



INCLUDE



RESEARCH REPORT

INSTITUTE OF LOCAL
GOVERNMENT STUDIES

**PROMOTING LOCAL ECONOMIC TRANSFORMATION:
A COMPARATIVE STUDY OF ONE DISTRICT-ONE
FACTORY AND LOCAL ECONOMIC DEVELOPMENT
INITIATIVES**

**Kwasi Larnyoh
Ivy Ahoefa Adorboe
Nicholas Awortwi (PhD)**

Tel: (+233) (0) 302-508817 / (+233) (0) 599 01 73 00 Email: info@ilgs.edu.gh

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List of Abbreviations

1D1F	- One District One Factory
AGI	- Association of Ghana Industries
CSIR	- Centre for Scientific and Industrial Research
DIP	-District Industrialisation Programme
DISTs	-District Implementation Support Teams
ECA	-Economic Commission for Africa
EPA	- Environmental Protection Agency
EXIM Bank	-Export-Import Bank
GEA	- Ghana Enterprises Agency
GIPC	- Ghana Investment Promotion Council
GSA	- Ghana Standards Authority
IGFs	-Internally Generated Funds
IMCCoD	-Inter-Ministerial Coordinating Committee on Decentralisation
ISI	-Import Substitution Industrialisation
LED	-Local Economic development
MLGRD	-Ministry of Local Government and Rural Development
MMDAs	-Metropolitan, Municipal and District Assemblies
MoTI	-Ministry of Trade and Industry
MTDPs	-Medium Term Development Plans
NDPC	-National Development Planning Commission
NPP	-New Patriotic Party
OTOP	-One Tambon One Product
OVOP	-One Village One Product

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Definition of Terms

<u>Term</u>	<u>Definition</u>
District Assemblies	Local government units in Ghana constituting the highest political authority and responsible for the overall development of a district
Local Economic Development	A development strategy that hinges on the use of local resources to create goods and services, employment and income growth within a geographical area.
Local Industrial Policy	A deliberate intervention by government that seeks to establish industries in communities with the aim of transforming the local economy and improving the quality of life of the people.
Promoters	Investors at the district level who are willing to enrol on the One District One Factory initiative.

Executive Summary

Industrial policy is receiving growing interest among development practitioners in recent times. This is not surprising as deliberate and targeted government interventions have accompanied the growth paths of many developed nations and have helped many developing nations to transition to developed ones. Proponents of Industrial Policy argue that it is the only paradigm that delivers real economic growth and transformation.

Ghana has implemented many development policies and strategies aimed at promoting economic transformation. Implementation of strategies such as import substitution industrialisation strategy, liberalized industrialisation strategy and an industrial architecture based on value added processing have all not yielded the desired outcomes in terms of significantly reducing poverty and fostering economic transformation.

Ghana's current decentralisation policy makes district assemblies responsible for the overall development of their jurisdictions. District assemblies are subsequently mandated to promote local economic development (LED) strategies to bring about improvement in the quality of life of the people. The implementation of local economic development has also not achieved the desired results due to a myriad of issues including lack of commitment on the part of district assemblies; little integration of the LED process into the local level planning processes; inadequate financial resources; lack of coordination between local government institutions; and poor infrastructure and market accessibility. Since 2017, the Government of Ghana has been implementing the flagship One District One Factory (1D1F) initiative which seeks to set up at least one medium to large scale factory in each of the administrative districts of Ghana to create massive employment and add value to local resources.

This study set out to compare how 1D1F and LED initiatives are implemented at the local level taking into consideration the key determinants of collaboration, coordination, commitment, capacity, context-specificity, and communication (6 Cs). Other objectives of the study were to assess the extent of job creation and enterprise development intervention of 1D1F and LED; and also to determine the success factors and pitfalls in the implementation of the 1D1F initiative. The study conducted key informant interviews with purposively selected 1D1F companies, district assemblies and some key state stakeholders.

It emerged from the study that key industrial policy success factors of collaboration, coordination, commitment, capacity, context-specificity, and communication and feedback mechanisms (the 6 Cs) to a large extent are reflected in the implementation of the 1D1F initiative more than in the LED initiatives of district assemblies. These factors have, to a large extent, contributed to the success of the 1D1F local industrial policy. Also, the show commitment by top level (political) leadership towards the implementation of policy can greatly influence state and even non-state institutions to be more proactive in the performance of their roles in ensuring the success of the policy. In addition, entrepreneurs access to cheaper financing options is important for the success of local industrial policies. Also, the use of local resources in production, especially in agro-processing, promotes local job creation.

Finally, the study recommends the deepening of coordination at the district level. It also recommends that district assemblies adopt a "One Area, One Product" (1A1P) strategy where they lead, coordinate and facilitate the development of viable local products from the sub-districts and local communities for the implementation of their LED initiatives.

SECTION 1: INTRODUCTION

1.1 About the report

This document presents the report of an empirical study commissioned by the Director of the Institute of Local Government Studies, Dr. Nicholas Awortwi, following a synthesis of literature on industrial policy for local economic transformation. The study forms part of the Institute's objective of using research and practice to inform policy development and implementation in Ghana's local governance arena. The study compared the implementation of the One-District-One-Factory local industrial policy and local economic development initiatives of district assemblies. It analysed the success factors as well as the pitfalls of implementing 1D1F and LED in Ghana.

1.2 Background to the study

The quest for economic transformation has led countries to explore various development options over time. In recent times however, industrial policy is receiving growing interest among development practitioners as a result of the international financial crisis of 2008-2010 and the success of many East Asian economies, most recently China (DCED, 2017, Wade, 2015, Khan, n.d.). This is not surprising as deliberate and targeted government interventions have accompanied the growth paths of many developed nations and have helped lifted many underdeveloped nations into developed ones. Indeed, industrial policies aim to speed up the process of economic transformation. The literature shows that industrial policies have played critical roles in the economic success stories of many developed countries and that a number of Asian countries achieved significant growth accelerations and became so successful in developing their competitiveness because of vigorous state support and industrial policies (Khan n.d.; Dosi, Cimoli & Stiglitz, 2009). Industrial Policy has been argued to be the only paradigm that delivers real economic growth and transformation (DCED, 2017).

Ghana like many other developing countries, has since independence implemented a number of development policies and strategies aimed at fostering economic transformation and ultimately

improving the standard of living of its people. An initial attempt in the 1960s to diversify the economy through import-substitution industries (ISI) was a complete failure because of political patronage and inefficient management (Vondee-Awortwi, 2017). Since then the policy drive towards structural transformation has been weak and inconsistent. In fact, three major industrialisation strategies have been pursued since independence. These are an inward overprotected import substitution industrialisation strategy (1965-83), an outward liberalized industrialisation strategy (1984-2000), and since 2001, an industrial architecture based on value added processing of Ghana's natural resource endowments through a private sector-led accelerated industrial development strategy (Ackah, Adjasi & Turkson, 2016). With all these efforts, the aims of reducing poverty and fostering economic transformation have still not been realized. Some of the reasons for the failures according to authors such as Tsikata (2007) and Wunsch (2014), is "crisis of governance" in particular centralization, implementation bottlenecks and lack of institutional coordination. The country embarked on a new decentralisation agenda in 1988 and subsequently created district assemblies as the key development agents at the local level. District assemblies have since implemented many development programmes and initiatives, including a five-year local economic development (LED) policy from 2014 to 2018 in their attempt to speed up development. These efforts have been ineffective due to challenges such as lack of commitment on the part of district assemblies; little integration of the LED process into the local level planning process; inadequate financial resources; lack of knowledge of the policy; lack of coordination between local government institutions; poor infrastructure and market accessibility; inadequate technical personnel; improper targeting of beneficiaries and lack of capacity to monitor and evaluate the impact of the programmes (Larnyoh, 2019; Oduro-Ofori, 2016; Mensah, Bawole, & Ahenkan, 2013). Since 2017, the Government of Ghana has implemented wide-reaching initiatives to support local industries within the framework of a diversified economy. Central to this agenda is the mobilisation of natural resources to produce high-value products for the export market while also localizing manufacturing by developing new

factories, industrial parks and free zones. Industrialisation has become a core of state policy, with local manufactures receiving robust government support and benefits from several public and private initiatives since 2017 under a flagship initiative known as the “One District One Factory” (1D1F) programme. To avoid the implementation challenges of previous policies and initiatives requires that things are done differently.

1.3 Statement of the problem

Ghana like many other developing countries, has since independence implemented a number of development policies and strategies aimed at fostering economic transformation and ultimately improving the standard of living of its people. Not much success has been achieved due to a number of challenges, in particular centralization, implementation bottlenecks and lack of institutional coordination. Since 2017, the Government of Ghana has implemented wide-reaching initiatives to support local industries within the framework of a diversified economy. Central to this agenda is the mobilisation of natural resources to produce high-value products for the export market while also localizing manufacturing by developing new factories, industrial parks and free zones. Industrialisation has become a core of state policy, with local manufactures receiving robust government support and benefits from public and private initiatives since 2017 under a flagship initiative known as the “One District One Factory” (1D1F) programme. On the other hand, district assemblies have been local economic development initiatives aimed at creating job opportunities and improving on the living conditions of people. Studies such as Tsikata (2007), Wunsch (2014), Vondee-Awortwi, (2017), Larnyoh, (2019), Oduro-Ofori, (2016), and Mensah, Bawole, and Ahenkan, (2013) adequately enumerate the many challenges affecting the implementation of these initiatives. What has not been clearly explored is a comparative analysis of how 1D1F and LED promote local economic transformation; which this work seeks to address.

1.4 Objectives of the study

Objectives of the study were:

1. To compare how 1D1F and LED initiatives are implemented in taking into consideration collaboration, coordination, commitment, capacity, context-specificity, and communication (6 Cs).
2. To assess the extent of job creation and enterprise development intervention of 1D1F and LED.
3. To determine the success factors and pitfalls in the implementation of the 1D1F and LED initiatives.

SECTION 2: LITERATURE REVIEW

2.1 Industrial policy: meaning and rationale

There is no consensus on the definition of industrial policy; the term means different things to different people (Evenett, 2003 as cited in Pack & Saggi, 2006). Industrial policy has been defined to be either “general” or “selective/targeted”. Proponents of the “general” view argue that the state should concentrate on providing things like education, research and development, and infrastructure that provide enabling environment for businesses to thrive rather than trying to ‘pick winners’ by favouring particular industries or even firms. Darmer and Kuyper (2000), who belong to this view define industrial policy to mean the initiation and co-ordination of governmental initiatives to leverage upward the productivity and competitiveness of the whole economy and of particular industries in it. Similarly, Warwick (2013) defines industrial policy as “*any type of intervention or government policy that attempts to improve the business environment or to alter the structure of economic activity toward sectors, technologies or tasks that are expected to offer better prospects for economic growth or societal welfare than would occur in the absence of such intervention*”. Lütkenhorst *et al.* (2014) also describe industrial policy as any intentional measure taken by public authorities to steer the structure of an economy into a desired direction, irrespective of what that direction may be.

Proponents of the “selective/targeted” view have defined industrial policy to mean any type of

intervention or government policy that is aimed at promoting a specific industry or sector to change the production structure of an economy to accelerate economic development (Pack & Saggi, 2006; UNCTAD 2009; Wade, 2015). Industrial policies are not necessarily aimed at promoting industrialisation, even though manufacturing is the most common target of industrial policies. Rodrik, (2004) argues that policies targeted at non-traditional agriculture or services qualify as much as incentives on manufactures.

The argument in favour of government policy intervention is based on the notion of market failures, whereby “a competitive market system does not yield the socially efficient outcome” (Pack & Saggi, 2006). Some economists have argued that, “governments have no business doing business” and that allowing the market system to operate freely will result in efficient allocation of resources. Instances of market failure have however rendered this view invalid. Pack and Saggi (2006); and Chang (2009) as cited in Altenburg (2011) identified coordination failure; dynamic scale economies and knowledge spill-overs; informational externalities; and environmental externalities as the failures of the market which justify selective intervention by government through industrial policy.

Dosi (1988) made it clear that it is important to acknowledge that industrial policies have always accompanied the growth process of rich countries and that, for this reason, they should be considered as a permanent feature of the ‘constitution of markets’ and an essential part of their functioning. Similarly, Landes (1970) asserts that, there is abundant historical evidence showing that all the current developed countries have widely adopted targeted government interventions in trade and industry during their catching-up process.

Undoubtedly, the rationale for implementing industrial policies is to bring about structural transformation of the economy. Studies indicate that a recent sign of successful industrialisation in Ethiopia and Rwanda illustrated that industrial policy could promote structural transformation from agricultural to non-agricultural sector in Africa (Oqubay 2015; Noman

and Stiglitz 2015; Dinh *et al.* 2012 as cited in Otsuka & Sugihara, 2019). The World Bank (2012) was specific in indicating that the reasons behind the rising interest in industrial policy include the general recognition of the importance of job creation in the developing world.

2.2 Key determinants of successful industrial policy

Successful implementation of industrial policy does not happen in a vacuum; it is hinged on some core foundations which existing literature clearly outline to include collaboration; coordination; commitment; capacity; context-specificity; and communication and feedback mechanism (Page & Tarp, 2017; Pack & Saggi, 2006; ECA, 2015; Aryeetey & Owoo, 2016; Aiginger & Rodrik, 2020) Ample historical evidence shows that industrial policy does work when the right technologies and industries are supported and when appropriate combinations of policy measures are implemented (Dosi, Cimoli & Stiglitz, 2009).

2.2.1 Collaboration

Effective collaboration among stakeholders, especially between the public and private sector, is a bedrock to the successful implementation of industrial policy. Rodrik (2007) argues that a strategic collaboration between the private sector and the government is needed to uncover where the most significant obstacles to restructuring lie and what type of interventions are more likely to remove them. During the 1990s, Chile managed to become the largest exporter of farmed salmon in the world. It also became one of the main exporters of fresh and processed fruit and tomatoes. The success of these industries, according to ECA (2016), was actually a success story of industrial policy. Andreoni, (2013a) as cited in ECA (2016), emphasises that the success of the salmon industry in Chile was the result of collaboration between the government, public sector agencies, private sector firms and their associations, and even a foreign aid agency. ECA (2015) reports that Rwanda’s industrial policy is designed by the Ministry of Trade and Industry, in close collaboration with the private sector and institutions such as the Rwanda Development Board. The government reportedly develops industrial policy in close

consultation with the private sector, and this process has made it more responsive to business needs in recent years. Lessons from South Korea show that when State-Business Relations shifted from top-down planning in the 1960s and 1970s, where the government laid down plans that the private sector needed to adhere to, to one in the 1980s where horizontal collaboration between the private and public sector became the norm, started (or at least contributed to) a process that eventually led to South Korean firms becoming major global players (Kim 2011). Aryeetey and Owoo (2016) indicate that, existence of collaborative mechanisms between businesses and the state is more likely to lead to mutually beneficial outcomes in Ghana. It is worthy of note that, stakeholder identification, analysis and consultations are critical to achieving effective collaborations. An effective stakeholder analysis provides helpful insight into their legitimacy, affiliations, resourcefulness and opportunities to collaborate and engage on issues of economic development.

2.2.2 Coordination

Implementation of industrial policy goes beyond the ambit of just one ministry or agency; it involves several ministries and agencies of government. Effectively coordinating the activities of these ministries and agencies has a bearing on the success of the policy being implemented. ACET (2014) asserts that one of the biggest challenges that many Sub-Saharan countries face in promoting economic transformation is coordination within government to produce and implement realistic plans. ACET (2014) further argue that, coordination can be done effectively only by an agency whose authority is accepted by other ministers and by the staff in other ministries and agencies. They, therefore, consider the role of a central coordination agency essential. The relevance of a central coordination agency is further fortified by the need to deal with clientelistic tendencies or political patronage. Policy is distorted by the influence of formal or informal lobby groups on whose political support and campaign contributions politicians depend. The lobby for special favours, including notably tax and tariff exemptions can override declared government policy priorities and destabilise the expectations of other investors. A

critical role of the empowered coordination agency is to interrupt the circuits of influence that produce these effects (Altenburg & Lütkenhorst, 2015: 169; Schneider & Maxfield, 1997).

ACET (2014) provide typical examples of a central coordination agency. ACET (2016) indicates that the leading agencies were empowered to override the barriers that typically impede effective coordination across ministries, departments and agencies in developing countries. This muted the kind of coordination problems typically created by the use of ministerial appointments to reward the political loyalty of presidential allies. ECA (2015) also indicates that in Rwanda, the Industrial Development and Export Council (IDEC) has been created to ensure coordination among the various actors shaping the country's industrial policy as well as to ensure that the private sector is closely involved in the process. IDEC brings together all the Ministries involved in the country's industrialisation:

The need for coordination is further fortified by the fact that many projects require simultaneous investments in order to be viable, and if these investments are made by independent agents then there is little guarantee that, acting in their own self-interest, each agent would choose to invest. In instances where investment decisions are interdependent, that is, investment A is contingent on investment B being made, coordination is required. (Pack & Saggi, 2006; Altenberg, 2011).

2.2.3 Commitment

Commitment from high-level political leadership as well as consistent support for implementation is needed for industrial policy success. In Asian economies, ranging from Japan to Viet Nam, senior members of the political and government elite were publicly committed to a high level of engagement with the private sector. (World Bank, 1993; Page & Tarp, 2017). In China, party and government officials at all levels ranging from the national to the municipal are actively engaged in the industrial development agenda and they are judged on results achieved. Viet Nam gave its successful economic zone programme the highest level of political attention. In the cases of Indonesia, South Korea, Malaysia, and Singapore, the

champion was the head of state (World Bank 1993). The degree of commitment at the top is mirrored at lower levels of government in the extent of implementation. Ohno (2009) stresses the importance of a visionary top political leader who undertakes to galvanise such a national project with the support of a technocratic elite.

Ghana's unsuccessful implementation of industrial policies such as the Presidential Special Initiative (PSI) on Cassava has been attributed to a lack of commitment (Aryeetey & Owoo as cited in Page and Tarp, 2017). They assert that this may be symptomatic of a larger problem: there is the perception in Ghana that although the political elites have expressed strong rhetorical support for the private sector, there is not much actual commitment.

2.2.4 Capacity

Overall implementing capacity of the state bureaucracy is an important factor for the implementation of industrial policies. The ECA (2011) emphasize that indeed, without the necessary government capacity, any type of government intervention is doomed to fail. This position remains valid irrespective of whatever policy the government is called upon to design: the (supposedly) market-friendly policies or the more interventionist ones. Lall (1995) emphasizes that improving government capabilities should be the first objective. In a study of seven countries, Altenburg (2011) found that countries that effectively manage their industrial policies invested in their central state bureaucracy at an early stage. A defining characteristic of the East Asian deliberation councils was the high capacity of the bureaucracy charged with managing the process and with implementing decisions.

Besides individual and institutional competence or capacity, it is important to have in place an effective technology infrastructure which is invaluable for upgrading the competitive capabilities of industry (ECA, 2011). This is one of the main lessons from the experiences of East Asian governments, which provide a range of technological and information services to their enterprises. The capacity to stimulate firms' upgrading from low to high value-added stages or in technological terms, firms' catch up to the

technology frontier and eventually to leapfrog competitors is a dynamic pillar of industrial policy (Page & Tarp, 2017).

2.2.5 Context-specificity

Context refers to the environment in which policy implementation unfolds. This comprises elements such as institutional arrangements, socioeconomic factors, governance framework, and existing policies, among others (Fullan, 2015). Context defines what an industrial policy is and what it should aim at. As alluded by Tegenu (2019), context differs from country to country and from time to time and such is the nature of industrial policy. Altenburg (2011) avers that, substantial differences exist among countries, in terms of the sophistication of the economy; natural resources endowment; geographical location; history; and capabilities and development orientation of political actors. Industrial policies have a high degree of context-specificity. Instruments that have been effective in one context will not necessarily work in others. There may be synergies with, or divergence from other government policies or strategies which may result in complexities that can affect the success of the policy. As a result of this, policies and strategies of governments try to reflect the differences in terms of geography, history, economic and distinct preferences and power constellations among interest groups. The distinguishing characteristic of more successful policies was that they identified and targeted the most important problems, and the policy solutions were implementable and enforceable in particular political and institutional contexts. (Khan, n.d.)

2.2.6 Communication and feedback mechanism

The importance of continuous dialogue and exchange of information among partners for the purposes of accountability and feedback on progress cannot be overemphasised. It is important to have in place an effective system of communication of policies, strategies, and outputs/outcomes of implementation. As Page and Tarp (2017) observed, feedback on outcomes, such as the rate of growth of jobs or exports, was an essential element of the Asian industrial policy process and an important means of building accountability. In China, local governments

(prefectures, counties, townships, and villages) are directly connected to industrial clusters. By focusing on individual clusters and communicating frequently with local entrepreneurs, local governments were able to devise policies targeting specific constraints to industrial development. A major benefit of communicating outcomes is that it fosters institutional learning. ECA (2015) asserts that in Rwanda, RDB, the agency in charge of supporting private sector development in the country, is quite a unique institution, in that its CEO is the only non-minister that is also a member of the cabinet and reports directly to the President. This way, the government and all the ministries are up-to-date with progresses and investments in the country's private sector.

2.2.7 Other success factors

Besides the factors discussed above, Lall (2003) identifies three features of the East Asian model made it successful as follows: government provision of stable and predictable incentive frameworks; strong dialogue with the private sector; and use of import substitution and export promotion policies simultaneously. It is also obvious from the Japanese development model of "one village one product" (OVOP) and its variants in several other countries that, programmes to mobilize local human and material resources for value-added activities to create marketable goods and services, and providing financing and marketing assistance have resulted in significant transformation of local economies (Yeboah, Larnyoh & Awortwi, 2021).

2.3 Ghana's efforts at economic transformation since independence

Since independence, Ghana has developed and implemented a number of policies and strategies aimed at achieving economic transformation. These include the Seven-Year Development Plan, 1963-1970, the Economic Recovery Programme (ERP), 1983 which resulted in the Structural Adjustment Programme (SAP), 1987, the Ghana Regional Appropriate Technology Industrial Service (GRATIS) project, 1987, Vision 2020, 1996-2020, the Millennium Development Goals (MDGs), 2000, President's Special Initiatives (PSIs) on garment and textiles and agriculture (Cassava and oil palm), 2001-2007,

Ghana Poverty Reduction Strategy (GPRS 1), 2003-2005, Growth and Poverty Reduction Strategy (GPRS 2), 2006-2009, the Ghana Shared Growth and Development Agenda (GSGDAI), 2010-2013, GSGDA II, 2014-2017; among others (Ayee, 2007:15; Ninsin, 2007:98; Amoako-Tuffour and Armah, 2008:4-7; Mensah et.al. 2013, Mensah et.al. 2017; Agbevade, 2018). These efforts seem inadequate in addressing the economic challenges of the country as evidenced in high levels of poverty and unemployment (Larnyoh, 2019).

The country developed an Industrial Policy in 2010, which document was set within the context of the country's long-term strategic vision of achieving middle-income status by 2020, through transformation into an industry-driven economy capable of delivering decent jobs with widespread, equitable and sustainable growth and development. The Policy provides clear and transparent guidelines for the implementation of Government's industrial development agenda, with particular respect to the growth, diversification, upgrading and competitiveness of Ghana's manufacturing sector. It specifically seeks to address an array of challenges faced by the manufacturing sector that affect production capacity, productivity and product quality. The key development objectives of the Policy are to:

1. expand productive employment in the manufacturing sector
2. expand technological capacity in the manufacturing sector
3. promote agro-based industrial development
4. promote spatial distribution of industries in order to achieve reduction in poverty and income inequalities

The Policy recognises that spatial distribution of industries is critical for achieving government's strategic objective of widespread job creation and economic development in deprived areas. In order to achieve this crucial objective, the government will:

- encourage the development of Regional and District Industrial Estates, Logistic Parks and Incubators

- collaborate with the private sector to develop cluster initiatives for SMEs.
- enhance incentive schemes for industries to locate in rural areas.
- encourage MMDAs to give special attention to industry in their development plans.
- Incorporate financing for strategic interventions into the annual budget
- Develop criteria and guidelines, including entry and exit strategies, for government intervention in industry
- Direct a percentage of the proposed Industrial Development Fund to support strategic interventions in industry.
- Use public procurement regulations and practices to support strategic interventions.

Since 2017, the Government of Ghana has implemented wide-reaching initiatives to support local industries within the framework of a diversified economy. Central to this agenda is the mobilisation of natural resources to produce high-value products for the export market while also localizing manufacturing by developing new factories, industrial parks and free zones. Industrialisation has become a core of state policy, with local manufactures receiving robust government support and benefits from several public and private initiatives since 2017 under a flagship initiative known as the “One District One Factory” (1D1F) programme.

The “*One District One Factory*” initiative is a key component of the industrial transformation agenda of the current New Patriotic Party Government. The initiative evolved from the District Industrialisation Programme (DIP) of the Ministry of Trade (MoTI) which sought to set up at least one medium to large scale factory in each of the administrative districts of Ghana. It forms part of the MoTI’s 10-point Industrial Transformation Agenda which seeks to expand the manufacturing sector, reduce unemployment and accelerate socio-economic development. The agenda is as follows:

1. National industrial revitalization programme (stimulus package)
2. One District One Factory (decentralizing industrial development)
3. Development of strategic anchor industries (towards diversifying the economy)

4. Establishment of industrial parks in all regions
5. Development of small and medium-scale enterprises (SMEs)
6. Export development programme
7. Enhancing domestic retail infrastructure
8. Improving the business environment through regulatory reforms
9. Industrial sub-contracting exchange
10. Improving public-private sector dialogue.

Specific programmes and initiatives, notably the One District, One Factory (1D1F), have been implemented as part of the 10-point agenda with a view to decentralizing manufacturing, support the development of local value chains, diversifying the economy and reducing reliance on imports. Central to the 1D1F industrialisation agenda is the mobilisation of local resources to produce high-value products for the export market, while also localizing manufacturing by developing new factories, industrial parks and free zones.

There are five strategic objectives for the DIP (1D1F). These are:

- To create massive employment, particularly for the youth in rural and peri-urban communities, and thereby improve income levels and standard of living, as well as reduce rural-urban migration.
- To add value to the natural resources of each district and exploit the economic potential of each district based on its comparative advantage.
- To ensure an even and spatial spread of industries and thereby stimulate economic activity in different parts of the country.
- To enhance the production of local substitutes for imported goods and thereby conserve scarce foreign exchange.
- To promote exports and increase foreign exchange earnings.

As of October 2021, a total of 278 1D1F projects covering 134 Districts were at various stages of implementation. These include 106 in operation, 148 under construction, and 24 pipeline projects (Minister of Trade and Industry, 2021). The Minister indicated that a total of 2.69 billion Ghana Cedis had been granted as loans by financial institutions to finance 1D1F companies; and that Government had granted interest payment subsidy of 269 million Ghana Cedis. On employment, the Minister indicated that a total of 150,975 direct and indirect jobs had been created through the 1D1F initiative.

Table 1 shows the regional distribution of 1D1F projects as of October 2021.

Table 1: Regional Distribution of 1D1F Projects as of October 2021

No.	REGION	NO. OF DISTRICTS PER REGION	NO. OF 1D1F PROJECTS PER REGION	NO. OF DISTRICTS WITH 1D1F PROJECTS	NO. OF DISTRICTS YET TO BE COVERED
1	Ashanti	43	54	24	19
2	Eastern	33	37	16	17
3	Greater Accra	29	76	19	10
4	Central	22	19	15	7
5	Volta	18	13	8	10
6	Northern	16	6	4	12
7	Upper east	15	7	6	9
8	Western	14	11	9	5
9	Bono	12	19	8	4
10	Bono East	11	10	4	7
11	Upper West	11	6	4	7
12	Western North	9	5	4	5
13	Oti	8	3	3	5
14	Savanna	7	4	4	3
15	Ahafo	6	5	3	3
16	North East	6	3	3	3
	Total	260	278	134	126

Source: Ministry of Trade and Industry, 2021.

2.4 Decentralisation policy and local economic development in Ghana

Ghana embarked on major reforms to decentralise some administrative functions and decision-making powers of the central government to sub-national governments in 1988. Section 240(1) of the 1992 Republican Constitution provides that, Ghana shall have a system of local government and administration which shall, as far as practicable, be decentralised. A key feature of Ghana's decentralisation programme is the establishment of Metropolitan, Municipal and District Assemblies (MMDAs) as the highest political authority in the district with deliberative, executive and legislative powers. Both the Local Government Act 462 of 1993 and its successor, the Local Governance Act 936 of 2016, place the responsibility of local economic development on the shoulders of MMDAs. Indeed, section 12(1)(b) of Act 936 charges MMDAs to promote local economic development. This mandate goes to the very heart of decentralisation practice since it is aimed at bringing development to the doorstep of people.

The importance of Local Economic Development is reflected in the country's Decentralisation Policy and Strategy (2020-2024) document which aims to deepen local democracy and economic transformation. One of the thematic thrusts of the policy is Local Economic Development. The policy defines Local Economic Development as *“galvanising and stimulating citizens to participate in entrepreneurial ventures to promote micro, small and medium scale enterprises to create sustainable employment where District Assemblies provide the favourable and enabling business environment for growth.”* This policy thrust seeks to create an enabling environment for income growth, sustained business development and the creation of decent jobs by making LED planning and implementation more inclusive and an integral part of decentralised planning. The relevant activities here include:

- ✓ strengthening LED related institutional structures,
- ✓ identification and marketing of local resource endowments,
- ✓ adding value to local resources for export (locally across regions and abroad),

- ✓ improving the capacities of the main actors, especially women and youth, and
- ✓ building an eco-system of support services including Public-Private Partnerships (PPPs) for job creation.

Expected outcomes from undertaking these activities are the growth of locally-owned businesses at the MMDA level; and increased LED services provided by MMDAs in response to the needs of the local business community. Thus, the intent of the National Decentralisation Policy and Strategy (2020-2024) as far as LED is concerned is to build the economic capacity of the local economy to improve the quality of life of the people.

2.5 Analytical framework

The conceptual framework underlying this study is presented in Figure 1. This framework identifies the key stakeholders in local industrial policy implementation, key determinants of industrial policy success, as well as the expected outputs and outcomes of local industrial policy. The primary stakeholders comprise the central government, local governments, and the private sector enterprises. Other stakeholders include traditional authorities, civil society organisations, development partners and community members.

Central Government is the source of policy for economic transformation. Through its various ministries, departments and agencies, Central Government shapes the economic landscape of the country by developing and implementing policies and programmes. Currently, the 1D1F initiative is being implemented by the central government the Ministry of Trade and Industry, and a 1D1F Secretariat which operates directly under the Office of the President.

Local Governments comprise of Metropolitan, Municipal and District Assemblies (MMDAs). According to section 12(3)(b) of the Local Governance Act 936, MMDAs are responsible for the formulation and execution of plans, programmes and strategies for the effective mobilisation of the resources necessary for the overall development of the district. The reality, however, is that, almost all MMDAs in the country are unable to mobilise adequate resources to

implement their development plans and hence depend heavily on central government transfers. On their own accord, MMDAs have not been able to form partnerships to implement transformational initiatives such as the 1D1F, which require high financial outlays.

Another stakeholder in the partnership is the private sector business firms. This sector is highly diverse. It ranges from individual enterprises at the micro-level, to big multinational corporations that are engaged in different kinds of businesses. The private sector drives economic growth in Ghana and many other countries of the world. Hoedoafia (2019) asserts that the private sector accounts for about 87.7% of jobs in Ghana's industry. The Sector faces a myriad of challenges that hinder their ability to flourish and produce at competitive costs. These include lack of access to long term finance; lack of infrastructure which means higher transportation costs; and unreliable and expensive supply of electricity (Hoedoafia, 2019).

The 1D1F initiative is a public-private partnership between the central government and the private sector businesses in which the central government guarantees the acquisition of long term finance by the private sector and subsidizes the interest charges by fifty percent. The role of district assemblies in the partnership is not clearly defined, except for the formation of a local implementation committee, which comprises some departments of the district assemblies.

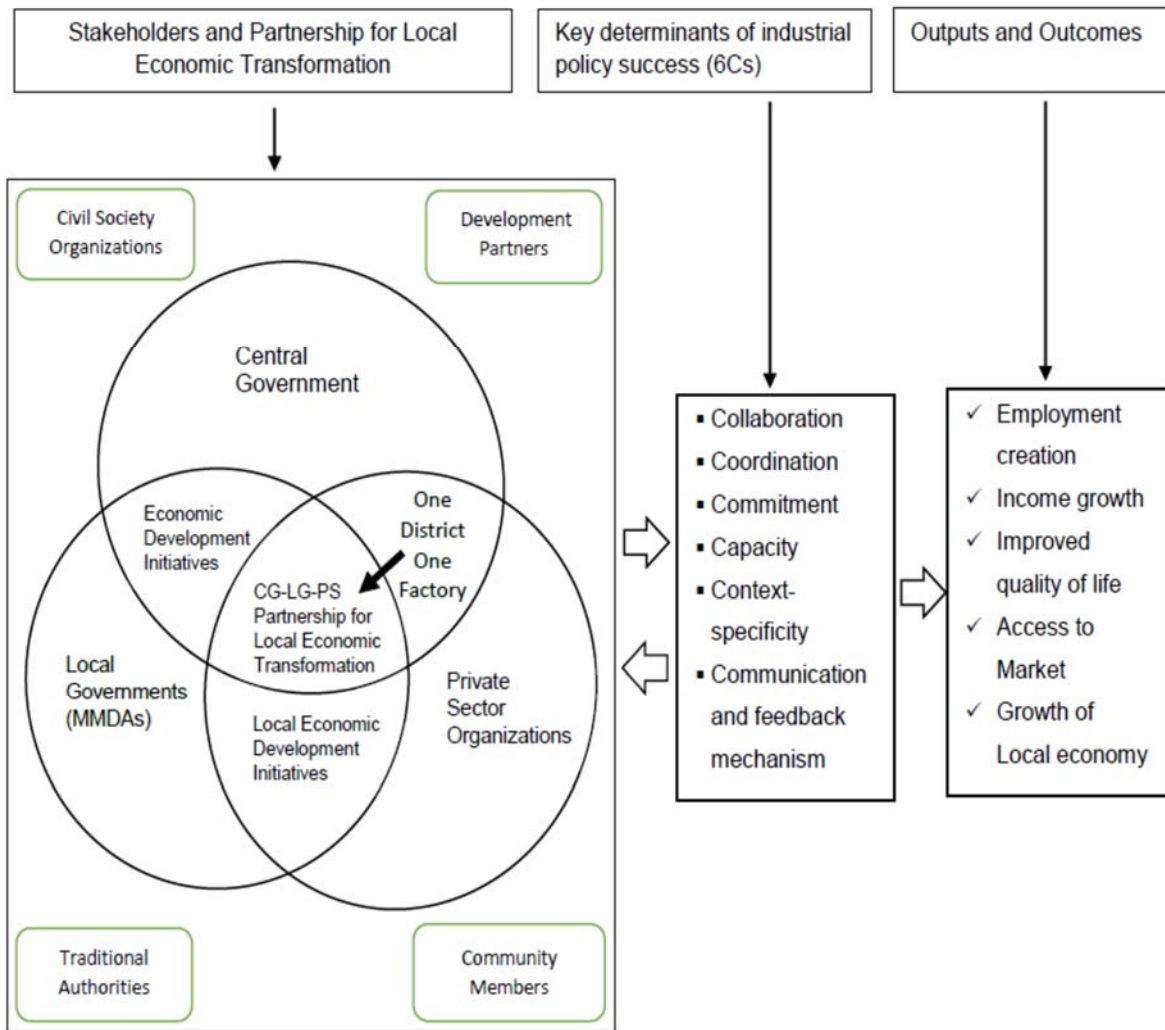
Other stakeholders involved in the 1D1F activities are financial institutions, traditional authorities and citizens or residents in the various local government jurisdictions. The financial institutions provide the much needed long term financial capital with a guarantee from the central government. The traditional authorities also release lands needed for the implementation of 1D1F projects. Citizen/residents are the ultimate beneficiaries of the partnership. They enjoy an improved quality of life as a result of job availability and income growth.

Collaboration, coordination, commitment, capacity, context specificity and communication and feedback

mechanism (6Cs) have been identified as key determinants of success of industrial policies in many parts of the world including East Asia. We intimate that, these factors must be duly reflect in the implementation of the 1D1F initiative if it is to be successful.

Finally, a successful implementation of the 1D1F local industrial policy will result in employment creation, income growth, improved quality of life and ultimately the economic transformation of the various local government areas.

Figure 1: Analytical Framework for Implementing Local Industrial Policy



Source: Authors' construct, 2021

SECTION 3: METHODOLOGY

This study set out to compare how 1D1F and LED initiatives promote local economic transformation. It used the Casa de Ropa, Ekumfi Fruits and Juices company, and Kete Krachi Timber Recovery One-District-One-Factory projects as case study. With regards to LED implementation, the study used Adentan Municipal, Ga South Municipal, Gomoa West District, Ekumfi and Asuogyaman District as cased studies. In addition, state institutions such as the Ministry of Local Government and Rural Development (MLGRD), Ministry of Trade and Industry (MoTI), National Development Planning Commission (NDPC), Inter-Ministerial Coordinating Committee on Decentralisation (IMCCoD), and 1D1F Secretariat were selected for the study due to the various roles they play in the implementation of the 1D1F and LED projects.

Primary data collection was done through key informant interviews with the aid of interview guides. Secondary data sources such as reports, internet websites, and other relevant publications were also utilised. All respondents for the study were purposively selected due to their unique knowledge of the subject under investigation. In the District Assemblies, the Coordinating Directors and the LED focal persons were selected as respondents of the study. Other public sector actors selected as respondents were the Director-General of NDPC, Executive Secretary of IMCCoD, Team Leader – Policy Planning, Monitoring and Evaluation at MoTI, and National Coordinator of the 1D1F initiative. Finally, respondents from the private sector were the Chief Operating Officers of the 1D1F firms.

Box 1: Brief profiles of study 1D1F firms

Ekumfi Fruits and Juices Limited

Ekumfi Fruits and Juices Limited is a wholly-owned Ghanaian company established in 2017 under the 1D1F initiative. It is located at Ekumfi Abor in the Central Region. The company specialises in the processing of fruits such as pineapple, mango, citrus and passion fruit into juices manufacturing of locally made fruit juices. The company's mission is to become the leading supplier of well packaged local healthy fruits and processed fruits products in Ghana and abroad. The company has an installed capacity of processing ten tones of fruits per hour. The company currently employs sixty-five (65) workers on the factory floor and over four hundred and fifty (450) in its out-grower scheme.

Kete Krachi Timber Recovery Limited

Kete Krachi Timber Recovery Limited was commissioned under the 1D1F initiative in 2018. The company uses a robust underwater logging system to recover trees from the Volta Lake and process them into wood and wood products. Its concession covers 3,500km² and contains 14 million m³ of recoverable hardwood timber that can be salvaged with zero harm to the aquatic environment and provide Ghana's depleted forests with an opportunity to regenerate. The factory currently provides direct employment to 120 workers. The company undertakes a number of corporate social responsibility activities including sinking of borehole to provide potable water for the community, renovating the community clinic, providing free health screening to residents, and periodic grading of roads. By 2022, the company intends to be Africa's largest producer of environmentally-friendly hardwood timber and charcoal.

Casa de Ropa

Casa de Ropa, located at Gomoa Bewadze in the Gomoa West District, was established on 14th October 2014 as a social enterprise to provide jobs for the rural poor, mainly women, whose main occupation had been charcoal production. The company is into agribusiness, specifically, farming and processing of sweet potatoes. It currently has access to a total of 220 hectares of land for production. Casa De Ropa Limited is specialized in the production of Orange-fleshed Sweet Potatoes (OFSP) in commercial quantities for the local and export markets. Orange-fleshed Sweet Potatoes (OFSP) can be used as a healthy substitute to white flour in the production of baked products such bread, doughnuts, cakes, pie etc. Six main products made from potatoes are produced by the company. These are bread, chips, cake, pie, crisps, and doughnuts.

Source: Field survey (2021)

SECTION 4: FINDINGS

In this section, we present the findings of the study organised based on major themes derived from the objectives of the study. In all the themes, the perspectives of the various stakeholders of 1D1F and LED implementation are highlighted.

4.1 Implementation of 1D1F and LED considering the 6Cs

The various attempts made by governments to transform the economy of Ghana envisioned a structural transformation of the economy through industrialisation. Particularly, the 1D1F initiative is an attempt of government to create a good institutional, legal and administrative environment for industrial development. The system and processes of implementing the initiative are discussed using the core factors of collaboration, coordination, commitment, capacity, context-specificity, and communication.

a) Collaboration

Collaboration was found between the Central government (through its agencies such as the 1D1F Secretariat, Ministry of Trade and Industry, and other ministries and departments), financial institutions, and private sector promoters in the implementation of the 1D1F initiatives. Roles are clearly defined in the partnership. Central government provides the guarantee for required financial outlay. Agencies of the government also facilitate acquisition of relevant permits, and the provision of vital infrastructure such as roads leading to the factories and electricity. Financial institutions such as EXIM Bank, GCB Bank and Agricultural Development Bank provide the financial capital and the private sector promoter undertakes the investment. As averred by Rodrik (2007), ACET (2016) and Ansell et al. (2017), this kind of collaboration is an essential factor for the success of the 1D1F local industrial policy.

Similarly, the study found collaborations between the district assemblies and some local and foreign partners to implement their LED projects. The Adenta Municipal Assembly for instance, had collaborated with the European Union (EU), Centre for Local Governance Advocacy (CLGA), Local Government Network (LOGNet), Centre for Scientific and Industrial

Research (CSIR), traditional authorities, Environmental Protection Agency (EPA), and the local Civil Society Organisations to implement LED projects in mushroom and fish farming. However, the extent to which the collaborations have translated into job creation, income growth and boosting local economic activities was not clearly evident. It was evident in the study that collaboration with stakeholders, particularly the private sector, for effective planning and implementation of the Districts' LED initiatives was weak. This was attributable to differences in interests and difficulty in achieving quality communication processes for consensus building.

b) Coordination

The study found that 1D1F activities are well coordinated at the national level. The Ministry of Trade and Industry is of policy guidance and coordination. The Ministry also assesses business plans from the private sector partners; facilitates the acquisition of credit; utilities; and tax exemptions. The 1D1F Secretariat oversees the implementation of the initiative and provides technical support such as registering projects received from promoters; reviewing business plans; providing advisory services; among others. Other institutions such as EXIM Bank, Ghana Investment Promotion Council (GIPC), Environmental Protection Agency (EPA), district assemblies, Ghana Enterprises Agency (GEA), Association of Ghana Industries (AGI), Ghana Chamber of Commerce, Ghana Standards Authority (GSA), Centre for Scientific and Industrial Research (CSIR), and other government institutions play various roles in the implementation of the initiative. An Inter-Sectoral Facilitation Committee has been composed to facilitate and coordinate all the support interventions required from sector ministries, departments, and agencies. The Committee comprises representatives from: Office of the President, Parliament, District Assemblies, Ghana Standards Authority, Food and Drugs Authority, Environmental Protection Agency, Community Water and Sanitation, among others. A central coordination body such as the Inter-Sectoral Facilitation Committee is regarded as essential to the successful implementation of a local industrial policy such as 1D1F (ACET, 2014; 2016). The relevance of a central

coordination body is further fortified by the need to deal with clientelistic tendencies or political patronage. The study found that various coordination mechanisms from the central government down to the District level have been put in place to ensure the initiative is devoid of political interferences. At the central government level, the Ministry of Trade and Industry and the 1D1F Secretariat have put in place systems to screen potential promoters on their eligibility; the financiers also do their independent assessments before approving a loan; and parliament has to approve any application for tax exemptions on importation of equipment; and at the subnational level, permits and licenses have to be sought from the district assemblies before factories are established. Implementing these systematic coordination mechanism ensures a certain degree of embedded autonomy, transparency and accountability hence the rent seeking behaviours are managed and the initiative becomes more sustainable even in the event of a change of government.

Coordination of the 1D1F programme at the district level was found to be weak. Per the structure, all districts with 1D1F projects are required to set up a District Implementation Support Team (DIST) to oversee, and monitor implementation in the district. The DIST is co-chaired by the District Chief Executive and the Member of Parliament in the district and is expected to liaise with the Inter-Sectoral Facilitation Committee, as well the Technical Support Group at the Ministry of Trade and Industry, in the implementation of the programme. It was found that the DISTs were not adequately coordinated to play their implementation and liaison roles effectively.

On the other hand, it was found that structures for coordinating LED implementation differed among the district assemblies. Ga South Municipal Assembly had a LED sub-committee in place. At Gomoa West, the Business Advisory Centre (BAC) was found to be responsible for coordinating LED implementation whiles at the Adentan Municipal Assembly, LED activities are in the hands of the municipal development planning officer. It was found that coordination of LED activities at these district assemblies was effective. The coordinating bodies ensured that the various departments and units that

had roles to play in LED initiatives were working to ensure the success of the initiatives.

c) Commitment

The implementation of the 1D1F rode on the political ideology and leadership of the President of the Republic, Nana Addo Dankwa Akuffo-Addo. It was evidence that the open support and interest exhibited by the president has rallied other state and even non-state institutions along. As noted by a key informant, *“Government started it right with a strong coordination from central government, the political will was there, hence when it is connected to the source of power, and decision making builds investors’ confidence”*

This aligns with the assertion by Ohno (2009) that existence of a visionary top political leader who undertakes to galvanise such a national project with the support of a technocratic elite is important. The study found a strong commitment by national level institutions in providing permits, licences and infrastructure to ensuring the successful establishment and operation of 1D1F projects. At the district level, the district assemblies also showed high degrees of commitment to the implementation of 1D1F projects. The respondent at Ekumfi Fruits and Juices company indicated that the factory got “fast track services from the Assembly”. In Asuogyaman, the Assembly provides security for the workers of Kete Krachi Timber Processing Factory when salvaging the submerged timber from the Volta Lake. In spite of these efforts it became evident that some assemblies consider the 1D1F projects as central government projects and hence do not develop small scale enterprises to take advantage of the value chains created by the 1D1F firms.

With regards to LED, successes were attributed mainly to a strong commitment from the district assembly’s leadership, particularly the Chief Executive and the Coordinating Director. In Ga South the Chief Executive and Coordinating Director had led in turning an otherwise development challenge into a recreational facility as part of their LED programme. Leadership commitment to LED has rallied other staff and stakeholders along.

Box 2: Leadership commitment in turning development challenge into LED project: The Case of Flower City Project by Ga South Municipal Assembly

The Densu River is dammed at Weija, a suburb of the Ga South Municipality. The dam provides about half of the Accra region with potable drinking water. Human activities such as encroachment, illegal sand winning, uncontrolled logging, human settlements, urbanization, livestock populations, and poor agricultural practices have degraded the vegetative cover at headwaters and along the banks of the river. The Municipal Assembly found out that the land-degrading activities in the buffer zone are perpetrated by a section of unemployed youths in the area. The Assembly introduced measures to control the encroachment, illegal sand winning activities and others, but these measures failed to protect the reserved green belt.

In order to address the challenge in a sustainable way, the assembly has initiated a project to develop the banks of the lake into a flower city and public recreational park to solve the problem of encroachment and also create jobs for the people living along the Densu Lake. The project which aims to be the largest recreational park in Greater Accra is being executed in phases:

- **Phase 1:** Recreational Park and Flower city landscape development (Restoration of the destroyed ecological zone and landscape development)
- **Phase 2:** Construction of Recreational facilities such as Water Parks, Swimming Pools and art village.
- **Phase 3:** Construction of Eco Houses and Ecological farms.

When completed, the project is expected to boost ecotourism and serve as the preferred recreation destination for the Greater Accra region and beyond.

Source: Field survey (2021).

a) Capacity

A defining characteristic of implementing a local industrial policy is the capacity of the bureaucrats managing the process. The question of whether policy actors are equipped with the requisite skills, competencies, capacities, and capabilities to implement the policy is of much importance (Williams 2012). The ECA (2011) emphasize that, indeed, without the necessary government capacity, any type of government intervention is doomed to fail. The study found that the technical, logistical and financial capacities of the national level institutions to implement 1D1F are high, especially with MoTI, which has a budget line to cater for the 50% interests on the loan facilities advanced to 1D1F firms. With regards to technical competences, expertise is drawn from various government agencies to support implementation. At the district levels, sixty-seven Business Resource Centres (BRCs) have been set up to serve as one-stop enterprise support centres providing full range of business development services, investment facilitation, information services

and regulatory services to entrepreneurs and business enterprises. In addition, one hundred and ninety Business Advisory Centres (BACs) are located in districts without BRCs and act as the satellite operational office of the BRCs. Also, Technology Solution Centres have been established in 5 districts to provide support to enterprises at the district level in technology application solutions, innovation, manufacture and repair of machinery, equipment and component parts. The district assemblies' capacity to implement the policy at the local level is however weakened by poor staff engagement on the policy, and lack of strategic leadership to effectively manage the processes, networks and linkages that will improve their performance and execution of their roles in the implementation of the 1D1F initiative.

With regards to LED initiatives, it was found that the technical capacity exists at the district assemblies to enable them effectively implement LED initiative. The various dedicated departments BACs, Economic Planning and Agriculture were observed to possess

the competence needed to support business growth in their localities. The assemblies were found to be deficient in building the required partnerships to finance businesses as pertains in the case of 1D1F.

b) Context-specificity

The study tried to find out whether the implementation of 1D1F initiative takes the local institutional and socioeconomic contexts into consideration. It emerged that the implementation is designed to mimic the country's decentralisation agenda. Central government institutions such as Parliament, the Ministry of Trade and Industry, and the 1D1F Secretariat have various roles to play the selection of promoter and providing guarantees for financing. Local governments through the District Implementation Support Teams (DISTs) are to ensure implementation at the local level by facilitating the issuance of permits and giving the necessary support to the 1D1F firms. It was however evident that the DISTs were not functioning as expected.

Regarding socioeconomic contexts, it was evident that implementation of the 1D1F initiatives considered and exploited the natural resource endowments in the respective districts. The Kete Krachi Timber Processing Company is located along the Volta lake, an area which used to be a forest before the building of the lake to provide electricity for the country. The factory harvests the timber submerged in the water for the production of logs. Also, the Ekumfi Fruits and Juices company utilises farmers who are traditional growers of pineapples to cultivate pineapples for its processing plant.

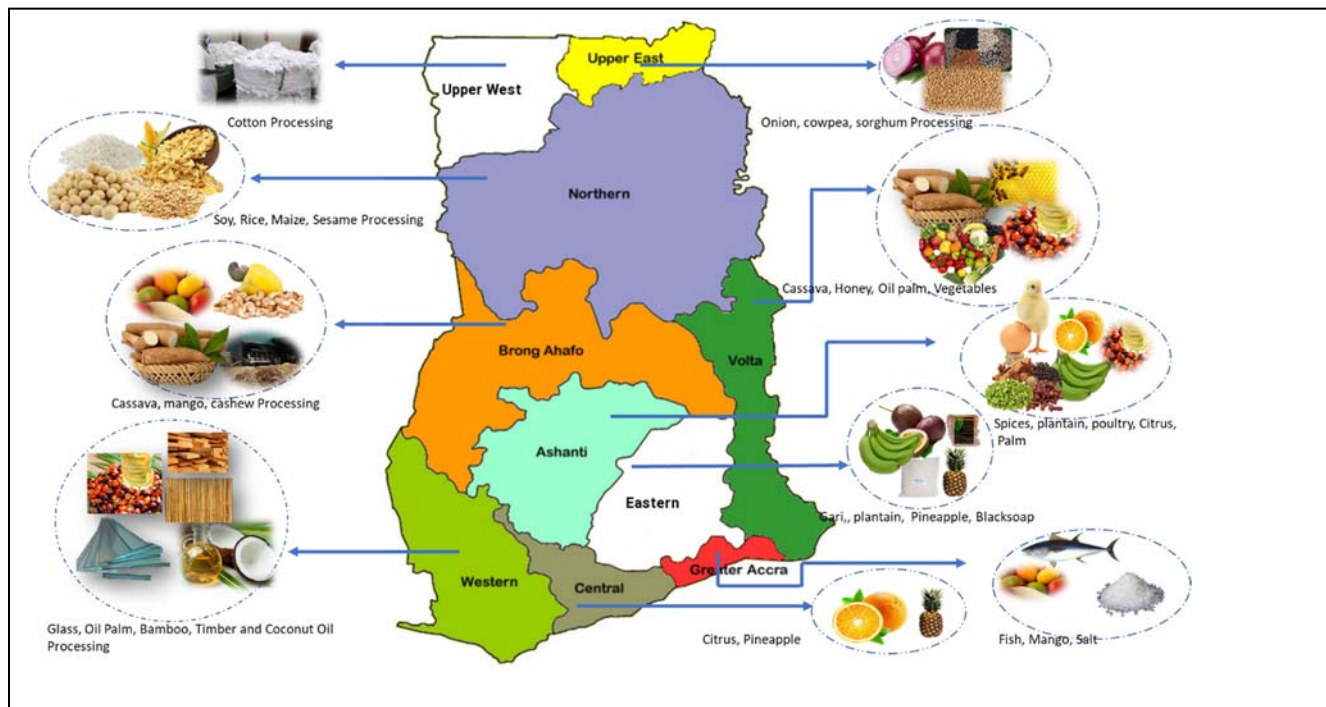


Figure 2: Local Raw Materials Contexts for Siting 1D1F Factories in the then Ten Administrative Regions of Ghana

Source: Ministry of Trade and Industry (2021).

d) Communication and feedback mechanism

The study found no structured mechanism for communication and providing periodic feedback on outcomes of the 1D1F projects. There is no formalised mechanism for giving periodic feedback on the policy. Feedback is sometimes obtained when officials of the MoTI or the 1D1F Secretariat embark on monitoring and evaluation of the projects. This is at variance with successful cases of industrial policy such as that of East Asian as adduced by Page and Tarp (2017). Similarly, in the case of LED, the study found no structured communication and feedback mechanisms between the district assemblies and the beneficiary firms and individuals. As a result, the assemblies are unable to accurately report on the number of jobs created, income growth and productivity improvements in their LED efforts.

4.2 Extent of job creation and enterprise development 1D1F and LED

The 1D1F is to stimulate investments that are capable of supporting a high growth of the local economy. Small to medium scale businesses can develop rapidly due to the presence of a factory within a locality. The study found that both the 1D1F and LED initiatives aim to create employment, foster economic growth and improve on the quality of lives of the people. As rightly observed by one respondent, *the 1D1F is a local economic development tool because factories or industries are established at the vicinity of the raw material, which is the local enclave.*

The two however differ in their approaches, targets, and extent of impact. LED interventions of the District Assemblies were observed to be isolated activities undertaken by different departments of the assemblies. The focus is mainly on skills training, provision of some business development services, and provision of basic tools for start-up businesses. The 1D1F interventions on the other hand focus on the financial and technical support to medium-scale and large-scale manufacturing or agro-processing firms. They involve firms that have many forward and backward linkages and are capable of creating many jobs along their value chains. All the 1D1F beneficiary firms indicated that Central Government guarantees

their access to finance from financial institutions. The Ekumfi Fruits and Juices company had access to a \$10 million grant from EXIM Bank to set up the factory and begin operations.

The study also found that, the district assemblies had not localised the 1D1F initiative. They had not developed specific plans to get small scale firms to take advantage of the value chain activities of the 1D1F firms in order to realise the full benefit of economic transformation that comes with the initiative. As stated by a respondent:

The district assemblies do not take advantage of the ancillary activities that these bring, the value chain. Most district assemblies have not been able to bring it to their local level, although it is an economic opportunity, it has not been a local economic opportunity.

It was observed that even though both LED and 1D1F have resulted in the creation of jobs and improvements in production levels, the 1D1F projects appear to have the greater impact due to their value chains. In Adentan Municipality, the LED intervention had resulted in an increase in the number of persons in fish farming from 5 to 30. In addition, a total of 227 persons comprising 106 males and 121 females had received training in mushroom production. Similarly, the Asuogyaman District Assembly had trained 200 people in mushroom production. With regards to 1D1F projects, Kete Krachi Timber Processing Factory indicated that 120 people are directly employed by the firm while some 50 people are indirectly employed due to their various activities. Ekumfi Fruits and Juices company which currently operates at a quarter of its capacity, about 1200 acres of pineapple in the first year of production, employs 65 people on the factory floor and 450 persons on the farms. Jobs have also been created along its transportation, distribution, wholesaling and retailing activities in the value chain. This is a huge impact on a rural economy that is ranked among the poorest districts in the Central Region. Casa de Ropa has created 280 jobs for potato farmers and is projected to create 5,000 jobs at full scale. The factory currently processes about 1,000 tons of sweet potatoes per annum. As indicated by key informants at Ekumfi

Fruits and Juices company and Kete Krachi Timber Processing factories respectively,

“The factory has mobilised land owners (450 local farmers) who are employees but also co-owner of the business. We make them more independent to make their profits. We operate the out-grower scheme, that has led to increased job creation and linkages within the value chain, the farmers sell the farm produce(pineapples) to the factory at an agreed farm price of 0.65p per fruit”.

“We currently employ 120 people, made up of 118 males and 2 females, due to the nature of our work. This provides stable and regular incomes to the village folks who are traditionally fishermen engaged in the seasonal activity. We try to give priority to the local communities; about 80% of our employees is from the district”.

It was observed that the 1D1F companies had made efforts at integrating local entrepreneurs into the local value chain. This was evident as raw materials are acquired from suppliers within the district and adjoining districts. Both Casa de Ropa and Ekumfi Fruits and Juices factories, have established out-grower schemes which are major suppliers of potatoes and pineapples respectively to the factories. A key informant stated that *“the value chain has been created, there are currently 21 SMEs from production of the potatoes to the distribution outlets within the region and in Accra. Processing and product are done by the factory”.*

The study highlights the role of entrepreneurship as a mechanism for inducing the development of enterprise and a driving force for local economic development. Promoting entrepreneurship development at the local level hinges on other factors such as skills training, and stable macroeconomic environment, local physical infrastructure, tax regularities, quality of institutions, access to finance and government support to entrepreneurial schemes. The Adentan Municipal, Asuogyaman and Gomoa West District Assemblies reported of training a

number of residents in mushroom production, fish farming and animal husbandry in their LED projects. The Ekumfi Fruits Juices company also trained community members to take advantage of their out-grower schemes.

4.3 Success factors in the implementation of 1D1F

The study identified the following as the key factors responsible for the success of the 1D1F companies studied:

a) Strong political leadership

A key factor that has worked well for the success of the 1D1F initiatives in the study areas is strong political leadership. This has been a catalyst and accelerator of the 1D1F initiative. Respondents cited the leadership role of the President of the Republic, Nana Addo Dankwa Akuffo-Addo, as a key success factor. They indicate that the open support and interest exhibited by the President has rallied the other state and even non-state institutions along. This has helped in facilitating the acquisition of financing from the banks; getting land from traditional authorities and getting permits and other infrastructure to from state institutions.

b) Governance

Governance ensures the provision of enabling environment, legal framework, security and safety. It spells out the relationships among stakeholders; their responsibilities and provides a clear road-map, follow-up and monitoring mechanisms. The study found that the governance structure of the 1D1F initiative encompasses an office at the Presidency, Parliament, the Ministry of Trade and Industry (MoTI), the Ministry of Local Government, Decentralisation and Rural Development (MLGDRD), the 1D1F Secretariat and the implementation support committees at the district assemblies. These institutions play various roles from planning to implementation of 1D1F projects. The Secretariat is responsible for coordination, with an oversight from MoTI. Coordination of state institutions to ensure the success the 1D1F initiative was found to be effective. The promoters are able to access services from the public intuitions with little or no difficulties. A respondent had this to say about governance:

Governance is a key element; it sets the platform for the process. It's not just the policy or the strategies, but what kind of governance are you undertaking for this industrial process to grow. For instance, at the District Assembly level, you need to have a committee in place because the governance determines all the incentives that can be provided to attract, sustain and grow industrial development.

c) Access to cheaper financing option, tax exemptions and technical assistance

The success of any business enterprise largely hinges on access to cheaper financing option; and the 1D1F is no exception. The Central Government partnership with some financial institutions to provide the needed finance with the government absorbing 50% of the interest was identified to be a major factor accounting for the success 1D1F initiative. In addition, waiver on duties and levies on imported plant, machinery and equipment, as well as raw materials; and corporate tax holidays for five years have contributed significantly to lowering the cost of operation of 1D1F companies and boosted their production capacity. This finding is similar to the success of the Ethiopian cut flower industry as espoused by Mano *et al* (2011) who indicate that tax incentive on inputs and special loans among others had resulted a drastic improvement in investment in the flower industry. Also the establishment of Business Advisory Centres and Business Resource Centres by the MoTI to training, consulting, technical and managerial assistance, and marketing support is a significant stride yielding positive outcomes.

d) Use of local resources

The study found that the success of the 1D1F initiative also hinges on the use of local resources. Both human and material resources have come handy to the 1D1F companies and their utilisation add to the success of the companies. The Kete Krachi Timber Processing factory processes underwater timber from the Volta Lake; Ekumfi Fruits and Juices company produces juice from pineapples cultivated in the local communities; and Casa de Ropa produces pastries

from locally produced potatoes. In all these cases, local human resources are mainly used as labour. This ensures the availability of raw materials and labour at competitive costs. It also promotes social acceptability as the local people are able to identify with the products and thereby promoting them using their social networks. As reiterated by a respondent *"pineapple farming has been a traditional activity here so it is something they are easily attracted to"*.

4.4 Pitfalls in the implementation of 1D1F

The pitfalls found with the implementation of the 1D1F initiative in the study districts and institutions are discussed below:

a) Weak linkage between national level institutions and district assemblies

The study found a weak linkage between national level institutions such as MoTI and 1D1F Secretariat on one hand, and the district assemblies on the other. Linkages in terms of communication, common planning, decision making reporting and feedbacks were practically non-existent. The study also found that district assemblies were not involved in the identification and selection of the 1D1F projects and promoters. This was evidenced in a weak connectedness of the Assemblies to the 1D1F projects. A respondent in Ekumfi indicated that, the low involvement of the Assembly limits the Assembly's control over the projects. As indicated by a respondent *"the linkage in terms of industrialisation between the Assembly and the ministry is missing, we do not talk, that coordination is not there"*.

b) Initial information gap

The implementation of the 1D1F initiative was found to be clouded with lots of misconceptions due to lack of clarity on policy goals and intentions. Initial information signalled a political party programme. This created apathy among some section of the populace and also raised the political rent-seeking behaviours among others. This we found did not bode well for an all-embracing initiative.

**c) Non-functional
Implementation
Committees**

**District
Support**

It became evident in the study that the district implementation support committees that are to ensure coordination at the local level were non-functional in some instances. Subsequently the assemblies had not built any formal communication and feedback mechanisms with the 1D1F companies. Their relationships have mainly been informal and in some cases at personal levels.

**d) Lack of promoters in some
districts**

The study found that although opportunities and incentives for local private investors to invest, create jobs and expand, in order to strengthen the local industrial base and the competitiveness of domestic enterprises were made available, the interest and eligibility of some district lack promoters to take advantage and participate in the 1D1F programme. As indicated by a respondent *"some districts do not have local promoters to invest there. This defeats the policy intent of promoting economic development at the local level"*.

SECTION 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

This study examined how the One District One Factory initiative, central government and Local Economic Development initiatives of district assemblies compare in terms of key factors such as collaboration, coordination, commitment, capacity, context-specificity, and communication and feedback mechanisms (the 6 Cs). It also aimed at determining the success factors and pitfalls of the 1D1F initiative. Based on the findings, the study makes the following conclusions:

Firstly, the key industrial policy success factors of collaboration, coordination, commitment, capacity, context-specificity, and communication and feedback mechanisms (the 6 Cs) to a large extent are reflected in the implementation of the 1D1F initiative more than in the LED initiatives of district assemblies. These factors have, to a large extent, contributed to the success of the 1D1F local industrial policy. Particularly collaboration between state and the private sector, with the state playing a facilitation role and providing access to cheaper credit facilities, serve as catalysts for business growth and by extension, job creation. Coordination by a central coordinating body like the 1D1F secretariat has proven to be effective at getting state institutions to perform their respective role in the industrial policy agenda. Also, the show of commitment by top level (political) leadership towards the implementation of policy can greatly influence state and even non-state institutions to be more proactive in the performance of their roles in ensuring the success of the policy.

Secondly, the 1D1F initiative can be an important intervention for promoting local economic development programmes of district assemblies. As the 1D1F initiative focuses on setting up factories in the districts, these factories throw out many opportunities along their value chains that can serve as useful avenues for the development of micro, small and medium enterprises in the districts. Business enterprises in the districts can be developed to provide various services for the 1D1F firms including inputs and logistics supplies, transport services, wholesale, retail and distribution services.

Thirdly, making use of local resources in production, especially in agro-processing, promotes local job creation as evidenced in the Ekumfi Fruits and Juices company case. Some local farmers can be mobilised into out-growers to provide raw materials to 1D1F factories. Others may also be required to expand their farms to meet the demand of the factories.

Fourthly, Management staff of district assemblies are not adequately oriented as far as entrepreneurship is concerned. Their ability to identify and take advantage

of opportunities for economic activities leaves much to be desired.

Finally, instituting robust procedures devoid of political influence is a way of avoiding, or at least, minimising tendencies of political patronage which has been a major pitfall government-led development initiative in Ghana. Independent assessments by financial institutions and in some cases, parliament, makes it difficult for the initiative to be a reward for political patrons.

5.2 Recommendations

Following from the findings, the study makes the following recommendations.

Firstly, the Ministry of Trade and Industry need to institute mechanisms to deepen coordination at the local level. Chairpersons of district implementation support committees must be sensitised on how they can effectively coordinate the activities of the various institutions, departments and agencies to implement the 1D1F policy. In addition, the MoTI needs to institute an effective communication and feedback mechanism in order to easily obtain relevant information on time. This will promote accountability, learning and improvement in the policy implementation.

Secondly, district assemblies need to be more strategic with the implementation of their LED initiatives since not much has been achieved with the current conceptualization and approach to LED. To engender local economic transformation and job creation, district assemblies need to shift away from hiding behind the “enabling environment” mantra to approaches that can result in “getting visible results”. The adoption of a “One Area, One Product” (1A1P) strategy where district assemblies lead, coordinate and facilitate the development of viable local products from the sub-districts and local communities holds the potential of creating jobs and transforming local economies. Under the 1A1P strategy, district assemblies LED initiatives should focus on strategic partnerships; exploitation of assets and opportunities within their localities; value chain development; standardization of products; branding and marketing of high quality local products.

Thirdly, there is the need to decentralise the 1D1F secretariat to the regional level. This will deepen coordination of 1D1F activities within each region and promote the participation of district assemblies in decisions concerning the identification and guidance of promoters to take advantage of the 1D1F initiative. It will also make the secretariat more effective in-service provision and monitoring.

Fourthly, District assemblies should take the initiative to find promoters for their districts. In instances where individual districts find it difficult to get promoters, they can collaborate with other adjoining districts to encourage local investors to take advantage of the 1D1F initiative.

Lastly, for the implementation of the 1D1F initiative to be sustainable and go beyond the term of the NPP government, the government should consider giving it some legal backing. Passing an act of parliament to back its implementation can largely insulate the 1D1F policy from easy discontinuity by future government that may want to abrogate it.



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