently. These are some of the assertions made by the participants.

“Last year we did organize a program for the artisans. We also did a lot of training for the people in soap making, powder making, grasscutter and poultry rearing.” PO

“We had a group who were making soaps. So, we have helped them acquire a machine that can be used for packaging, and this has enhanced their branding. It has helped them expand their production, and now the soap is sold beyond this municipality.” BO

“We have been embarking on capacity building for persons within the municipality. We have provided training programmes on soap making, beads making and training programmes for women who are into farming. In as much as the PWDs and Agric department receive their funding from the central government, the municipality also supports them with something in order for them to meet their targets. Last year, we spent about GHS 11370 on community development and training programmes.” DFD

The findings from the Focus Group Discussion also revealed that the assembly has undertaken several training programmes with the aim of promoting development.

“For training programmes, a lot has been done. The municipal came to organize training in the making of soaps, shower gel and has even provided us with a machine, soda and thermometer to make the soaps. Just that the money they promised has not come yet.”
FGD 3

“In my group, we were 95 who were supposed to have taken part in the training. However, only 5 of us participated” FGD 3

The assertion that fiscal decentralisation contributes to human resource development in various localities is in line with the findings of Oates (1999), who posits that sub-national governments are closer to people within an area and are better informed in addressing the exact needs of the people. Also, allowing Local Government Authorities, who are major stakeholders of LED to provide training services that lead to economic development in various localities is in line with the stakeholder theory and endogenous growth theory. The stakeholder theory advocates for the involvement of stakeholders in decision making to ensure the delivery of quality services (Nangoli et al., 2016) whereas the endogenous growth theory also advocates for a bottom-up approach to development (Bosworth et al., 2016).

4.3.3 Finance and Business Culture

Promoting local businesses through funding is a necessity for Local Economic Development. This is because the availability of funds through loans, grants, and business start-ups assists in

expanding or starting up a new business. From the findings of the study, it was evident that the assembly does not give out loans. However, they serve as a liaison or facilitate in the acquisition of loans, and they also provide start-up funds to individuals such as Persons with Disabilities (PWDs).

In relation to the provision of loans, this is what the PO said:

“Talking of loans, the assembly’s core mandate is not to give out loans, but we facilitate and be a liaison. We facilitate or be a mediator between the financial institution and that of the association, that is why we encourage the people to be in an association because it is very difficult for individuals to get access to loans but when they are in an association, they easily get the loans. Last year we helped about 15 co-operatives in getting access to loans.”

“We have also partnered with Kwahu Rural Bank in giving loans to co-operatives and individuals...as I said, we play the role of a liaison. We do the background check at our own expense to know whether they are capable of paying back. So, the assembly through the Business Advisory Committee (BAC) has to monitor their activities so that they can recoup the money for the bank and the assembly finances all the cost involved in recouping such loans.”

Concerning business start-ups, the BO reiterated that:

“With PWDs, a percentage of our intergovernmental transfer goes to them as startups. Sometimes we set up a place for them to start something small such as sewing. The social welfare and community development also go to monitor their activities to find out whether they still need some assistance.”

The DFD also intimated that:

“On business startup, we spent about GHS 99 000 on PWDs in 2020.”

The Focus Group Discussion also revealed that the assembly provides business start-ups and grants to individuals, just that these start-ups and grants are not enough. These are some of the assertions made by the participants in the Focus Group Discussion.

“For business starts up and grants we have received, but it was not enough. Me, for example, I needed GHS 3000 for an expansion, but I did not receive all”. FGD3

“For grant, they have been providing just that the money involved is not sufficient. Sometimes they give GHS 500 or GHS 1000.” FGD2

Also, the study’s findings indicate that a number of tax exemptions have been given to individuals to lessen the burden of paying taxes.

“We have given a lot of people rebates on Business Operating Permit. For last two years, we gave them a tax exemption of 50%. Also, we gave a lot of exemptions to those who sell stationaries since their sales reduced due to the lockdown and closure of schools. This helped them to stay in business.” BO

Financial assistance is seen as an LED initiative since it supports individuals willing to start a business but do not have the required start-up capital. It also helps firms in expanding their businesses. Likewise, the role of the assembly as a liaison in the acquisition of loans is vital to the growth of local businesses in terms of expansion. Most SMEs do not have the requisite collateral to acquire loans from banks. Therefore, the provision of these loans, grants, and business start-ups greatly impacts Local Economic Development since it serves as a source of funding to business operators (Wong, 2002). This finding is also similar to the findings Otoo and Danquah (2021) who indicate that fiscal autonomy enhances the delivery of goods and services. Also, the ability of the assembly to partner with financial institutions, which has helped in getting access to loans, conforms to the stakeholder theory. The stakeholder theory supports the assertion that knowing when and how to involve stakeholders enhances the delivery of service (Nangoli et al., 2016).

4.3.4 Industrial Structure

Industrial structure is about the number of industrial sectors in a locality (Wong, 2002). Areas with industrial activities have a competitive advantage, contributing immensely to economic development. The study found out that tourism and the agriculture industry form part of the major industrial sectors in the municipality. Majority of the people who live in the municipality and are employed engage in agriculture, fishery or forestry works and this is about 46.5% of the population (Ghana Statistical Service, 2014). Also, the municipality is noted by its numerous tourist sites and easter festivity that attract many people into the municipality. Therefore, any support provided towards these industries will promote economic development in the long run.

From the findings of the study, it is evident that a variety of support has been rendered to the agriculture industry.

The DFD intimated that:

“In partnering with donor agencies, we spent more than GHS 200,000 in ensuring competitiveness and development in the agricultural sector. Likewise, we spent GHS 30,000 of our inter-governmental transfer on agricultural development. These monies were also used to organize training programmes and seminars for women in farming and encourage others to go into farming. These programmes also educated the people on plant/crop diseases. At times, they are even shown how to plant and yield more.”

This assertion was supported by the PO who indicated that assembly uses part of their Common Fund to buy seedlings and plants for farmers.

“Just like planting for food and jobs, through the District Assemblies Common Fund (DACF) we use some component to build the capacity of farmers and also buy seedlings for them to plant and then also we give them farm equipment.”

The Management and Information System Officer of the Agric Directorate (MISAG) also reiterated that:

“Through the Planting for Export and Rural Development, which has been transformed to Tree Crop Development Authority of Ghana, we supply free plant seedlings and free distribution of planting materials to farmers. Initially, this program was in the hands of the central government, and it was not effective. Now, these seeds are purchased or raised by the assembly from IGF or common fund.”

“In 2020, we distributed 18,169 seedlings with a cultivated area of 303 acres. The beneficiaries were 326, of which 260 were males and 66 were females.”

“In this year (2021), we have distributed 20,180 nursed seedlings to farmers in a cultivated area of 1336 acres with a beneficiary of 223 total number of people of which 166 were males and 57 were females.”

The AGD also added that:

“What the assembly does is that under the government flagship programme, which is Planting for Export and Rural Development (PERD), the support we give is that we raised nurseries like coconut seedlings and we distributed it to farmers. For example, when you take coconut, we have raised a lot since the demand for it is very high.”

In relation to the tourism industry, the AD indicated that:

“The Ghana tourism authority has a zonal office here, and they are part of us. So, from time to time in our management meeting, we do involve them since they are not separate from the assembly. They are part of us. Since we are so much into tourism, when you go to the paragliding site, we use our IGF to maintain most of the things there even though the Ghana Tourism Authority is the sole custodian of the facility.”

Although some maintenance works are undertaken from time to time at the paragliding tourist site, the findings of the study also revealed that much attention has not been given to most tourist sites in the municipality.

“We have a lot of tourist sites in the municipality, but it seems we are not concerned about some” PO

“For the tourism sites in the municipality, I do not even know the one who is responsible for it. Some of the roads leading to the sites are not in good shape. When easter is approaching, they make the place good to attract others, and when the easter is over, that is all.” FGD1

From the findings of the study, it is obvious that fiscal decentralisation has contributed to the agricultural sector in the municipality. The support rendered to this industry or sector is essential since it promotes growth and assists in reducing poverty (Agyemang-Duah et al., 2018). The assertion that the PERD initiative is performing better after being handed over to the assembly indicates why stakeholders like Local Government Authorities need not to be exempted from LED activities. This conforms to the stakeholder theory, which indicates that major stakeholders are not supposed to be exempted from decision making (Nangoli et al., 2016). From the discussion above, fiscal decentralisation is essential since it ensures efficient allocation of resources. The efficient allocation of resources under fiscal decentralisation conforms to the findings of Besley and Coate (2003) and Lockwood (2002). Likewise, the assertion that much support has not been given to the tourism industry compared to the agricultural industry from fiscal decentralisation activities calls for a rethinking on which government unit should manage the tourism sector. In effect, this calls for a rethinking on the endogenous growth theory which advocates for identifying and enlivening the resources of a respective locality (Ray, 1997) and the support of bottom-up approach to development (Bosworth et al., 2016).

4.4 The Extent to which Community members are involved in LED Initiatives

The study examined the extent to which community members are involved in the formulation and implementation of LED initiatives. The findings of the study revealed that it is mandatory for the assembly to involve the community in the formulation and implementation of developmental initiatives. For that matter, community members are involved in what is termed as participatory

planning process. This process is used in preparing the Medium-Term Development Plan (MTDP) of the assembly, and with this MTDP, LED strategies are incorporated into. However, the findings of the study also revealed that, sometimes, the assembly sidesteps the community in the event of formulating and implementing LED strategies. The community is normally sidestepped in situations where the need is urgent to undertake a developmental initiative. In this regard, they do not go through the various stages of the planning process.

The AD intimated that:

“With the assembly concept, before any assembly meeting, the assembly member is supposed to meet the community members and take their input before coming to the meeting. The assembly members serve as a link between the assembly and the ordinary citizen, so it is the responsibility of the assembly member to meet his citizens before coming for the meeting. So, the assembly member comes to the meeting with the needs of his people to inform us. But this whole thing starts with the planning process where the medium-term development plan is prepared. In this case, the planning officer does not rely on the assembly members. He goes directly to the community members to seek for their views.... Unless there is an emergency, the assembly will not do anything different from the plan. Some of the things when there is an emergency you do not tell them. When the need arises, we do not have to go through all the procedures.”

The PO added that:

“We have realized that when you impose projects on them, they do not see the need to value and take good care of it. When you undertake a project without involving them, they leave it idle, and when the project is deteriorating, they do not care about it. But if you allow them to come out with their own needs by involving them in the planning stage where we go to the community to ask for what they want, they feel that they own the project. So, when someone is even doing something wrong to the project, they will act. But if you do not involve them and then you just go and dump it on them, they will not care much about it. So now we have shifted to a participatory planning approach where we visit the community for them to come up with their developmental initiatives.”

“The Legislative Instrument of the National Development Planning System allows us to do what we term as participating planning approach. What I mean is that now the district or as a planning officer, I cannot sit here and care for one community. So now we have shifted

to participatory planning approach which we visit the community to come up with their own developmental initiatives.”

Commenting on this, these are some of the assertions made by the participants in the FGD:

“Sometimes, they inform us after the project has been completed. For example, an NGO came to assist in the construction of toilet facility and they finished the construction completely before they called for a meeting to inform, we the beneficiaries.” FGD1

“Most of the time, we are informed after the program or initiative has been completed. Sometimes you will hear rumours that something is going on. Sometimes it is after they are done that, we tend to know much about it. I remember not long ago the MCE came to announce to us on what they have done so far in their capacity as an assembly. Even with this, I think there was a different motive behind it. It was an avenue to show case to the president that they are doing well.” FGD 2

“In terms of involvement, we are not much informed about the initiatives the assembly undertakes. Most of them we do not have much say in it. We have a situation whereby roads at Mpraeso have been constructed with the aim of promoting development, and people find it difficult in getting access to their homes.” FGD 2

“Sometimes they do come for our views before they undertake any developmental initiatives.” FGD2

“When they are undertaking developmental initiatives, they get us involved. Sometimes, they organize meetings which they use to seek for our views on what we need, but I barely participate.” FGD3

The Assembly Men also asserted that:

“But for some, the assembly makes us aware. Project that goes into the assembly they make us aware. It goes through a committee, so before it is done, it is discussed at the general assembly. If it is agreed, then it means that it can be taken. Sometimes too, we are not informed. However, since the initiative is to our benefit, we just keep quiet. Sometimes, you will not see, then someone else will rather inform you of what is going on.” AM1

“Some of the things they do involve us others too they do not. sometimes, but the time you realize an initiative has been undertaken.” AM2

“When the assembly wants to undertake any developmental initiative, they do take our views when we go for meetings with them. However, they are unable to implement all the views we present to them. Also, when they come to take our views and when there is a sword cutting for a project to commence, we do not hear anything until the project is completed. As to what goes into the project we hardly get to know. So, I will say they do take our views but not on all activities. Sometimes you will not even hear of it. For example, the rehabilitation of roads by the assembly.” AM3

The role of the community in Local Economic Development cannot be undermined since they are mostly the direct beneficiaries of LED programmes and their views need to be taken into consideration when undertaking LED strategies. Besides, a project might not achieve its intended benefit when the beneficiaries are not interested in the project. This calls for the need to involve community members in the formation of developmental initiatives as advocated by the endogenous growth theory (Vázquez-Barquero, 2002). However, the assertion that community members are sidestepped in the planning of some LED programmes is similar to the findings of Ahenkan et al. (2013). According to Ahenkan et al. (2013) some community groups such as the youth and women are sidestepped in the planning process of an assembly.

4.5 The Kind of Partnership Arrangement the Assembly has with the Private Sector in undertaking LED Initiatives

The study also looked at the kind of partnership arrangement the assembly has with the private sector in undertaking LED initiatives. From the findings of the study, it is was evident that the major kinds of partnership arrangement the municipality has with the private sector is a Build Operate Transfer (BOT) and Joint Venture kind of partnership arrangement. The study found out that the assembly has stores and markets in Mpraeso which were constructed through joint venture and BOT.

The BOT is a kind of partnership arrangement where the private entity agrees to construct an infrastructure facility with the assembly. The private entity then operates the facility for a number of years, and this is normally agreed between the assembly and the private entity. At the end of the stipulated time frame, the private entity hands over the facility's ownership to the assembly.

The PO intimated that:

"The Obuoba group of companies helped us in constructing lockable stores in Mpraeso. That is Build Operate and Transfer. They are operating it for some years, and it will come back to the assembly. They used their money to construct it, and then they have to take rent for a certain period of years so that they can recoup their cost and transfer it back to the assembly."

"With the Markets, you see at Mpraeso, it is a partnership arrangement with Obuoba group and it's like a Build Own and Operate type." BO

Likewise, the Joint venture is a kind of partnership arrangement whereby the private sector and the assembly jointly finance and construct a facility. Over here, the facility is financed, owned and managed by the assembly and the private entity. These are some of the assertions made by the participants:

"...for the PPP we initially started the project, we did the foundation, we did the first floor, but due to lack of funds they approached us and they wanted to complete it. So, after building we shared the stores." AD

"The office space I am using is as a result of the Municipal Assembly. We partnered with the assembly for its construction. ... So, we made some payment to the Assembly and the assembly also supported." PSBO1

The BOT partnership arrangement seems to be the most preferable and common kind of partnership arrangement in the assembly. This is evident in the fact that the assembly is converting most of their joint venture partnership arrangement into BOT. This is because BOT helps the

assembly in reducing their budget on infrastructure and also allows them to transfer risk. This assertion is in line with the findings of Bashiri, Ebrahimi, Fazlali, Hosseini, Jamal, and Salehvand (2011); Grimsey and Lewis (2004); Savvides (2016), who reiterated that BOT helps in reducing public expenditure on infrastructure and also allows a private entity to own a project for a number of years completely. The support rendered by the private sector (a stakeholder of LED) in achieving economic development as a result of their involvement in LED programmes is in line with the stakeholder theory. The stakeholder theory supports the assertion that, when various stakeholders are involved in decision making, the greatest desired output will be achieved (Nangoli et al., 2016).

4.6 Constraint on Partnership and Participation in Local Economic Development

A good institutional framework on LED depends on the extent to which the various actors of LED are involved in LED programmes without any impediments (Oduro-Ofori, 2016). The stakeholder theory also posits that there is a need for organisations to scan their environment in order to identify threats that can be avoided and opportunities that can be adopted. The challenges faced by LED actors in terms of their involvement in LED programmes can serve as a threat to the success of LED initiatives. Therefore, identifying the concerns of stakeholders in LED on the challenges they face will inform the necessary measures that can be put in place to enhance their involvement in developmental activities. This section presents the findings on the constraints associated with the involvement of community members and private sector organisations in LED initiatives.

4.6.1 Constraint on Private Sector Participation in LED

The study looked at the various constraints that mitigate against successful participation of the private sector in LED programmes. The findings revealed that there are a number of factors that serves as a hindrance to private sector participation in LED, and notable among these factors are

lack of vibrant private sector businesses, rules governing PPP arrangement, personal interest, operational issues and policies, poor maintenance culture, and lack of transparency.

Lack of Vibrant Private Sector Businesses

The findings of the study revealed that private sector participation is a challenge in the municipality because most of the private sector businesses situated in the municipality are not vibrant. That is, they do not have the capacity in terms of funds to enter into partnership arrangement with exception of few and this serves as a major hindrance to private sector participation in promoting development. These are some of the assertions made by the participants.

“Private sector participation is not very much since we do not have very big private sector businesses here.... For us here, we do not have much of the vibrant private sector where you will see companies or industries within the municipality. We do not have a buoyant private sector within the municipality. Even with the Obuoba it is situated in Nkawkaw, it is not within our municipality. So, I can say that the lack of a vibrant private sector has made the partnership impossible.” AD

The PO added that:

“Most of our PPP is decided by the central government the few that we partner with by ourselves do not have the capacity” PO

One of the Private Sector Business Owners also agreed that most of them do not have the capacity to partner with the assembly to undertake bigger LED initiatives.

“Over here we are not big enough to collaborate with the assembly in order to undertake bigger developmental initiatives.” PSBO1

Rules Governing PPP Arrangements

The study found out that the sections of rules governing PPP arrangements serve as a barrier to private sector participation in LED. Although rules are meant to ensure order and get things done in a rightful manner, the study's findings revealed that they serve as a constraint to private sector participation in LED. For example, an assembly is expected to seek for approval from the Ministry of Finance and Economic Planning (MoFEP) before entering into any PPP that seeks to promote economic development. The views of the participants posit that this process tends to delay partnership arrangements with the private sector. These are some of the assertions made by the participants:

“The assembly works with rules and regulations, and there is an LI that establishes every assembly you cannot do things in contrary to what the LI says.... you cannot just wake and say you are building a school, so you are falling on the private sector.” AD

The PO added that:

“If you have any PPP you want to do, any PPP arrangement, you first have to write to the ministry of finance because we as the assembly is just a mediator. So, meaning the state against that private entity. Anything concerning the financial transactions and other things it has to be first endorsed by the ministry of finance, and this is a challenge since it delays the process.”

According to Cheung (2009), private partnership arrangements normally suffer undue delays due to the process involved in approving PPP contracts. This also affects the cost of projects, and it does not encourage a private entity to partner with the public sector to promote development. This conforms to the findings of Osei-Kyei and Chan (2017) and Carrillo, Robinson, Foale, Anumba and Bouchlaghem (2008) who indicate that longer negotiation periods affect private partnership arrangements.

Personal Interest

The findings of the study also revealed that the personal interest of most private entities serves as a constraint on their participation in Local Economic Development activities. The motive of most private sector businesses is to make profit and not to serve the public. Therefore, private sector entities will prefer to enter into partnership arrangements that will satisfy their interest which is profit maximization rather than activities that will not yield much profit. This, to some extent, does not motivate the assembly to enter into partnership arrangements with the private sector. The BO commented on this assertion by saying that:

“Partnering with the private sector is a bit difficult. This is because they look at what they will gain other than what the community will benefit. With the build, operate, and transfer, they would want to make a lot of profit so they will charge higher prices. A typical example is the market we have with the private sector in Mpraeso, they have their part and we also have our part. For us, we are not looking at making profit, but they are looking at making profit. So, the upstairs, we are charging GHS 30 for a month, and they are charging GHS 80 for a month. For the down we are charging GHS 50, and they are charging GHS 120. So, you look at the differences. You cannot influence their decision; you cannot tell them that you are charging GHS 30, so they should also do same. They are in for profit. So, these private individuals, they are looking for what they will gain other than what the community will benefit.”

“It has been very difficult to have the private sector as partners. We are now looking for partners to come and build shops and markets in Mpraeso again. They will be like after building they will charge this amount per shop, but these people cannot afford. If we enter into an agreement with them, we will be depriving the old people from getting access. The rich people will come and occupy the place while the old people will be left behind. So, sometimes we decline their offer.”

The AD added that:

“It is not just about partnering; they also look at their interest. What is in for them.”

It is evident from the findings that a major constraint on private sector participation could be attributed to issues surrounding the interest of most private sector businesses. Most private entities aim at maximizing profit while the assembly seeks to enhance the wellbeing of the people. This assertion is similar to the findings of Erwin, Asep, Ida and Heru (2017), who posit that return on investment is one of the major reasons why private sector organisations enter into partnership arrangements with the public sector. In effect, this does not motivate the assembly from partnering with the private sector.

Operational Issues

Partnership arrangement such as BOT allows the private entity to operate a facility for a number of years before they handover the facility to the assembly. The findings of the study revealed that, sometimes this initiative serves as a constraint to private sector participation. This is because the private entity might want to operate the facility for a number of years before handing it over to the assembly, while the assembly would also want absolute ownership of the facility. In situations where the assembly and the private entity do not reach consensus, the PPP arrangement will not come into reality.

The BO postulated that:

“This issue came in when we wanted to partner with Obuoba group of companies. They had wanted to operate the shops for about 70 years before handing it over without even giving us some of the shops. However, with further deliberations we settled on the matter. It is about profit making not social benefit. If we had not agreed on that matter, it means we would not have partnered with them.”

The findings that operational issues could serve as a barrier on private sector participation in Local Economic Development activities is not different from what the existing literature says. As indicated by Erwin et al. (2017), private entities seek to make a return on their investment. With

this, they will adopt all kinds of strategies that will help them in recouping their returns, and one of them is to operate the facility for a longer period of time. This assertion is in line with the findings of Niu and Zhang (2013) who posits that private sector entities seeks to control a project for a longer period of time in order to be able to recoup their returns.

Poor maintenance Culture

Another problem identified as a constraint on Public-Private Partnership arrangement is poor maintenance culture. The findings of the study revealed that, the assembly sometimes feel reluctant to enter into partnership arrangement with the private sector due to this issue. This is because by the time a project is ready for handover, the facility will be in a state of deterioration to a point where the cost of maintaining it could be equivalent to getting a new one due to poor maintenance culture. Likewise, some projects left in the hands of the assembly are not properly managed and this also serves as a constraint on private sector participation in LED activities.

These are some of the assertions made by the participants involved in the study:

“Because of poor maintenance culture, by the time the project is given back it requires rehabilitation and the cost of this rehabilitation is more than how much is used in building the project. So, there is no motivation in entering.” FO

The FO added that, sometimes, the private entity recoups a lot from a facility in the maiden years and by the time the facility is ready for handover, they build a rival one. By considering all these factors, the assembly is not motivated to enter into partnership arrangement with the private sector.

“Sometimes by the time a project is ready for handover, the contractor has built a rival one around which is more efficient than the current. So even if it is handed over to you, people will patronize the modern one they have built. So always the assembly is on the losing side.” FO

“No private entity would want to throw their monies away, if projects are handed over to you and you do not take good care of it, no one will ever be ready to come and support”
PSBO2

The problem of poor maintenance culture has been a challenge on the part of most public institutions (Quayson & Akomah, 2016) and this could be attributed to the issue of apathy or lack supervision. This has left most developmental initiatives in a state of disrepair and uncompleted. The findings of the study revealed that poor maintenance culture on the part of the assembly does not encourage PPP arrangement. Likewise, the extent to which a facility gets deteriorated before it is handed over to an assembly also impedes partnership arrangement. The findings of this study are similar to the findings of Tamošaitiene, Sarvari, Chan and Cristofaro (2020).

Lack of Transparency

The findings of the study also revealed that issues pertaining to transparency and unavailability of information is a major constraint on private sector participation in LED activities. From the findings of the study, it was obvious from the assertions made by the private entities that the assembly to some extent, is not very much transparent with them. They do not have access to most information on developmental initiatives and some partnership arrangement they have undertaken with the assembly. These are some of the assertions made by PSBOs:

“The challenge is that they are not very much transparent in their activities and this discourage we those in the private sector in partnering with them to undertake developmental initiatives.” PSBO3

“..... when we began the project, it is the assembly that came to us for the money, the assembly started the structures, and initially, the arrangement was between the assembly and we, the private sector business owners only. However, we later heard that the assembly is financially constraint so they need a third a person, and in taking that decision, they did not even inform us. So, if for now three people are doing something, how could two take a decision without the knowledge of the other. Initially, they did not tell us that the contractor

was part of the project, so on that note, they were not very much transparent with us. This is not a motivation to partner with the assembly. PSBO1

According to Kuunifaa (2012) availability of information is a necessity for development and good governance. The findings of the study revealed that lack of transparency and access to information serves as a major constraint on private sector participation in developmental initiatives. This finding is similar to the findings of Al-Hanawi, Qattan, Cenker, and Kosycarz (2020), who found out that lack of transparency prevents the private sector from partnering with the public sector to deliver services.

Over Politicization of LED Strategies

Politicization of LED initiatives tends to retard Local Economic Development. This is because it has the tendency of discouraging some stakeholders from coming to support in the promotion of Local Economic Development activities.

These are some of the assertions made by the Assembly Men:

“The way we talk and politicize developmental initiatives sometimes does not encourage the private sector to partner with us. A clear example is the kind of noise we are making on the IDIF to take place in this district. A lot of people are politicizing the initiative and it does not encourage others to come and invest in it.” AM4

From the findings of the study, it is obvious that the over politicization of LED programmes is a major constraint to private sector participation. This finding conforms to the findings of Ahenkan et al. (2013), who posit that ineffective stakeholder participation in the planning and implementation of developmental initiatives could be attributed to the politicization of issues.

Likewise, the findings of this study also conform to the findings of Agbevade (2018), who posit that the over politicization of LED strategies affects its implementation.

4.6.2 Constraint on Community Participation in LED

The study also looked at the constraints that mitigate against effective community participation in LED. Notable among them are issues on transparency, apathy, politicization of issues, issues about funding and gender issues.

Lack of Transparency

The findings of the study revealed that lack of transparency serves as a constraint to community participation in LED. The result of the study indicate that the assembly is not transparent in some of their activities and this does not encourage the community members to participate in developmental initiatives facilitated by the assembly. From the assertions made by the participants, it is obvious that the assembly is unable to deliver most of the promises they make and this does not motivate the people to participate. However, the assembly does not communicate to them on the reasons why they are unable to deliver most of their promises.

The PO intimated that:

“We do not deliver as we promised. We promise more, but we do little. So, when we call for town hall meetings, they do not come. We are not transparent to them. We know that what we are promising it might be difficult to provide but we still go-ahead to do so.”

The results from the FGD's also revealed that issues pertaining transparency serves as a constraint to community participation in LED activities.

“Sometimes the assembly come for our views thinking that they will get our request done. But when they go, they do not provide them. So, the next time, when they call for the town hall meetings we do not go.” FGD2

Availability of information is equivalent to transparency (Ahenkan et al., 2013), and it is a necessity for development since it instils some level of trust in people. Therefore, lack of transparency can reduce the extent to which people participate in formulating and implementing economic development initiatives. The assertion that lack of transparency serves as a constraint to participation in LED is similar to the findings of Ahenkan et al. (2013), who indicates that lack of transparency is a challenge to citizens participation in local government planning and financial management.

Apathy

Another constraint to community participation is the issue of apathy on the part of opinion leaders in the communities. The findings of the study revealed that the attitude of most opinion leaders does not embrace development since they are not enthusiastic about it. Also, the community members tend to listen to their opinion leaders other than the technocrats in the assembly. Therefore, the failure of opinion leaders to participate in the formulation and implementation of LED strategies directly hinders most community members from participating.

The PO intimated that:

“Also, some of the leaders or opinion leaders too their behaviour does not embrace development. The people listen to their opinion leaders more than we, the technocrats who work in the assembly. When we go for the meetings, sometimes they themselves are not ready. So how can the community members listen to you or get themselves involved.... when they do not come, we the technocrats decide for them.”

Politicization of Issues

Another problem identified as a constraint to community participation in LED could be attributed to the politicization of issues. The findings of the study revealed that some community members/opinion leaders tend to view the various meetings the assembly organizes with the community as

highly political. Likewise, some assembly members or community members are left behind because of the political parties they belong.

The PO asserted that:

“At times too because of politics, when you go to the people, they think we the technocrats here are being appointed by the political heads and parties. So, they do not even come for the gathering. They see the whole process as politics. So, when you go, and you are disseminating proper information to them. They do not come because they think it is politics. They think we are just coming to do politics and other things.”

The BO added that:

“Sometimes, the community members play party politics on the developmental initiatives we are undertaking for them. In terms of involving them, they will tell you that the assemblyman belongs to a particular political party so they will not collaborate.”

The FGD also revealed that attention is given to persons with only party affiliation or personal relation.

“Each and everyone have a way of contributing to development. However, attention is given to persons with only party affiliation or personal relation leaving we those with no party affiliation behind.” FGD2

The assertion that partisan politics serves as a constraint to participation in LED is similar to the findings of Ahenkan et al. (2013), who also found out that most assembly members are left out in the planning process of local government planning and financial management due to their political affiliation.

Issues Pertaining to Funding

Funding was also identified as one of the major issues that hinder the participation of the community in LED activities. From the findings of the study, it is obvious that due to lack of funds, the assembly is unable to meet all the needs of the people on time. On that basis, the people feel

reluctant to involve themselves in the formulation of LED strategies. They perceive that nothing fruitful will come out of it when they involve themselves.

The PO reiterated that:

“The problem is because of our financial base at times we will go for their needs, but because of the irregular flow of the funds, we are unable to execute or implement their needs for them. When it happens that way or you go back to them, they feel reluctant to come out or give you information. They do indicate that all these discussions they have heard on several occasions but they do not see any profitable thing out of it.”

“Sometimes they do come for our views before they undertake any developmental initiatives. They normally organize meetings just that we the people do not go. We do not go because we are tired of them. What we say they do not take it into consideration” FGD3

Issues Pertaining to Gender

The findings of the study also revealed that most opinion leaders happen to be males and to that effect, it hinders most women from participating in the formulation and implementation of LED strategies.

“Normally, the opinion leaders are made up of men so in most of the engagement it is done with the men.” BO

“The system in itself takes women out of the decision making since most of the leaders are men.” PO

The assertion above indicates that the participation of women in the formulation and implementation of LED strategies is a major problem since most opinion leaders are males other than females. This finding is similar to the World Bank (2005) findings, which posits that the participation of women in policy making, economic development, and project design is very low. This can be attributed to cultural, legal factors, lack of time, and multiple roles.

4.7 Conclusion

This chapter of the study looked at the findings of the study and it was discussed in accordance with existing literature. The results of the study were also discussed in accordance with the research objectives. The chapter paid attention to: the contribution of fiscal decentralisation to LED, the extent at which community members are involved in LED initiatives, the kind of partnership arrangement the assembly has with the private sector in undertaking LED initiatives and the constraints on partnership and participation in LED.



CHAPTER FIVE

SUMMARY CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the findings and conclusion of the study. The chapter also explains the necessary recommendations on enhancing Local Economic Development and suggestions for future studies.

5.2 Summary of Findings

The study sought to determine the effect of fiscal decentralisation on Local Economic Development in Ghana by using Kwahu South Municipality as a case study. Four main objectives underscored the study, and these were: the contribution of fiscal decentralisation to LED, the extent to which community members are involved in LED initiatives, the kind of partnership arrangement Kwahu South Municipal Assembly has with the private sector, and the constraints on partnership and participation in LED. The study adopted a qualitative research approach with a case study design. The instrument used in the collection of data was interview guide and a Focus Group Discussion. The sections below provide the findings of the study in accordance with the research objectives.

5.2.1 Contribution of Fiscal Decentralisation to Local Economic Development

The findings of this study shows that several infrastructural activities have been undertaken through the actions of fiscal decentralisation to promote economic development. Among them are office space, markets, water and sewerage system, health care facilities, and roads. The implication of these infrastructural activities, such as roads, office spaces, and markets, is that it helps in getting access to business service centres easily. This reduces trade barriers and assists in boosting the local economy.

Concerning human resource development, the study found out that a number of training programmes have been undertaken to build the capacity of the indigenes through fiscal decentralisation. These training programmes include learning how to make soap, bead making, metal doors, and animal rearing. These training programmes help improve the technical competencies of individuals, which also assists in performing tasks effectively and efficiently.

The study also revealed that the assembly does not give out loans. However, it serves as a liaison or facilitates the acquisition of loans, and they also provide start-up funds to individuals such as Persons with Disabilities (PWDs).

The study also found out that tourism and the agriculture industries form part of the major industrial sectors in the municipality. This is because the majority of the people who live in the municipality and are employed engage in agriculture. Besides, the municipality is noted by its numerous tourist sites and Easter festivities that attract several people into the municipality. The findings of the study show that the assembly provides seedlings and training to farmers. It was also revealed that some maintenance works are undertaken from time to time at the various tourist sites by the assembly.

5.2.2 Extent to which the Community is involved in LED Initiatives

The findings of the study revealed that it is mandatory for the assembly to involve the community in the formulation and implementation of developmental initiatives. For that matter, community members are involved in what is termed as participatory planning process. This process is used in preparing the Medium-Term Development Plan (MTDP) of the assembly, and with this MTDP, LED strategies are incorporated into it. However, the findings of the study also revealed that, sometimes, the assembly sidesteps the community in formulating and implementing LED

strategies and this usually happens in situations whereby the need is urgent to undertake a developmental initiative.

5.2.3 The Kind of Partnership Arrangement Kwahu South Municipal Assembly has with the Private Sector

From the findings of the study, the kind of partnership arrangement the municipality has with the private sector is a Build Operate Transfer (BOT) and Joint Venture kind of partnership arrangement. The study found out that the assembly has stores and markets in Mpraeso which were constructed through joint venture and BOT. It was also revealed that the assembly is converting most of its joint venture partnership arrangement into BOT. This is because BOT helps in reducing public expenditure on infrastructure on the part of the assembly and allows a private entity to own a project for a number of years completely.

5.2.4 Constraints on Partnership and Participation in LED

The study also looked at the constraints associated with the involvement of community members and private sector organisations in LED initiatives. The findings revealed that there are a number of factors serving as hindrances to private sector participation in LED. Notable among these factors are the lack of vibrant private sector businesses, rules governing PPP arrangements, personal interest on the part of private sector business owners, operational issues and policies, poor maintenance culture, and lack of transparency. Concerning the constraints on community participation, the study found that issues of transparency, apathy, politicization of issues, issues pertaining to funding and gender are the major constraints to LED.

5.3 Conclusion

Local Economic Development is seen as an avenue to promulgate economic opportunities in various localities, and it can assume various forms. It is also worth noting that LED can help bridge the economic disparities between communities and also aid in achieving Sustainable Development Goals (SGDs). However, the success of these LED initiatives is dependent on the availability of funding and the extent to which local indigenes embrace these initiatives. This study looked at the contribution of fiscal decentralisation to Local Economic Development and partnership and participation in Local Economic Development. The study revealed that fiscal decentralisation has contributed immensely to LED activities, but there are some constraints to private sector and community participation in LED. Despite the numerous benefits of fiscal decentralisation to LED, existing constraints on the private sector and community participation prevent LED from fully achieving its intended goal. Therefore, this study concludes that the distribution of resources by Local Government Authorities, and proper stakeholder engagement and support, is needed to enhance the involvement of private and community participation in the formulation and implementation of LED initiatives.

5.4 Recommendations

This section presents the necessary policy recommendations that can be put in place to enhance Local Economic Development and future studies, respectively.

5.4.1 Policy Recommendations

5.4.1.1 Conditions for Enhancing Local Economic Development

From the findings of the study, a number of measures can be put in place to enhance Local Economic Development. These measures are effective coordination among various stakeholders,

effective revenue mobilisation, encouraging Public-Private Partnership, investing in tourism, and a reduction in the attrition rate in the assembly.

5.4.1.1.1 Effective Coordination among Stakeholders

To promoting Local Economic Development, there must be a need to ensure effective coordination among the various actors involved in LED. All stakeholders need to be involved in the LED process. Effective coordination could be achieved when the assembly instils some trust among the various stakeholders of LED by involving them and being transparent. Likewise, effective coordination could be achieved when the assembly is able to deliver on what it promises.

5.4.1.1.2 Enhance Revenue Mobilisation

Local Economic Development cannot be achieved without the availability of funding. To promote Local Economic Development, the assembly should put in measures that will enhance its revenue generation capacity. This can be achieved when statutory funds are released on time, and the various avenues of mobilizing Internally Generated Funds are widened and scrutinized.

5.4.1.1.3 Encourage Public-Private Partnership

Promoting PPP arrangements will help in enhancing Local Economic Development. PPP arrangement will assist in undertaking LED initiatives since it may reduce delays in the completion of infrastructural projects and also reduce the assembly's expenditure on infrastructure.

5.4.1.1.4 Strengthen the Tourism Industry

The contribution of tourism to Local Economic Development has been widely acknowledged since it helps in attracting people to various localities and also assists in creating jobs. However, the municipality has a number of underdeveloped tourist sites. Therefore, rebranding and marketing

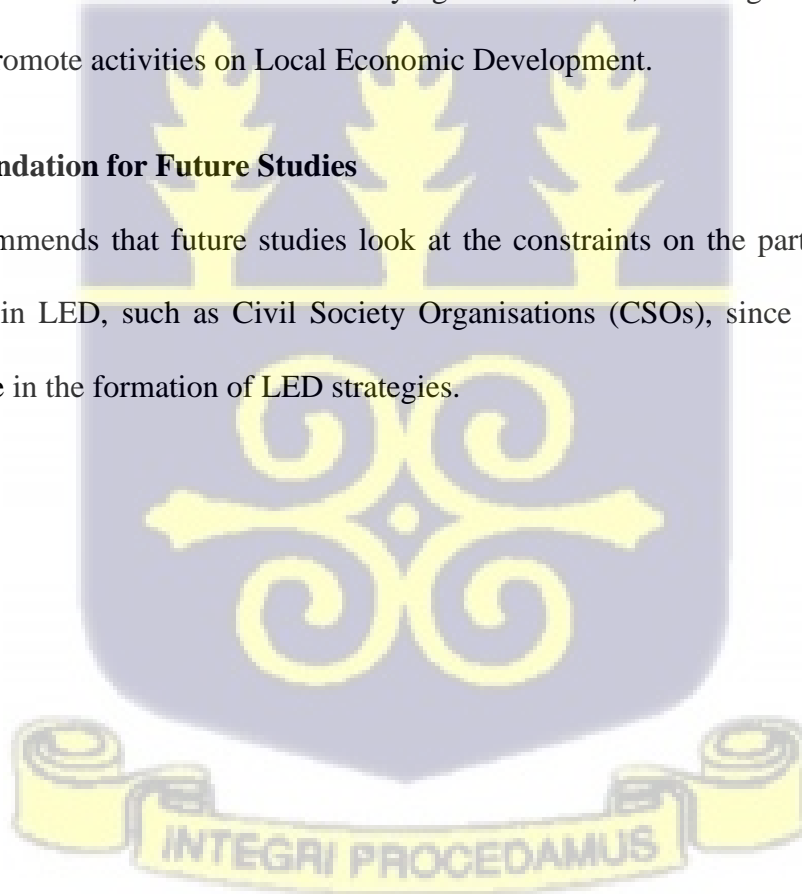
of these tourist sites will attract a lot of people, which will create jobs and promote economic development in the long run.

5.4.1.1.5 Reduce the Level of Attrition Rate in District Assemblies

High attrition rates in an assembly tend to impede Local Economic Development. This is because the extent to which the staff of an assembly have familiarized themselves with activities that can boost economic development can go a long way to enhance Local Economic Development. In this regard, recruiting new staff means there would be a need to provide the requisite training on proper planning and implementation of LED activities again. These new staff will also have to become acquainted with LED activities in the assembly again. Therefore, reducing the level of attrition rates will help promote activities on Local Economic Development.

5.4.2 Recommendation for Future Studies

This study recommends that future studies look at the constraints on the participation of other actors involved in LED, such as Civil Society Organisations (CSOs), since they also play an instrumental role in the formation of LED strategies.



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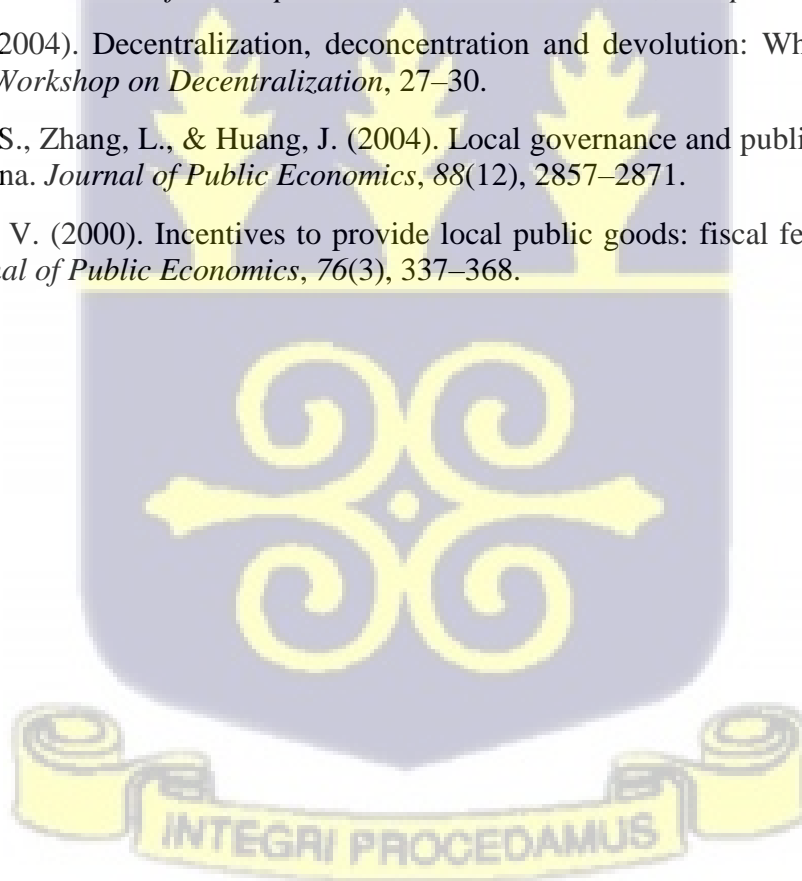
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INTERVIEW GUIDE

1. Gender a. Male b. Female
2. What is your age group? a. 18-30 b. 31-40 c. 41-50 d. 51 and Above
3. How long have you stayed in the municipality? a. Less than a year b. 1-5 years c. 6-10 years d. 11- years and above
4. What is your level of education? a. JHS b. SHS c. Tertiary d. Masters e. Post Graduate f. No formal education

Contribution of fiscal decentralisation to local economic development

Staff of Kwahu South Municipal Assembly, Community members and Assembly men

1. How has fiscal decentralisation (intergovernmental transfer, internally generated funds, borrowing/loan guarantee, co-financing/co-production) contributed in getting access to business service centres, railways and ports?
2. How has fiscal decentralisation contributed in getting access to office space, shops and parking slots in the municipality?
3. How has fiscal decentralisation contributed to public transport, communication networks, water and sewage within the municipality?
4. How has fiscal decentralisation contributed to the development of human resources within the municipality?
5. Has fiscal decentralisation contributed to the provision of financial resources (grants/credit facilities) to local businesses within the municipality?
6. Has fiscal decentralisation contributed to the provision of startups to local businesses?
7. How has fiscal decentralisation helped in the sustainability of local businesses?
8. How has fiscal decentralisation created employment opportunities and competitiveness among businesses in the locality?
9. How has fiscal decentralisation created competitiveness among businesses in the locality?
10. How has fiscal decentralisation helped in promoting quality of life such as environmental amenities, climate, and public services required for good living?

Staff of Kwahu South Municipal Assembly

1. What kind of partnership arrangement does the assembly have with the private sector in undertaking developmental initiatives such as infrastructure development etc.?
2. To what extent does the assembly involve the community when undertaking developmental initiatives such as infrastructure development etc.?
3. What are the challenges faced by the assembly when they partner with the assembly to undertake activities such as infrastructure development etc.?
4. What are the challenges faced by the assembly when they involve the community members in undertaking developmental initiatives?

Community and Assembly Members

1. To what extent does the assembly involve community members when undertaking developmental initiatives?
2. What are some of the challenges you face with regards to your involvement in developmental initiatives in the municipality?

Private Sector Business Owners

1. What kind of partnership arrangement does the private sector has with the assembly in undertaking developmental initiatives?
2. What are some of the developmental initiatives you have partnered with the assembly to undertake?
3. What are some of the challenges faced by the private sector when they partner with the assembly to undertake developmental initiatives?

