**A Synopsis on LED Programme Approach Assessment Findings**

**Programme Objective**

*To promote pro-poor economic growth and sustainable livelihoods, through local capacity development for creating an enabling environment, jobs creation, increasing investments, and targeted economic interventions.*

**Period of Implementation:** 2009-2011

UNDP Budget: US $10 million

Local Contribution: US $2.5 million (in kind & cash)

**Location:** Seven localities/ Towns of 4 big Regions - Asella and Nekemte (Oromia), Bahir Dar (Amhara), Awassa and Sodo (SNNPR), and Adigrat and Mekele (Tigray)

**Lead Agencies:** Ministry of Finance and Economic Development (MoFED) and BoFED of 4 Regions

**Implementing Partners:** Public, private and CSOs

**Objective of the assessment**:

*To assist the Ethiopian Government (local, regional and federal), private sector, CSOs and other potential partners, to understand the efficiency, effectiveness, relevance, sustainability and impacts of the LED approach and practices, followed in Ethiopia and to provide a direction for better planning, implementation and overall management, as well as how to scale up the LED good practices and lessons learned.*

**The Specific objectives include**

1. Assist the LED stakeholders, including MoFED and UNDP, to determine the need for follow-up on the intervention, and inform strategic direction for the future course of the approach
2. Review and diagnose the possible strategic alignment of the LED Program with the new five years Growth and Transformation Plan of the Government of Ethiopia with the intention of paving the way for LED to be an integral part of the same for the next five years
3. Assess the value and opportunity for scaling up the LED good practices and lessons learned as well as the overall approach and intervention
4. Ensure accountability for results amongst the stakeholders
5. Look into possibility of improving partnership with the potential stakeholders, including the donor community
6. Document and disseminate good practices, success stories and lessons learned that will contribute to UNDP and the partners’ learning

**Major Preliminary Findings of the LED Approach Assessment, undertaken by an External Team (2 Internationals + 1 National):**

1. The LED programme has established an **excellent relationship** with the local and regional governments, as the programme is being implemented under the direct leadership of the Mayors of the Cities in respective localities. The programme has also influenced policies and strategies at the regional level, as the Heads or Deputy Heads of BoFED chair the coordination of the LED intervention at the regional level.
2. The pro-poor LED approach has been **institutionalized within the government system** at local and regional levels. However, it needs to be strengthened.
3. The programme intervention has enabled the local and regional authorities **to incorporate the developed LED Strategies within their 5-year development plans**.
4. In 2 years of programme implementation, the LED intervention has provided sustainable job opportunities to over 10,000 people, mostly women and youth from the poor and vulnerable families. As a result, it has created sustainable income opportunities to over 10,000 households; thereby, it has improved livelihoods of the households. The LED intervention has, directly contributed to the **MDG 1:** “Eradicating extreme poverty and hunger”, and indirectly to other Goals.
5. The programme has also taken into consideration of the **gender equality and women empowerment**, as over 50% beneficiaries are women and girls. By providing entrepreneurship and leadership skills and jobs opportunities to both women and men of the disadvantaged groups, the LED has empowered them. In this regard, it has contributed to the **MDG3**: “Promote gender equality and women empowerment”.
6. Although the programme introduced a **participatory planning process**, while developing the LED strategies and business plans in last 2 years, it is an ad hoc nature. The localities developed skills in planning process. It has to be institutionalized.
7. The **skills training** provided by the programme is not adequate. The existing vocational and entrepreneurship skills development institutions, such as TVET, should be strengthened, so that they will have better curriculum and teaching methods for the entrepreneurs.
8. Since the initiatives, introduced by the LED programme, especially the pro-poor employment creation through SME development (directly managed by the multi-stakeholder steering committees, chaired by the Mayors/ Deputy Mayors), would be **continued by the local authorities in the future, without UNDP support**. This is to note that there was no pro-poor SME development/ jobs creation strategy, existed within the government system, prior to the implementation of LED programme.
9. LED Intervention, **first time, enabled the private and public sectors to work together** for achieving the effective development results in the localities. Setting up the Public Private Dialogue Forums (**PPDF**), Business Development Resource Centres (**BDRCs**), multi-stakeholder **LED Steering committees** and **Local Forums** at different levels and other initiatives, provided better opportunity for all the public, private and CSO partners, to work together in a coordinated manner. **The existing public-private partnership has to be strengthened**.
10. In LED intervention, there is an **urban-rural linkage**, by developing SMEs both in rural and urban areas of the selected localities. This good practice is to be scaled up, so that it will impact the livelihoods of the people, living in both urban and rural communities. This will mitigate issues relating to urban-rural migration.
11. Although the programme has so far established **partnership** with UNCDF, USAID, SNV at federal level, it has to develop a better strategy to bring more international and national partners on board for an integrated intervention. UNIDO and ILO are to be involved in the SME development and jobs creation. Due to the LED coordination mechanism, existing at local and regional levels, the local authorities have been able to link LED with other interventions in the localities. In this regard, there is a need to strengthen the LED coordination at all levels, so that it will enable to mobilize and manage the resources more effectively.
12. LED intervention is **more focusing on SME development and jobs creation**, while it has not given more emphasis on other areas of local economic development, such as increasing locality revenues, investments and improving trade. In this regard, the **government offices/ Bureaus of Revenues, Investment, Trade, MSE, Youth and Women,** and **Private Sector should be strengthened**, by following an integrated approach, as they relate to each other in promoting local economic growth and development. As a result, they would be effective in implementing their respective organizational 5 year plans.In this integrated approach, **development of SMEs and jobs creation should also be given priority**, by integrating the pro-poor aspect/ LED Fund and the Value Chain Development and Cluster approach into the government system**.**
13. Although over 700 MSEs/ cooperatives have been created or strengthened, these MSEs are to be linked with each other in their own sectors, in order to be more sustainable and market oriented. **Value Chain Development and UNIDO’s Cluster Development approach** are to be introduced in the SME development.
14. The programme has a number of **good practices and lessons learned that could be scaled up to other cities**, having considered the high unemployment rates (25 to 40 %), low revenue collection, low investments and trade in the localities. In line of this, the government partners urged MoFED/ UNDP to **focus on the institutional capacity development** of the above mentioned institutions in the 2nd phase of LED intervention.
15. Since Bureau of Finance and Economic Development (BoFED) and City Administrations are coordinating the LED intervention, their **coordination and M&E capacities are to be strengthened**. In this regard, **creating a separate Unit/ Process within BoFED and City Administration**, to effectively coordinate the functions of the sector offices/ Bureaus, responsible for the economic growth and development. Similarly, at the federal level, an inter-agency Coordination Unit has to be set up within MoFED or the Prime-minister Office.
16. Setting up the **Business Development Centres** in the localities is a good approach to promote public-private partnership and linking the localities to the global resources for increasing revenues, jobs creation/ counseling, investments and trades. The localities need close follow up to make them functional and demand driven.