

# Local economic development and poverty reduction in developing societies: The experience of the ILO decent work project in Ghana

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## Abstract

There have been series of contest analysis of developmental role of international development partners in sub-Saharan Africa. However, evidence abound that whiles international development partners have over the past three decades participated actively in local economic development the academic literature has barely focused on this area. As a result, very little is known about how development partners-led local economic development has translated into poverty reduction and economic prosperity. Through a qualitative case study of ILO decent work project in Ghana, this study provides empirical assessment and impact of development partners' role in conceptualising, implementing and monitoring local economic development interventions in sub-Saharan Africa. The findings show that ILO decent work project has led to the creation of jobs, enabled participants to improve their businesses, improve their economic situation and meet their health needs and also adopt strategies to pull themselves out of poverty. The outcome of this paper is useful for both national and international development agencies in their attempt to improve societal development.

## Keywords

developing societies, Ghana, local economic development, poverty reduction

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## Introduction

Unless one pretends, poverty can be seen everywhere, even though the form and nature of it varies across regions and countries (Harris-Curtis, 2003; Domfeh and Bawole, 2009). Thus, poverty continues to remain as one of the major challenges of developing countries in spite of the pursuit of a variety of development interventions. This has stimulated governments to reconsider the tools that have been used to address the development backlog (Ayee, 2013; Oduro-Ofori, 2016; Reddy, 2016). Within this context, spatial interventions such as local coping strategies, self-reliance, reliance on the informal sector, and 'development from within' have become the effective local economic development (LED) alternatives (Mensah et al., 2019; Mensah et al., 2017; Rodríguez-Pose and Tijmstra, 2007; Taylor and Mackenzie, 1992).

LED is generally referred to as those development strategies that are territorially based, locally owned and managed and aimed primarily at increasing employment and economic growth (Meyer-Stamer, 2004). Indeed, it is argued that governments must shift away from top-down sectoral development strategies to more bottom-up local development (Feld et al., 2001). This is because LED has been touted as a pro-poor development approach and one of the many routes to address poverty. Given the increasing focus on LED as a significant developmental approach, it has received corresponding scholarly attention. Most of these studies have focused on the conceptualisation and implementation (Akudugu and Laube, 2013; Mensah et al., 2013, 2017), prospects of LED (Arowolo and Asangalisah, 2010; Baisie, 2011) and gender perspective on LED (Forson et al., 2018).

One major area that has barely been studied is the impact of LED on poverty reduction. It is interesting to note that

development partners such as ILO, GIZ and UNDP have undertaken many LED initiative across sub-Saharan Africa. Most of these interventions are aimed primarily to reduce poverty and promote well-being. Empirical evidence of the extent to which international development partners-led LED interventions have actually contributed to poverty reduction barely exists. This study uses ILO decent work project in Ghana to discuss the extent to which the project has enhanced poverty reduction and contributed to economic prosperity among beneficiaries of the LED intervention. Thus, while the ILO has been a significant actor in the promotion, design, implementation and financing of LED in Ghana through its decent work project, very little attention has been devoted to how this has translated into poverty reduction and economic prosperity among the participants of the project (Akudugu and Laube, 2013; Mensah et al., 2017).

The decent work project is a joint initiative of the ILO, government of Ghana and social partners which started in 2002 and funded under the Netherlands partnership programme (NPP) with the aim of contributing to poverty reduction through the promotion of decent work in the informal economy. At the local level, the project assumes a local economic and social development (LESD) approach which seeks to create decent work and stimulate local economic activity. The LESD approach was implemented mainly in selected districts in the Central and Eastern regions of Ghana. This research is timely because whereas Ghana appeared to performed well in terms of meeting the Millennium Development Goal (Domfeh et al., 2012), rural poverty is still high in the country (Ghana Statistical Service, 2014). Meanwhile several efforts have been made towards poverty reduction. It is therefore prudent to appraise LED interventions in Ghana to identify its prospects in reducing

poverty. This is even more important as the sustainable development goal (SDG) 1 seeks to eradicate poverty in all its forms especially in vulnerable and rural communities who are the most affected.

The article proceeds as follows: the following section presents a literature review on the concept of LED, LED and poverty reduction, and ILO and LED in Ghana. Then the background information about the study area is provided and the methodology is discussed. This is followed by the results of the study. The penultimate section contains discussion and recommendations while the final section concludes the paper.

### **Local economic development: Understanding the concept**

Local economic development strategies have been increasingly recommended by practitioners, scholars, NGOs and some international organisations as a complement, if not as an outright alternative, to traditional top-down development strategies (Rodríguez-Pose and Palavicini-Corona, 2013). This is perhaps due to the disappointment of top-down development strategies to deliver and address market failures and, thus, to generate greater development and economic growth (Crescenzi and Rodríguez-Pose, 2012). Thus, central governments are increasingly viewed as too distant and too inefficient to effectively tackle the challenges and opportunities generated by globalisation; hence, localities, cities and regions are perceived by some as the most appropriate spaces to address local development issues (Tomaney et al., 2010).

Whereas the definition of LED is slippery, many of the physiognomies of LED approaches are embedded in the numerous definitions of the concept. For instance, Potter et al. (1999:21) define LED as ‘a wide ranging concept that can be best seen as a process through which local actors

together design and implement a development strategy using as best as possible the resources of the territory’. Consequently, the emphasis of LED is to have local markets work more effectively through local initiatives and activities. This comprises factors such as developing the infrastructure, creating easier access to business development services, training workers, and improving business-mindedness and efficiency of the local administration.

This results in an improvement of the standard and quality of life for the local community members in an area (Trah, 2004). Generally, LED seeks to join together the objectives of generating sustainable growth and addressing the needs of the poor in the territories in which it operates (Rodríguez-Pose and Tijmstra, 2005). LED does not only grant localities with greater autonomy to design and implement their own development strategies, but also promote capacity building and the empowerment of local actors, leading to a greater emphasis on the participation of local stakeholders and on the sustainability of development strategies at the local level.

As is often painted in the literature, the aim of LED is to create employment opportunities for local residents, alleviate poverty, and redistribute resources and opportunities to the benefit of all local residents (Mensah et al., 2013). The aims of this process hinge around the improvement of the quality of life of the local people, by expanding their economic and social opportunities (Pike et al., 2006). LED is an approach directed at local or regional development, with the main aims of stimulating the growth of the local economy, encouraging competition, and creating more job opportunities through better use of locally available resources.

As a matter of fact, many local governments, since the early 1980s, have devoted resources to LED, which emphasizes providing customized services such as

providing businesses with advice and technical assistance on modernization options; helping businesses figure out how to export; helping businesses with worker training; helping potential entrepreneurs and small businesses develop better business plans and locate financing to help businesses improve their competitiveness (Bartik, 1994).

An important aspect of LED is that it is a holistic community approach, through which the local communities continuously work together with other external stakeholders to achieve sustainable economic growth and development. Strategically, the promotion of LED calls for the design and implementation of a strategy based on a comprehensive analysis of the local economic potential, the institutional environment and socioeconomic prospects (OECD, 1993). This combination of economic development strategy and institutional capacity building helps build and reach the goal of socioeconomic sustainable development (Hustedde et al., 2005; Swinburn, 2006).

This implies that LED represents a development process which incorporates not only economic and physical features, but also the social, cultural and institutional characteristics of places (Pike et al., 2007). Similarly, Rodríguez-Pose and Palavicini-Corona (2013:304) maintained that LED is about developing local capabilities to: (a) properly diagnose the local environment as well as the productive and socioeconomic prospects of a territory; (b) improve the quality of public services; (c) organise adequate systems for voice and participation; and (d) identify and support successful businesses and economic actors.

Since LED is founded on local initiative and is driven by local stakeholders, resources, ideas and skills, it promotes and stimulates development from below rather than top-down. In this sense, LED engages local economic and social actors and systems

that can flexibly respond to local conditions and exploit development potentials of the area. The local people participate as consumers, micro-entrepreneurs and workers. It is crucial to realise that LED processes are ongoing, rather than single project type efforts and respond to the specific and unique challenges and opportunities of the locality.

### **Poverty reduction and local economic development**

Poverty is a world-wide problem, even though more prevalent in developing countries where about 80% of the poor live (Shah, 2013). Thus, endemic and widespread poverty continues to disfigure the face of the world. While the number of people living in extreme poverty has dropped by more than half between 1900 and 2015, eradicating poverty in all its forms probably remains one of the greatest challenges facing humanity in the 21st century; as too many people are still struggling for the most basic human needs. Poverty is rarely defined in itself, rather through other concepts, such as, growth, well-being, exclusion, empowerment or equity (Kankwenda, 2000:452). This implies that poverty is a multidimensional concept whose measurement entails taking a holistic approach in terms of people's level of economic growth (income levels) as well as non-monetary aspects, such as, the people's level of empowerment, participation and social well-being. Indeed, the fragmented, jumbled and complexity of poverty and its dimensions require a multifarious approach in addressing poverty issues (Yeboah-Assiamah et al., 2015).

Over the years several efforts have been made both at the national and international levels to reduce poverty. However, the strategy for alleviating poverty has over the years changed focus in tandem with

changes in development paradigms. For instance, the 'trickle-down' approach to development was based on the assumption that the poor would benefit from economic growth, while the 'empowerment' paradigm believes that the poor in society can best be helped by getting them involved in decision making and implementation of development activities. Within the latter paradigm, LED has assumed significant space in the development corridors as a bottom-up development strategy is more effective in poverty reduction (Abrahams, 2003; Feld et al., 2001; Simon, 2003). LED is often primarily relying on small-scale and community-based initiatives which utilise indigenous skills and the participation of the community in order to ensure survival and poverty reduction (Simon, 2003).

The eradication of poverty is one of the crucial basis of LED and sustainable development and therefore, LED has been recognised nationally and internationally as an important tool to deal with poverty (Rogerson, 2002). Rodríguez-Pose and Tijmstra (2009) maintained that while not a panacea, LED strategies may be a valid complement to traditional top-down strategies in order to deliver sustainable development and in many cases may deliver greater economic efficiency by mobilizing resources that otherwise may have remained untapped. As a result, strategically planned LED provides a more flexible and effective approach to simultaneously enhance economic growth and reduce poverty (Rodríguez-Pose and Tijmstra, 2005). This is because LED combines an economic and social dimension that is frequently hard to identify in traditional development strategies. Thus, LED has been seen as a viable alternative to top-down development strategies which have largely failed to generate meaningful sustainable development and poverty reduction at the local level (Nel and Rogerson, 2016).

One of focal points for LED planning is to improve local business environments in order to provide more favourable conditions for doing business (World Bank, 2004), hence, donors and governments in developing and transition countries have been paying growing attention to improving the environment for business as a means of promoting enterprise development and through it, increase employment, improve welfare and reduce poverty (Hindson and Meyer-Stamer, 2007). In their study of LED in Alicedale, South Africa, Gibb and Nel (2007) found that the community has benefited to some degree from increased access to job opportunities, business activity, and localized poverty alleviation. Similarly, findings from 898 municipalities in Mexico showed that municipalities engaged in LED during the last two decades have witnessed significant improvements in human development and this is even greater for those municipalities which have pursued capacity building, the establishment of additional development links and which have drafted development plans (Rodríguez-Pose and Palavicini-Corona, 2013).

In spite of the view that LED can reduce poverty, international experience suggests that there are relatively few instances in the developing world of explicit LED interventions towards poverty alleviation (Rogerson, 1995; Zaaier and Sara, 1993). In South Africa, it was discovered that initial LED practice was confined to small projects in most municipalities, many of which were survivalist type initiatives. And majority of them proved unsustainable once donor or public sector funding disappeared, and with no real impact on poverty reduction (Cohen, 2010; Rogerson, 2010). Indeed, the Good Governance Learning Network (GGLN) maintains that the successes of project-focused LED were limited and where interventions did work they tended to be linked with tourism (GGLN, 2008).



Similarly, in Free State, South Africa, it was reported that the impact of LED projects in the province reveals 'a distressing picture' to the extent that few, if any, have become sustainable and only few permanent jobs have been created (Cohen, 2010). In reviewing the experiences of eight case studies of LED initiatives in South Africa, Rogerson (1999) concluded that LED practitioners are currently struggling to find means to integrate their LED initiatives with the task of poverty alleviation.

### **The ILO and local economic development in Ghana**

Sixty years after Ghana's independence, many of the country's development and unemployment challenges remain unresolved despite the pursuit of a range of development interventions. There is clear evidence that social and spatial inequalities remain deeply entrenched and that efforts to promote the growth of the national economy have seen little benefit accumulating to the poorer parts of rural areas and the more marginalised regions of the country, as evidenced from rising levels of poverty and persistently low socio-economic scores (Oduro-Ofori, 2016). In recent years, LED has been placed high on the Government of Ghana's agenda for development and poverty reduction (Mensah et al., 2017). Indeed, successive governments have pursued plans and programmes for local development, but it was not until the fourth republic that LED gained prominence (Mensah et al., 2013). In the fourth republic, several institutions and policy frameworks have been put in place to help build the capacities of and empower residents to utilise local resources to stimulate local development (Mensah et al., 2013, 2017). Through this process of LED, international development agencies (ILO, GIZ and UNDP) have become an integral part of

the promotion and implementation of LED initiatives in selected districts across Ghana (Akudugu and Laube, 2013).

The ILO, as part of promoting LED in Ghana, introduced the following interventions: Ghana Decent Work Pilot Programme (2002–2005); Ghana Working out of Poverty Project (2004–2006); Strategic initiative (2006–2007); and Ghana Decent Work Programme (2008–2010). These are joint initiatives with the Government of Ghana and social partners with funding from NPP with the aim of contributing to poverty reduction through the promotion of decent work in the informal economy. At the national level the project aimed at the inclusion of decent work in Ghana's Poverty Reduction Strategy while at the local level, the project assumed a local economic and social development (LESD) approach which seeks to create decent work and stimulate local economic activity. The concept of Decent Work entails providing opportunities for men and women to attain decent and productive work in conditions of freedom, equity, security and human dignity (Grooten, 2005). The ILO LED approach was based on participative, demand-driven and integrated development principles (Grooten, 2005; Tijnstra, 2011). The LESD approach was implemented mainly in selected districts in the Central and Eastern regions of Ghana (Tijnstra, 2011).

In the participating districts, the ILO established the District Assembly (DA) Sub-Committees on Productive and Gainful Employment (SPGE). In each district, the SPGE is made up of fifteen members who are to identify local potentials and effectively harness them for the benefit of all in the district (Grooten, 2005; Tijnstra, 2011). The SPGE is also to facilitate social dialogue and encourage partnership between representatives of both the public sector and the informal and formal economies (Tijnstra, 2011; van Empel, 2007) with

the aim of enhancing the voice of the vulnerable and marginalized groups such as informal workers, women, disabled and young people (Tijmstra, 2011). The members of the SPGE are given training in the ILO approach to LED including decent work, strategic planning, resource mobilization, advocacy, local governance and gender issues (Grooten, 2005; Tijmstra, 2011; van Empel, 2007). The SPGE has been institutionalized into the DA system and made it to achieve legitimacy which eventually led to its sustainability.

### **The study context**

This study was conducted in the Ajumako-Enyan-Essiam (AEE) and Awutu-Efutu-Senya (AES) districts in Ghana. Although there are other districts that the ILO had implemented decent work projects, these districts were selected because of their incidence of poverty, rural-urban linkages, concentration of informal economy productive activities and the presence of associations (Grooten, 2005). Thus, as a result, ILO developed and tested an integrated approach to poverty reduction in the informal sector in these two districts. As part of implementing the LESD, SPGEs were formed in each district which consisted of elected members and technical staff of the assemblies and private sector representatives.

The mission of the SPGEs is to ensure a broad based dialogue on locally owned, integrated and comprehensive strategies towards the creation of decent work in the informal economy (Grooten, 2005). The SPGEs hired consultants to conduct development plans for four selected promising sub-sectors. The SPGEs also received financial support from Support for Enterprise Empowerment and Development (SPEED) Ghana and BUSAC fund. The SPGE members have been given several training courses in different fields provided by the

GDWPP in collaboration with partner organisations such as the ILGS and EMPRETEC Ghana. The LED activities included targeted training, technical assistance for small business enterprises, and support for small business associations to strengthen their governance for delivery of effective services (Tijmstra, 2011).

### **Methodology**

The study adopted qualitative research design based on the interpretive methodological orientation. This is because we wanted to understand beneficiaries' perspective of how ILO decent work project has contributed to poverty reduction. As noted by Creswell (2012), the idea behind qualitative research is to purposefully select participants that will best help the researcher understand the problem and the research question. We therefore employed a case study within the qualitative research approach, as case studies are the preferred strategy when 'why' and 'how' questions are being asked as the main focus of the study (Yin, 2003). We adopted a sample size based on the principle of theoretical saturation, which refers to the point at which no new concepts emerge from the review of successive data from a sample that is diverse in relation to characteristics and experiences. In total 35 beneficiaries were sampled for this study.

Thus, 25 face-to-face interviews were conducted with beneficiaries in AEE and AES districts lasting between 45 minutes and an hour. Indeed, Curry et al. (2009) recommended that 20–30 interviews may achieve data saturation. Beneficiaries in AEE and AES were purposively sampled to provide representative information for valid research conclusions. In addition, two focus group discussions (FGDs) were held with beneficiaries – one in each district. Each of these was made up of five beneficiaries facilitated by one of the researchers

and moderated with the help of semi-structured FGD guide, lasting between 1 hour 45 minutes and 2 hours. The researchers ensured that the FGDs were very interactive and engaging. The combination of both in-depth interviews and FGDs enhanced the reliability and validity of the data. Interviews with beneficiaries were conducted in the local language, audio-taped, then translated and transcribed by the researchers. The audiotapes were complemented by written notes (i.e. field notes), including observations of verbal and nonverbal behaviours as they occurred, and immediate personal reflections about the interview.

In analysing the data, common themes were identified and verified through reflection on the data (Brockopp and Hastings-Tolsma, 1995). In the course of analysis, verbatim statements from beneficiaries have been presented to show support for the arguments being made. For the purpose of analysis, BENE 1, BENE 2, BENE 3, etc. followed by locations of beneficiaries was used to denote the beneficiaries interviewed. The study relied on methodological triangulation where in addition to the primary data, secondary data, evaluation reports, annual reports from both the ILO office in Ghana and the AEE and AES were used. This is expected to help provide confirmation of findings, more comprehensive data, increased validity and enhanced understanding of studied phenomena.

### Local economic development poverty reduction: Results

The main aim of this study was to investigate the extent to which ILO decent work project in Ghana has translated into poverty reduction and economic prosperity among the participants of the project. The analysis of the data focuses on local business improvement, boost in job creation,

improvement in economic situation and access to healthcare needs as means to reducing poverty and ensuring economic prosperity.

### Demographic characteristics of respondents

The demographic characteristics of respondents in Table 1 showed that majority of the respondents were women (60.0%) and that respondents from AEE are slightly more than those from AES. The data also showed that majority of the respondents were within the ages of 36–40 (37.1%) followed by those within the ages of 31–35 (25.7%). On the other hand, the least respondents fall within the ages of 46–50 (8.6%). This shows that majority of women and respondents within the ages of 36–40 appear to dominate and benefited from the ILO LED initiatives. This is rather not surprising as the ILO LESD project targeted women and young adult in the informal economy to the extent that more than 50% of the micro-entrepreneurs involved in the project and training are women (Grooten, 2005).

**Table 1.** Demographic characteristics of respondents.

	Frequency	%
Gender		
Male	14	40.0
Female	21	60.0
Location		
AEE	18	51.4
AES	17	48.6
Age		
26–30	4	11.4
31–35	9	25.7
36–40	13	37.1
41–45	6	17.2
46–50	3	8.6

AEE: Ajumako-Enyan-Essiam; AES: Awutu-Efutu-Senya.



### *LED and local business improvement*

As a way to promote and improve business environment for poverty reduction, the ILO initiative has resulted in the creation of meso-institutions with the mandate to providing business support services to local producers. Previously, perhaps most of the SMEs were not productive and produced under capacity. This situation is due to lack of training and knowledge in business management and lack of machinery. However, with the introduction of the ILO projects which have provided them with training and machinery support, such situation has improved. This has resulted in improved business climate, efficient production and marketing, as well as better enterprise management. Thus, the ILO LED approach has produced significant results as it has helped small businesses to improve, grow, expand and raise their incomes. This training has made the small business associations to improve their governance, adopt better management practices and have been able to offer effective services to their members as a result of the mentoring and training programmes.

A respondent, for instance intimated: 'the ILO project training sessions has helped some of us in this town enhance our managerial skills to produce high quality products, increased our production yield and productivity, secured market for our products, and expanded our businesses' (BENE 5).

Another respondent states:

The training and application of new technology and machinery has significantly improved our productivity and production yields. Now on average we are able to produce ten tins of palm oil a week. We have also identified marketing channels for selling our products at higher prices. (BENE 15)

This improvement in businesses is obviously due to the training that beneficiaries received from the District Assembly's LED training programmes. Indeed, documentary analysis from AEE showed that about 200 small business entrepreneurs benefited from the Assembly's LED training while 40 association leaders were given training and mentored in effective leadership; association building and management; advocacy; resource mobilization; and effective service delivery (Baisie, 2011). Similarly, in the AES about 250 small business operators in these sectors were given training in skills upgrading, design and quality finishing, and small business management. The training on quality control has enabled processors to obtain temporary certificate from the Food and Drugs Authority, which authorizes them to sell to supermarkets and open markets.

### *LED boosts local job creation*

The LED intervention in the study area has created employment for the local people. Indeed, employment creation is one of the major objectives of LED initiatives as it seeks to stimulate economic growth and development in order to create employment opportunities for local residents (Freund and Lootvoet, 2004). In AEE where the palm oil sector was selected for LED project, the initiative has generated employment for processors in oil palm and kernel oil extraction. It has also stimulated other economic activities because of its backward and forward linkages. Records from the AEE showed that Oil Africa which is a small firm established there has created 56 jobs for people ranging from managers, machine operators, purchasing officers, security men and drivers to labourers living in the catchment area (AEE, 2015). A respondent underscored this point:

The new oil palm machinery has made us productive and now we are gainfully

employed. We now work throughout the week and that our sales levels have improved over the previous ones and now we have better prices from the markets. (BENE 1)

The LED intervention, apart from providing direct employment to the beneficiaries, has also enabled the beneficiaries to employ people in their communities. A beneficiary intimated: 'I currently mentor about five apprentices and two workers and my workshop has become a model for young prospective entrepreneurs to learn dressmaking' (BENE 10).

This assertion seems to be confirmed by the ILO impact assessment report (2007) which found that 70% of SMEs interviewed indicated that they now employ workers, while they did not in 2003 and that the initiative had created about 1500 direct and indirect jobs within the oil palm value chain. Even though, most of these employees are casual workers, it nonetheless provided them some form of relief and jobs. However, the findings also indicated that some processors become unemployed during the lean season of the oil palm fruits.

### *Improvement in the economic situation*

This initiative has resulted in significant improvement in the economic situation of the local people. Thus, the field data showed that participants have been able to support their families, pay school fees, and finance their upkeep. Others have expanded their businesses and now take good care of their homes. The findings indicated that operators in soap making, retailers of palm oil and machine repairs had benefitted from the development of the oil palm sector. Thus, whereas some residents supply raw materials to soap manufacturers and palm oil processors, those in repair services render services to processors and manufacturers which had kept them in

continuous employment. For instance, this respondent argued, 'Aside from helping take care of domestic responsibilities effectively, my increased income has helped me acquire a new workshop and new equipment for my business' (BENE 8).

Similarly, a farmer said, 'I now have ready market for the fruits I produce and this has improved my income status' (BENE 17).

Thus, the LED intervention has helped participants to increase their customer base (about 35%) leading to increase in annual income (about 45%) (Baisie, 2011). It was discovered that the LED interventions introduced by the SPGE have impacted positively on the socio-economic conditions of the beneficiaries. The implication is that where the ILO intervened through LED by providing the necessary basic needs, productivity and income levels have improved for significant numbers of their beneficiaries, which have ultimately improved their living conditions.

### *LED enables families to focus on their health needs*

Improving health is one of the greatest development challenges the world faces today. Despite decades of progress globally there is still an unacceptable level of preventable illness and deaths and millions of people are denied their basic right to health-care. Health is very important in the life of people and as the saying goes 'health is wealth'. The literature is replete with the fact that poverty is a multifaceted concept, not simply a matter of insufficient income, but also a matter of insufficient or ill health. The findings showed that improvement in participants' economic status has enable them not only to afford basic health services but also register with the National Health Insurance Scheme to take care of their health needs. In fact, health insurance plays a significant role in enhancing health

care utilization and in protecting households from catastrophic out-of-pocket health payment. Health is a positive social and personal resource, as well as physical capacities.

This is evident in the statement from the respondent below:

With improvement in my business now, I have been able to register my household for the National Health Insurance making my family able to access health care. Previously, I used to buy drugs from the drug store because I couldn't afford to pay for healthcare at the clinic. (BENE 22)

## Discussion of findings

Improving livelihoods and reducing poverty of rural areas in Ghana has been a continual challenge. This paper argues that enhanced opportunities for rural folks through LED can contribute to their economic and social empowerment, thereby reducing poverty. This article contributes to the ongoing debate in the literature about how LED can facilitate poverty reduction. The focus areas of the article were business improvement, local job creation, improvement in the economic situation and health needs, as these areas are vital and critical in poverty reduction. Indeed, these areas are vital variables in measuring national development as determined by Human Development Index (UNDP, 2015).

The article points to some evidence that LED has significantly impacted on the improvement, growth and expansion of businesses of participants. This is as a result of the training and capacity building programmes that were organized for the participants of the LED programmes. Good business skills are vital for a business to flourish as it has helped them to attain the right knowledge, information and skills. This shows that building the skills and

capacity of local people is important as the acquired skills can help them tap and harness their local resources. Holzer et al. (1993) indicated that customized job training assistance can improve business productivity. With the acquired skills training, the beneficiaries were able to engage in productive enterprises which in turn boost their businesses.

One of the core purposes of the ILO LED project was to create decent jobs for the local people. The evidence revealed that the LED initiatives in palm sector have provided a lot of job opportunities to local residents in both the forward and backward linkages of the sector. Indeed, Gibb and Nel (2007) found that community members in Alicedale have benefited from job opportunities through LED initiatives. Documentary evidence of the ILO also showed that the initiative had created about 1500 direct and indirect jobs within the oil palm value chain (ILO, 2007). The creation of these jobs is partially attributed to the ILO training programmes as entrepreneurial training programmes such as strategic planning and resource mobilization has the potential to increase the rate at which potential entrepreneurs start up new businesses (van Empel, 2007; Grooten, 2005; Tijnstra, 2012).

Thirdly, the findings point to improvement in the economic situation of participants of ILO LED projects. Thus, the LED interventions of the SPGE have impacted positively on the socio-economic conditions of participants and helped them expand their businesses by increasing their customer base and improving their incomes. As a result, they can now afford basic necessities of life and be able to pay their children's school fees, and financing their upkeep. Grooten (2005) illustrated that in AEE, after the training, participants adopted new simple strategies which have improved the quality of their products and the management of their business resulting in

improved performance. Thus, many of the participants have reported that the use of simple machines for palm oil extraction has facilitated their work and enabled substantial increase in production.

Finally, the ILO LED initiative has enabled participants to focus on their health needs. Poor health is closely associated with poverty and there is clear evidence that improving health is essential for poverty reduction and achieving human development (UNDP, 2015). With access to jobs and improvement in economic situations, participants have been able to register with the national health insurance making them able to access healthcare. As indicated by Baisie (2011) participants in the ILO LED programme are able to pay their national health insurance premiums in order to take care of their health needs. This of course will improve their health status, give them the strength to work better and further improve their lives and that of their families.

The findings outlined above provide some evidence of the fact that the ILO LED has made positive impact on the reduction of poverty in terms of improvement in businesses, job creation, improvement in economic situation and improving access to healthcare. Indeed, these are major objectives of LED initiatives which eventually should translate to poverty reduction and community empowerment (Freund and Lootvoet, 2004). The findings clearly tend to support the theoretical literature that LED is an important tool to deal with poverty (Nel and Rogerson, 2016; Rodríguez-Pose and Tijnstra, 2005; Rogerson, 2002). Clearly, LED is important as it subscribes to the notion that the issue of poverty reduction through LED is best achieved at the local level (Meyer-Stamer, 2004). In order to improve on the ability of LED to reduce poverty, the following suggestions for policy and practice are made for policy makers and implementers.

First, it is crucial to support agricultural value chains that have the potential to boost local employment. Supporting agricultural production and processing that has high links with other sectors of the economy can bring many employment benefits. Value chains in the agriculture sector have often been overlooked by policy makers as they tend to concentrate on heavy industries. However, supporting local agricultural processing value chain is meaningful and effective in empowering local people and promoting LED and will greatly contribute to job creation. As the government gets ready to implement the 'one district one factory' agenda, it is imperative to carefully select agricultural products such as cassava that have a wider value chain in order to create a lot of jobs for the local people.

Second, customized training. Strengthening value chain requires expertise specific to the type of LED activity as well as stages of the value chain. For instance, in the case of cassava production, the value chain starts from conception and starting of the farm through the intermediary phases of production, to processing and delivery to the final consumer. Therefore, it is crucial to provide the necessary customized training that could help promote LED in the various stages of the value chain. Different agencies such as the rural enterprises programme, GRATIS foundation, district assemblies, ministry of food and agriculture, ministry of trade and industry, among others, must join together to provide technical support according to each agency's strengths and expertise. Since it will be difficult for one agency to provide the needed training and technical support in the various stages of the value chain, it is vital to muster support by coordinating and collaborating with relevant agencies.

Third, whereas districts assemblies in Ghana have been urged to mainstream LED in their medium term development plan, there is still no dedicated finance for

LED and it continue to rely on the district assembly common fund. Meanwhile finance is a major issue in LED and it is important to identify new and existing financial resources to support LED, including partnerships with the private sector. Local governments and communities partner with potential manufacturing companies that are in high position to purchase their products for support and funding. This partnership will support the local communities to expand and improve their production whilst the manufacturing companies also benefit from constant supplies of materials.

## Conclusion

The concept of LED has become highly recognized as having the ability to make use of local resources to the benefit of local residents. The ILO implemented its LED intervention in Ghana with the intention of creating and expanding decent job opportunities for local residents through sensitization and capacity-building activities that enable a wide range of stakeholders in the world of work to participate in the design and implementation of locally tailored development. The findings of this study provide some evidence that the ILO LED initiative has been widely perceived as highly successful in reducing poverty through business improvement, local job creation, improvement in economic situation and access to healthcare needs. These variables are crucial as they are highly linked to poverty reduction. It is therefore, important to embrace and improve on LED effort of local governments to help deal with the issue of poverty that has engulfed rural areas.

## Author's Note

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