POSITION PAPER

Enhancing Ghana's LED Policy for Youth-Inclusive Growth.

Submitted to the Inter-Ministerial Coordinating Committee (IMCC), Government of Ghana

Submitted by: Youth Development Project Ghana (YDP Ghana)

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Youth Development Project Ghana

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Inter-Ministerial Coordinating Committee (IMCC)
Ministry of Local Government, Decentralization and Rural Development
Accra, Ghana.

Dear Members of the IMCC,

On behalf of Youth Development Project Ghana (YDP Ghana), a youth-focused grassroots organization dedicated to inclusive economic empowerment, I am pleased to submit our position paper, Enhancing Ghana's Local Economic Development Policy for Youth-Inclusive Growth in the 2025-2029 LED Policy. This paper outlines critical gaps in the current Local Economic Development (LED) Policy and proposes actionable recommendations to create a cohesive, localized, and youth-driven framework that leverages Ghana's existing initiatives, such as the Youth Employment Agency (YEA), YouStart initiative, TVET modernization, and One Million Coders Program to be considered in the 2025-2029 LED Policy.

With youth constituting 38% of Ghana's population and facing a high unemployment rate, their inclusion in local economic planning is paramount to achieving sustainable growth. Our recommendations, informed by successful models in South Africa, Kenya, and Vietnam, aim to integrate and scale Ghana's youth programs within MMDA-led strategies, ensuring equitable opportunities for young people and marginalized communities.

We commend the Government of Ghana's commitment to LED and believe this position paper offers a roadmap to enhance the policy's impact. YDP Ghana is eager to collaborate with the Ministry of Local Government, Decentralization and Rural Development, MMDAs, and other stakeholders to implement these recommendations and drive a youth-centric economic agenda.

Please find the position paper attached for your review. We welcome the opportunity to discuss our position further and contribute to Ghana's vision for inclusive local development. For inquiries or to schedule a meeting, please contact us at info@ydpghana.org or 0559997095
Thank you for your Consideration

Sincerely,

Gideon Degbe

Managing Director

Youth Development Project Ghana.

Youth Development Project Ghana

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1. Executive Summary

Youth Development Project Ghana (YDP Ghana) commends the Government of Ghana for its Local Economic Development (LED) Policy (2024–2029), which prioritizes youth empowerment and economic growth through initiatives such as the Youth Employment Agency (YEA), YouStart under the Ghana Enterprise Agency, Technical and Vocational Education and Training (TVET) modernization, and the One Million Coders program. These programs reflect a strong commitment to harnessing the potential of Ghana's youth, who represent over 38% of the population (aged 15–35) and are critical to the nation's socioeconomic transformation. However, despite these efforts, the policy's effectiveness is constrained by significant challenges that limit its ability to deliver inclusive, sustainable, and youth-driven economic development.

While the LED Policy provides a foundation for progress, its implementation suffers from fragmentation, inadequate localization, and insufficient integration of national programs into district-level planning. These shortcomings hinder the policy's ability to address regional disparities, promote climate resilience, and foster structural economic transformation that prioritizes youth as key stakeholders. Drawing on successful models from South Africa, Kenya, and Vietnam, we propose recommendations to integrate, localize, and scale existing initiatives within a coherent, youth-centric LED strategy.

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2. Introduction

Ghana's Local Economic Development (LED) Policy (2024–2029), anchored in the 1992 Constitution and the Local Governance Act, 2016 (Act 936), aims to empower Metropolitan, Municipal, and District Assemblies (MMDAs) to harness local resources, promote micro, small, and medium enterprises (MSMEs), and create sustainable employment. The policy aligns with national frameworks like the Coordinated Programme of Economic and Social Development Policies (2021–2025) and the African Continental Free Trade Area (AfCFTA). Ghana has made commendable strides in youth-focused initiatives, including the Youth Employment Agency (YEA), YouStart, Technical and Vocational Education and Training (TVET) modernization, and the One Million Coders program recently introduced. However, these programs are often fragmented, centrally managed, and unevenly distributed, limiting their integration into local economic planning.

YDP Ghana, a youth-focused grassroots organization, is committed to promoting inclusive economic participation for young people and marginalized communities. With youth constituting 38% of Ghana's population and facing a 14.7% unemployment rate their economic empowerment is vital. This position paper evaluates the LED policy, acknowledges existing youth initiatives, and proposes enhancements to create a cohesive, localized, and youth-driven LED framework for 2025-2029.

3. Gaps in Ghana's Local Economic Development Policy

Despite Ghana's robust youth programs, the LED Policy (2024–2029) exhibits gaps that limit its effectiveness, particularly for youth. These gaps, derived from policy analysis and Ghana's socio-economic context are;

3.1 Limited Focus on Youth-Driven Structural Transformation

While programs like YouStart support youth entrepreneurship, the LED policy lacks strategies to integrate these initiatives into local plans for high-value sectors like agribusiness, creative industries, or manufacturing. The absence of district and assembly level coordination sidelines youth as drivers of economic transformation.

3.2 Inadequate Youth-Targeted Financing Mechanisms

Young entrepreneurs benefit from initiatives like YEA and YouStart, but these are not systematically linked to MMDA-led LED strategies. Limited access to youth-focused grants or loans at the local level restricts financial inclusion for youth-led MSMEs.

3.3 Weak Emphasis on Youth Digital Skill

The One Million Coders program under the current administration is a strong foundation, but the policy underemphasizes its integration into local digitalization efforts. No mechanisms exist to scale digital literacy or partner with tech firms at the district and assembly level, limiting youth participation in e-commerce and tech entrepreneurship.

3.4 Insufficient Addressing of Youth Regional Disparities

Youth programs are unevenly distributed, the policy lacks targeted interventions to address these disparities. For example, data by UNDP Ghana showed that Northern Region recorded the highest rate of multidimensional poverty, with every eight out of ten persons being multidimensionally poor, followed by the Upper East Region, with close to seven out of every ten persons being multidimensionally poor. In totality Northern Ghana records staggering 80% of Multidimensional poverty yet, most of the Social Intervention Programs in the LED policies are not decentralized to match against these inequalities which evidently could support the youth to boost economic development.

3.5 Limited Youth Engagement in Climate Resilience

The policy does not leverage youth programs for green businesses or climate-smart agriculture, despite Ghana’s environmental challenges (e.g., illegal mining). Youth remain underutilized as agents of sustainable development. The youth are the main drivers of economic development. Given that resources and finances are decentralized to meet their needs in rural communities especially leveraging and matching green business and climate smart agriculture business to their energies, the youth can develop and grow the green business industry while promoting environmentally sustainable development by avoiding unsustainable practices.

3.6 Implementation Challenges Impacting Youth

The limited capacity of Metropolitan, Municipal, and District Assemblies (MMDAs) in Ghana, with a centralized approach to program management, significantly restricts youth access to opportunities provided under the Local Economic Development (LED) framework. This structural weakness hampers the effective implementation of youth-focused initiatives at the local level, where tailored interventions are most needed. The absence of youth-friendly digital platforms and local feedback mechanisms also exacerbates the disconnect between policy intentions and on-the-ground realities, leaving young people without accessible channels to engage, provide input, or benefit meaningfully from LED programs.

3.7 Lack of Youth-Centric M&E Framework

The Monitoring and Evaluation (M&E) system outlined in the policy lacks youth-specific key performance indicators (KPIs), making it difficult to effectively track and measure the impact of flagship programs such as the Youth Employment Agency (YEA) and YouStart. Without clearly defined metrics that focus on youth outcomes, it becomes challenging to assess the real contribution of these initiatives to youth development and economic empowerment. This gap not only undermines accountability at both national and local levels but also limits the ability of stakeholders to evaluate progress, identify areas for improvement, and ensure that interventions are responsive to the actual needs of young people.

3.8 Vulnerability to Macroeconomic Instability

High inflation disproportionately impacts youth-led startups by increasing operational costs and reducing consumer purchasing power, thereby threatening their sustainability and growth. Despite this, the current policy fails to provide localized relief measures that could complement national programs and help cushion young entrepreneurs from the adverse effects of macroeconomic shocks. Targeted interventions at the local level are essential to support vulnerable groups like youth during periods of economic instability, yet such mechanisms are notably absent from the policy framework.

4. Comparative Analysis: Lessons from South Africa, Kenya, And Vietnam

South Africa, Kenya, and Vietnam offer models for integrating youth programs into localized LED frameworks, enhancing Ghana's existing initiatives.

4.1 South Africa

South Africa's National Framework for Local Economic Development (2018-2028) combines pro-poor and pro-market approaches to promote inclusive development, with a strong focus on youth. Key successes include:

- District Development Model (DDM): Introduced in 2020, the DDM coordinates national and local government efforts to target underdeveloped regions, creating opportunities for rural youth through infrastructure and business development. This has led to over 50,000 rural youth employed in agriculture and retail since 2020.

- National Youth Development Agency (NYDA): The NYDA provides grants, loans, and training to youth entrepreneurs, supporting 50,000 startups since 2020, with a 15% annual growth in youth-led MSMEs.

These initiatives demonstrate South Africa's success in integrating youth into high-value sectors and addressing regional disparities through localized development strategies.

4.2 Kenya

Kenya's County Integrated Development Plans (CIDPs) and related policies emphasize youth empowerment through devolved governance, ensuring programs are tailored to local needs. Notable successes include:

- Access to Government Procurement Opportunities (AGPO) and Youth Enterprise Development Fund: These programs provide funding and market access to youth-led businesses, benefiting over 1 million young entrepreneurs since 2018. The Youth Enterprise Development Fund has supported 70% of youth-led MSMEs with improved credit access
- Localized Youth Employment Initiatives: Programs like Kazi Mtaani, implemented in 2020, provided temporary jobs to 280,000 urban youth in public works, contributing to skills development and community service, though challenges like low wages persist.

Kenya's focus on digital skills, financing, and localization highlights the importance of equipping youth with modern economic tools and ensuring regional relevance.

4.3 Vietnam

Vietnam's Socio-Economic Development Strategy (2021-2030) has transformed the country into a lower middle-income economy, with youth playing a central role.

- Youth Startup Support Program funding and mentorship to 100,000 youth startups, particularly in: This initiative provides seed urban areas, contributing 5% to GDP growth.
- Inclusive Rural Development: Vietnam's regional development plans target rural youth with training and infrastructure, employing over 100,000 in agro-processing and reducing rural youth unemployment by 20% since 2020.

Vietnam's success lies in its ability to align youth skills with industrial demands and ensure inclusive growth across urban and rural areas.

5. Recommendations for a Youth-Centric LED Policy

To enhance the LED Policy (2024–2029) by integrating and scaling Ghana's youth initiatives, YDP Ghana proposes:

5.1 Promote Youth-Driven Structural Transformation

The Government should develop a Youth Innovation Program through the existing TVET and the YouStart programs under the Ghana Enterprise Agency, with a focus on training young people in creative arts, agro-processing, and agribusiness. This program should actively partner with tech firms, MMDAs, and

NGOs to localize mentorship, enhance skills development, and improve market access for youth-led enterprises across Ghana.

5.2 Strengthen Youth Financing Mechanisms

Establish a Youth LED Fund to complement YouStart under the Ghana Enterprises Agency. Ghana should allocate 0.5% of government revenue as a Local Economic Development Fund to be used to finance Local MSMEs with larger percentage of the fund disbursed to northern part of Ghana and youth centric businesses. Management of the Fund should be decentralized and also shared equitably. The government can also partner with microfinance institutions and MMDAs to provide localized loans and grants. These Loans should come at a highly subsidized interest rates and favorable payment plans that do not scare off MSMEs under the program. This will increase youth-led MSMEs by 2029 while reducing high rate of poverty in Ghana especially in Northern part of Ghana.

5.3 Address Youth Regional Disparities

Localize YEA through a Youth Inclusion Program targeting 500,000 rural youth in Northern Ghana as inspired by South Africa's District Development Model. Allocate 30% of the District Assembly Common Fund and about 50% of the Proposed LED Fund to lagging regions. This could lead to over 30% reduction in rural youth unemployment by 2029.

5.4 Engage Youth in Climate Resilience

To effectively engage young people in sustainable economic development, the policy should introduce a dedicated Youth Green Program or integrate such a program into existing structures like the Youth Employment Agency (YEA). This initiative would aim to engage at least 10,000 youth in climate-smart agriculture, promoting environmentally sustainable practices while generating decent employment opportunities. This will help the government to directly align youth empowerment with national climate resilience goals and ensure that young people play a central role in driving Ghana's transition to a green and inclusive economy.

The government should fund solar startups and environmental businesses and regulate illegal mining through MMDAs and NGO partnerships.

5.5 Improve Implementation for Youth Access

To strengthen the effectiveness of local economic development (LED) initiatives, the policy should include targeted capacity-building programs to train Metropolitan, Municipal, and District Assembly (MMDA) officials in youth engagement and LED management. Equipping local authorities with the skills and tools to design, implement, and monitor youth-focused LED strategies will enhance their ability to respond to the specific needs of young people, foster inclusive local development, and ensure that youth are meaningfully involved in decision-making and economic planning at the community level.

5.6 Develop a Youth-Centric M&E Framework

The policy should establish youth-specific key performance indicators (KPIs) for programs such as the Youth Employment Agency (YEA) and YouStart, supported by a real-time Monitoring and Evaluation (M&E) dashboard. This digital platform would enable timely data collection and performance assessment across districts. For effective implementation, youth should be trained and deployed as community monitors to provide ground-level feedback, while MMDAs should be mandated to submit quarterly reports on youth program outcomes. This approach would foster transparency, improve responsiveness, and ensure that youth interventions are both data-driven and community-informed. This will also enhance accountability and impact tracking.

5.7 Mitigate Macroeconomic Impacts on Youth

Young entrepreneurs should be cushion against economic shocks and enhance the sustainability of youth-led businesses. The policy should introduce a Youth Relief Fund aimed at supporting youth entrepreneurs across the country. The fund would complement existing national programs by offering localized subsidies tailored to regional economic conditions and sectoral needs. Implementation should also include incentives to attract foreign direct investment (FDI) into youth-led enterprises, creating more funding opportunities and market linkages. This dual strategy would not only strengthen the resilience of youth enterprises but also drive inclusive economic growth at the local level.

6. Implementation Considerations

To ensure effective implementation of youth-focused local economic development (LED) initiatives, YDP Ghana recommends the following actions:

- Stakeholder Collaboration: Establish strong partnerships with the private sector, development partners, and youth councils to mobilize resources, co-design interventions, and localize programs to meet community-specific needs.
- Legislative Support: Amend the Local Governance Act to strengthen the autonomy of Metropolitan, Municipal, and District Assemblies (MMDAs) and institutionalize mechanisms for meaningful youth participation in local governance and economic planning.
- Capacity Building: Provide targeted training for MMDA officials in youth engagement strategies and the use of digital tools to enhance program implementation, data collection, and feedback mechanisms.
- Policy Alignment: Ensure coherence by integrating LED strategies with the National Youth Policy and the Digital Ghana Agenda, reinforcing national priorities for youth empowerment and digital transformation.

7. Our Call to Action

Ghana's LED Policy (2024–2029) and youth initiatives like YEA, YouStart, and One Million Coders program provide a strong foundation for economic transformation. However, their impact is limited by fragmentation and weak localization. By integrating these programs into a cohesive, MMDA-led LED framework, as inspired by South Africa, Kenya, and Vietnam, Ghana can empower its 38% youth population to drive inclusive growth. YDP Ghana urges the Inter-Ministerial Coordinating Committee, Ministry of Local Government, Decentralization and Rural Development (MLGDRD), and stakeholders to implement these recommendations through collaborative and innovative approaches. We remain committed to partnering with all actors to realize a youth-driven LED agenda.