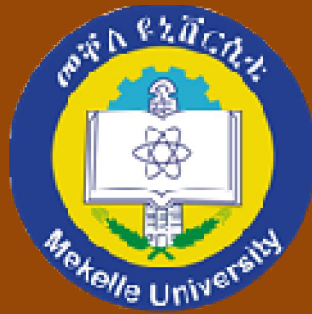


MEKELLE UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT



**Assessment of Multi-stakeholder Partnership in Promoting Local Economic
Development: A Case Study of Mekelle City**

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ID No: CBE/PR/067/05

**A Thesis Submitted to the Department of Management in Partial Fulfillment
of the Requirement for the Award of Masters of Arts Degree in Development
Studies (Regional and Local Developments Studies).**

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June- 2014

Mekelle, Ethiopia

Declaration

I declare that the thesis research entitled “**Assessment of Multi-stakeholder Partnership in promoting Local Economic Development: A Case Study of Mekelle City**” is my own work and that all sources used in this thesis have been recognized and dully acknowledged. The theme embodied in this project work has not been submitted earlier for award of any degree or diploma to the best of my knowledge and credence.

Declared by: Birhane Hailemichael

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Date: _____

Certification

This is to certify that this thesis entitled **“Assessment of Multi-stakeholder Partnership in promoting Local Economic Development: A Case Study of Mekelle City”** submitted in partial fulfillment of the requirement for the award of Masters of Arts degree in Development Studies to the College of Business and Economics, Mekelle University, through the Department of Management, done by Mr. Birhane Hailemichael, ID No. CBE/PR: 067/05 is an authentic work carried out by him under our guidance.

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Acronyms and Abbreviations

BoFED	Bureau of Finance and Economic Development
CSOs	Civil Society Organization
DFID	Department for International Development
EFFORT	Endowment Fund for Rehabilitation of Tigray
GoE	Government of Ethiopia
GTP	Growth and Transformation Plan
GTZ	German Agency for Technical Cooperation
ILO	International Labour Organization
LED	Local Economic Development
MDGs	Millennium Development Goals
MoFED	Ministry of Finance and Economic Development
MSPs	Multi-Stakeholder Partnership
MWUD-FUPI	Ministry of Work and Urban Development- Federal Urban Planning Institute
NGOs	Non-Governmental Organizations
OFED	Office of Finance and Economic Development
PPPs	Public Private Partnerships
REST	Relief Society of Tigray
SPSS	Software Package for Social Science
SSA	Sub-Saharan Africa
SWOT	Strengths, Weakness, Opportunities and Threats
TDA	Tigray Development Associations
TVET	Technical and Vocational Education and Training
UNDP	United Nations Development Program

Abstract

This survey study sought to assess the role of Multi-stakeholder Partnership in promoting local economic development in Mekelle City. The main objective of this study was to assess the institutional arrangements of local economic development and role of multi-stakeholders partnership in employment creation, income generation and encouraging local enterprise development in Mekelle city. It is a cross sectional survey of 117 local economic development beneficiaries using semi-structured questionnaires and focus group discussion. In-depth interview with stakeholders of the project and local economic development expert was also conducted. The study reveals that multi-stakeholders of the project (local government, youth and women association and chamber of commerce) have been involved in different activities of the local economic development. This study concluded that the partnership among the stakeholders is not functional in almost all process of the local economic development. To overcome the poor involvements of multi-stakeholders of the project, starting from the local economic development project beneficiary selection up to the repayment period of the loan, multi-stakeholders should give due emphasis in following up and delivering valuable support. Local governments should also internalize local economic development project as a prime task, not secondary task of the city. The Chamber of Commerce which is expected to implement the project as a potential stakeholder should assist the local economic development beneficiaries through capacity building in business development activities and in the whole local economic development process through actively participating starting from designing of the plan up to monitoring and evaluations. The institutional arrangements of local economic development project should state each and every function of stakeholders and the stakeholders should implement it in accordance with their responsibilities.

Key words: Multi-stakeholder, Partnership, Local economic development

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CHAPTER ONE-INTRODUCTION

1.1. Background of the Study

Since the end of the cold war, around 270 million human beings have died precipitately from poverty-related cause, with some 18 million more added each year. Much larger number of human beings are living in a conditions of life-threatening poverty that make it very difficult for them to articulate their interests and effectively to fend for themselves and their family(Pogge,2003). According to Ethiopian ministry of works and urban development-Federal Urban Planning Institute (MWUD-FUPI, 2006) almost all local communities across the globe, local economic development is considered as a strategic approach towards dealing with their pressing problems such as poverty, economic recession and environmental pollutions. Many countries in Latin America, Africa, Far East, East Asia and Eastern Europe fit into place extensively in LED(Local Economic Development)undertakings as part of their efforts to come out from poverty, shocks of economic recession, war and local conflict as well as man-made and natural catastrophes.

LED is a course of action by which public, private and non-governmental sector partners work cooperatively to create better conditions for economic development and employment creation (Swinburn, Goga and Murphy , 2006). The intention of LED is to build up the economic capacity of a local area to get better its economic potential and the quality of life for all.

In the international multi-stakeholder partnerships initiatives: public policy networks', private and civil societies are variable parameter perceived as the future of international cooperation, moving beyond public private partnership (Martens, 2007). The Collective initiatives between public, private sector and NGOs(civil society) have become known as multi-stakeholder initiatives.

Partnerships are defined as voluntary and mutual relationships between a variety of parties, both State and non-State actors, in which all contributors agree to work jointly to accomplish a common purpose, to share risks, responsibilities, resources and benefits (Martens, 2007). In recent years, promoting public-private partnerships, teaming up with non-governmental organizations (NGOs) to deal with complex development problems are common agendas (Lucci, 2012).

Currently the increment of international trade and investment, the rising of agglomeration and urbanization of economic activity, the rapid growth of cities, growing decentralization of government and poor records of macroeconomic practices, have challenged African to manage the national economy. Most Sub-Saharan African countries have experienced exceptionally slow economic growth and poverty reduction rates. Taking into account these factors, LED can indeed a complement, if not an alternative, to existing development strategies in the Sub-Saharan African context in general and in particular Sub-Saharan Africa (SSA) (Rodriguez-Pose & Tijmstra, 2005).

The Government of Ethiopia, with the support of United Nation Development program (UNDP) has been realizing a multi-year programme, entitled “Local Economic Development” (LED) in seven towns of the four big regions since May 2009 (Tegegne and Clacey, 2011). With an initial UNDP’s allocation of US \$10 million for the duration of 2009- 2012, the Ministry of Finance and Economic Development (MoFED) and its Bureaus have been harmonizing implementation of this innovative approach of LED in Asella and Nekemte (Oromia region), Bahar Dar (Amhara region), Awassa and Sodo (SNNP region), and Mekele and Adigrat (Tigray region). According to MWUD-FUPI ,(2006) the high demand in improving quality of life of urban people in general and job creation as opportunity for locality development in particular, the government of Ethiopia has started to give due attention and integrate LED as a component of development efforts since 2006, but its implementation program was started in 2009.

The Growth and Transformation Plan (GTP) (2010/11-2014/15) has general objective of achieving broad-based, rapid and fair economic growth over the plan period. GTP and LED are closely associated and LED can support this initiative by building enterprises development that closely correlated to agricultural marketing, processing and input provisions (MoFED, 2010). The closest connection between GTP and LED, however, appears directly through the micro and small enterprise and the urban development components of GTP (Tegegne & Clacey, 2011).

1.2. Statement of the Problem

Partnerships among public, private and NGOs are an acceptable characteristics of emerging economies. Such multi-stakeholder partnerships (MSPs) are indispensable because it is progressively more clear that no one sector in society alone can longer bring the complexities of sustainable development in general and local economic development in particular(Sooful,2010). The MDGs are increasingly used to enclose development processes, including at the local level. Localizing the MDGs is defined by UNDP (2007) as the process of designing local development strategies to achieve the MDGs more specifically, locally adapted MDG targets to reduce poverty in the local area. Unless MDG targets and indicators are brought in local level, the national and global achievement will be slanted. In order to impact the lives of people, MDG (partnership) targets and indicators need to be adapted and transformed into local realities, and well-established in local planning processes.

It has become ever clear that, partnership at national level cannot be achieved unless it understood and translated into implementable strategies for action at sub-national levels, and by local actors to enhance local economic development. In realizing partnership at global and national level, multi-stakeholder partnership (public, private and NGOs) at local level is vital in promoting local economic development. The standard economic goal set at the national level will be meaningful to the extent that multi-stake holder partnership is strengthened at the local level in building up the local economy (UNDP, 2006).

The Ethiopian Growth and Transformation Plan (GTP) 2010/11-2014/15 established a target to double GDP within five years. This is an ambitious and bold plan that could only be realized with determined economic development and significant partnership between public- private sector (Mamo and Brew, 2011). Working closely with the private sector means, having the means to communicate and cooperate for further stimulation of the economy. During the GTP planning process, strong commitment among development partners: public, private and civil society organizations are expected to participate to boom up the national economy (MOFED, 2010).

It is very essential for the LED programme to bring onboard all the three actors (public, private and civil society) for local economic development. Although the Government of Ethiopia (GoE) encourages public-private and civil society partnership dialogues, it has not been widely practiced. In Ethiopia the public, private and civil society partnership in addressing the development issues is at the infant stage (UNDP, 2012). Tegegne and Clacey (2011) conducted a study on Assessment of Local Economic Development (LED) Approach in Ethiopia with a special focus on sustainability and scalability of the program. However, they did not address the role of multi-stakeholder partnership (public, private and civil society organization) in enhancing LED program in relation to employment creation and income generation and encouraging local enterprise development.

More over Tegegne& Clacey assessed LED Approach at the national level. It is unmistakable that, there is a need to think about LED to contribute and bridge unmet demands, like unemployment and enterprise development in Mekelle city. In order to promote LED in the city, Multi-Stake holder partnership is needed to participate actively. Therefore, the focus of this study is to assess the role of multi-stakeholder partnership in promoting local economic development.

1.3 Research Questions

The main research question is:

1. What are the roles of multi-stake holder partnerships in promoting local economic development?

The sub-questions include the following:

1. How is the institutional arrangement of local economic development being practiced?
2. What is the role of Multi-stakeholders partnership in employment creation and income generation?
3. What is the role of Multi-stakeholders partnership in encouraging local enterprise development?

1.4 Objectives of the Study

The study's main objective is to assess the roles of multi-stake holder partnerships in promoting local economic development.

The specific objectives of the study are:

1. To assess the institutional arrangements of local economic development.
2. To describe the role of Multi-stakeholders partnership in employment creation and income generation.
3. To identify the role of Multi-stakeholders partnership in encouraging local enterprise development.

1.5 Significance of the study

The study sought to assess the role of multi-stakeholder partnership in promoting local economic development. By reading the hard facts of the research, the stakeholders' (public, private and civil societies) of local economic development may be aware of the locality problems and it may be helpful means of intervention particularly the Mekelle city municipal. Furthermore, this research may be helpful for other investigators who will conduct similar study. This can be via reading the concepts and hard facts of research conducted; it may also pave the way for further investigations of local economic development related problems. The last, but not the least, this study may provide for policy practitioners with tangible insight into how to promote local economic development activities via multi-stakeholder partnership.

1.6 Scope and Limitation of the Study

1. 6.1 Scope of the Study

The study tried to address local economic development from the multi-stakeholder partnership theoretical and conceptual frame work base. Since it is difficult to cover the whole part of the country in addressing the issue of local economic development, the study was delimited to Mekelle city more particularly to Adi-Haqi, Hadnet and Hawelti sub-cities. The study was delimited to the assessment of Multi-stakeholders partnership in promoting Local economic development project in Mekelle city; other local economic development programmes/activities run by government in the city were not incorporated into the study. Purposive sampling was employed while selecting Mekelle city as the study area with the assumption that multi-stakeholder partner would exist; besides, the city is the capital cities of the regional state of Tigray and one the centres of LED implementation areas and more nearer to the researcher. In addition to this, while selecting sub-cities and sample respondents the study is delimited to simple random or lottery sampling technique. The variables that were used in assessing the Multi-stakeholder partnership in promoting LED are: employment creation and income generation, encouraging enterprise development, and institutional arrangement of LED. Multi-stakeholder partnership (public, private and NGOs) is a wide-ranging concept. So that in this study, from the public sector the role of local government, from the private sector, the role of

chamber of commerce and from the indigenous NGOs the role of youth and women association were taken in to account.

1.6.2 Limitation of the Study

As described in the above; the study was confined to Mekelle city; the findings, analysis and conclusion that were drawn represents the study area alone. As a result, all the discussion and analysis may not representative to the Multi-stakeholder partnership in promoting local economic development of other cities in the region as well as at country level.

1.7 Organization of the Paper

The paper is organized in to five chapters. Chapter one comprises of the introduction, which puts forward the background of the study, statements of the problem ,research questions, objectives, significance, scope and limitation of the study. Chapter two focuses on the review of related literature. The third chapter focused on methodology. The fourth chapter deals with the results and discussions of the study. The last chapter of the study contains conclusions and recommendations.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

2.1 Concepts and Characteristics of Local economic development

Local economic development (LED) is a participatory process in which local people from all sectors work together to stimulate local economic activity, resulting in a resilient and sustainable economy. It is a way to help create decent jobs and improve the quality of life for everyone, including the poor and marginalized. Local economic development encourages public, private and civil society sectors to establish partnerships and collaboratively find local solutions to common economic challenges (UN-HABITAT, 2005).

LED is defined as a process in which partnerships between local governments, community and civic groups, nongovernmental organizations and the private sector are established to manage existing resources to create jobs and stimulate the economy of a well defined area. It emphasizes local control, using the potentials of human, institutional and physical and area natural resources. LED initiatives mobilize actors, organizations and resources; develop new institutions and local systems through dialogue and strategic actions (Helmsing, 2003).

There is not one standard definition of what LED is, but local economic development approaches tend to have the following four characteristics (Rodriguez-Pose and Tijmstra, 2009). Firstly, it is a locally owned approach that aspires to empower local stakeholders to shape the future of the place they live in. Secondly, a wide range of local stakeholders work among local private sectors, public sector and NGOs as key stakeholders to realize a locality's full economic potential. Through this participation, LED creates incentives and opportunities for partnership. Thirdly, LED does not ignore globalization, but rather focuses on locally customized development strategies that make better use of and building on existing local resources and competitive advantages in globalization. Lastly, LED approach ultimately aims to create sustainable economic development. All the way through the participation stakeholders, it aims to employment creation with the objective of poverty reduction and maintaining and mounting the quality of locally available jobs.

2.2 Definition and Concepts of Partnership

The term Partnership used to indicate initiatives by groups of stakeholders, including governments, private and nongovernmental organizations, which aimed to contribute to the implementation of sustainable development agreements (Hemmati and Whitfield, 2003). Partnerships are normally defined as voluntary and joint relationships between a variety of parties, both State and non-State , in which all participants are in agreement to work together to achieve a common purpose or undertake a specific task and to share risks, responsibilities, resources, competencies and benefits(Malena 2004). Multi-Stakeholder partnership means ensuring large participation of all stakeholders including the public, private and NGOs in bringing sustainable economic development (Biermann, et al. 2007). Partnership in LED is defined as collaboration between municipalities, the private sector, NGOs to hand over to work together on a project to chase common goals and in which the different partners bring complimentary resources, contribute to the design of the programme and share risks and benefits (Rogerson, 2009).

2.3 Converging towards Multi-stakeholder partnership (MSPs) in Local economic development

The past two decades have given rise to a dramatic number of MSPs that have been initiated in various development projects with the aim of contributing to local economic development economic development. Prominent cause was that: the weakness and ineffectiveness of the State to finance the economy .The rise of public-private partnerships (PPPs) in the past few decades has seen an enormous rise of public private partnership in many highly industrial countries, to combine the advantages of both sectors in more efficient projects. MSPs can be viewed as an attempt to widen the basis of PPPs, overcoming some of the critiques that their rapidly increasing and functioning has received. The rise of MSPs is also a reaction to the enormous complexity which all actors encounter and which they try to cope with by bringing partners on board which have specific experience or assets that others lack (Junne, 2010).

MSPs are about partnerships that are creating lasting and meaningful impact at all levels of development and actions. They are meant to promote a more holistic approach to development and better governance. The concept of MSP as an instrument for achieving development goals is sound, particularly when stakeholders with unique complementary strengths or core competencies add value to development efforts and pool their resources and assets in solving problems. The central challenge seems to revolve around the nurturing of a working relationship based on trust, mutual respect, open communication, and understanding among stakeholders about each other's strengths and weaknesses. Strategic alliances between business, government and civil society are a growing feature of both developed and emerging economies. Such multi-stakeholder partnerships are necessary because it is increasingly clear that no one sector in society can deliver the complexities of sustainable development alone (Overseas Development Institute and Foundation for Development Cooperation, 2003).

Because of their voluntary character, multi-stakeholder initiatives committed to find sustainable solutions for specific social and environmental problems may pave the way out of difficult situations. Multi-stakeholder alliances emerge in an evolutionary manner, based on the shared perception of various groups in society that a specific problem can only be solved in a joint effort. In such situations, governments can foster progress by proactively providing dialogue forums and support for pilot projects which demonstrate that cooperation among various players having different interests is beneficial to all participants and that trust among partners can be built up (Schipulle, 2002).

2.4 Local economic development and Employment creation

The global population of young people aged 12-24 is currently 1.3 billion. The youth population is expected to reach at 1.5 billion in 2035 and it will increase most rapidly in Sub-Saharan Africa (SSA) and South East Asia by 26 percent and 20 percent respectively between 2005 and 2035 World Bank (2006). While the crisis of youth unemployment particularly in urban areas has been a persistent concern of politicians and policymakers since the 1960s. In recent years, slowing global employment growth and increasing unemployment have hit young people stiffly (ILO, 2005). As a result, today's youth are faced with a growing deficit of decent employment opportunities and high levels of economic uncertainty'. In Africa, there are approximately 200 million people between the age of 15-24 years and it is expected that this population will double

by 2045. More specifically, in sub-Saharan Africa, of the total unemployed, 60 percent are youth (UNDP, 2013).

Pro-poor and comprehensive LED allows local government to address poverty and unemployment through strategies for promoting youth employment, empowering disadvantaged and marginalized communities, support for skills development, and promotion of gender equity and equality (Common wealth local government conference, 2011). Bartik (2003) advises some measures which local government can undertake to increase the employment benefits from LED. A) Encourage local businesses to engage locally by providing better training to local job seekers and providing services to screen job applicants. B) LED should especially be pursued in times of high local unemployment rates, since the benefits from job creation would be greater for better livelihood improvements. C) Focus on jobs which pay well relative to the skills required.

According to ILO (2007) in developing and implementing local strategies to generate employment, the following points are important preliminary points to consider;

- ✓ Enterprises, not government, create jobs. However, public policies are central in creating an enabling business environment and in setting incentives and constraints to the action of private agents. Given the Philippines' vastly decentralized governance structure, local governments have a potential to play a significant role in employment generation.
- ✓ It is important not just to look at the number of jobs but also to fill decent work deficits and address issues relating to the quality of jobs, such as remuneration, security of tenure, working conditions and social protection of workers and their families.

2.5 Partnerships to Promote Youth Urban Livelihoods

At the highest level, there is already a global Youth Employment Network, which was launched jointly by the United Nations, the World Bank and the ILO in 2001, in order to address 'the problem of unemployment and to promote livelihood among young people. If youth development programmes are to be expanded, a multi-sector approach will be essential requiring close coordination and partnerships between wide arrays of public, private and non-governmental organizations at local level is very significant one (Dentoni and Veldhuizen, 2012).

Employment creation focusing on youth and women through public works, micro-finance programmes, public-private and Nongovernmental partnerships is a key response in the transition from humanitarian assistance towards structural local economic development. Employment generation depends on the emergence of a flourishing private sector. Consequently, governments and donors need to engage in more of a dialogue with the private sector in a formal partnership to generate employment opportunity than ever before and to promote local economic development as whole. Improving poor people's access to employment requires concerted efforts by governments, Nongovernmental organizations, trade unions and the private sector (OECD,2009).

In recognition of the serious challenge youth unemployment presents, the key development partners in youth employment in Sierra Leone (the United Nations family, German Development Cooperation (GTZ), the World Bank and the European Union) have all come together in a Joint Response to youth employment and are working with the government in a sector-wide approach to tackle unemployment rate . Each programme has specific programmatic interventions. Labour intensive Public Works; Private Sector and Agro-Business Jobs; Skills Development and Employment Support for Youth. The proposed components were designed with the extensive participation of the public, NGOs and the private sector. The ultimate goal of the Joint Response is to promote sustainable long-term development that sustains productive employment for young women and men, promotes gender equality and integrates marginalized groups such as the disabled and ex-combatants (World Bank, 2012).

In South Africa , local economic development, policy formulation, processes and implementation representatives of the private sector, women and youth were involved to represent the interests of employers create businesses and so improve employment outcomes. Its key objective is to better integrate employment creation to reduce poverty and to build local economy. Individual and institutional capacity development of local governments and business organizations is a vital contribution to well-implementations of local economy (OECD, 2007).

Thinking about local economies and the practice of LED is continually evolving. In its early form LED was associated with inter-locality competition to attract mainly business investment. From the late 1970s LED expanded its compass, and took different forms in different contexts,

ranging from the public-sector development led Local Enterprise projects of private-sector led entrepreneurialism in Europe and North America. The distinction between public and private initiative was to be imprecise by the rise of growth coalitions and the increasingly popular concept of multi-stakeholder partnership in promoting the LED, National Framework for LED in South Africa (NFLSA) 2006 – 2011.

2.6 Strengths of Multi-Stakeholder Partnerships in LED

According to Ebert's and Erickc (2002), the following points are the strengths of Multi-stakeholder partnerships. Firstly, the active involvement of the private sector in funding, directing and designing LED programs and working with NGOs and local governments. Secondly, the ability to respond locally to address local issues. Local decision making is done through incorporating multi- stakeholder partnership, composed of empowered residents who live and work in the local area to the success of locally designed programs to benefit their community. Thirdly, efforts are pragmatic and innovative. Pragmatism should be expected that, many programs are local responses to local issues. Programs would be innovative, and most would show a practical approach to the problems they set out to address.

2.7 Encouraging Local Enterprise development

The growing interest in the targeted provision of micro-finance for youth is a large scale solution to the youth employment crises. Numerous problems have been encountered in pilot projects of local economic development. The lack of control of loans by youth borrowers is a major issue, screening mechanisms are weak, and intensive training is needed in how to make best use of the money. Youth, and especially the very poor, are also frequently reluctant to borrow money. Integrated packages of inputs like credit, training, advisory support, other facilities are necessary in enterprise development and employment generations (Bennell, 2007).

Business incubators comprise a facility which aims to support and nurture start-up funds during the initial phase of enterprise development in LED. These institutions normally provide access to space, shared office support, marketing support, and on occasion access to financing. Incubators could be run by non-profit organizations, development agencies, or the public-private sectors. In

relation to the access to capital and credit, this area has in recent years been dominated by the microfinance institutions. Microfinance refers to the provision of financial services such as credit, savings and loans to poor people who are often not served by the formal banking system due to their inability to provide collateral, which results in a higher risk profile. According Studies in Poverty and Inequality Institute (SPII), 2013) access to capital can also be achieved through a number of channels, including: direct loans through the creation of revolving loan fund capitalized by public funds. In one hand, the creation of business development finance institutions to provide loans to enterprises which could not access loans in the private banking sector. In other hand, for what period the assistance/loan should be provided in order to prevent dependency must be clear. Furthermore, Subsidies should be provided to private institutions to reduce the risk and encourage loans to these small enterprises. In South Africa, the financial charter focuses on inclusive banking for individuals to develop small enterprise.

The ILO Sustainable Enterprise Programme helps to create decent work for all women and men through enterprise development. ILO's programme is centered on three pillars (ILO, 2006).The first pillar is enabling environment for enterprises and creating the right framework that enables businesses to start, grow and create decent jobs. The second pillar is entrepreneurship and business development focused on youth, women and marginalized groups, to start and build successful enterprises. The last one is Sustainable and responsible workplace demonstrating the link between productivity gains, improved working conditions and good environmental practices.

2.8 Role of Local Government in Promoting Local Economic Development

According to Odendaal (2000) the following points are the roles that could be assumed by local governments aimed at promoting local economic development: Facilitating role, coordinating role, Stimulating role, developing role, enabling, training, integration and democratizing role. In most areas, local governments take responsibility for several aspects of economic development, such as zoning regulations, infrastructure development, and business retention. In addition, many communities have established private non-profit organizations to promote their area. These take the lead in business attraction and retention and partner with local governments and other private entities to carry out these functions (Ebert's and Erickcek, 2002). Local government uses to promote local economic development via partnership among the actors involved, like the public,

private sector and nongovernmental organizations. Local government has the responsibility for capacity building activities that are devised to managing and coordinated approach to economic development, supporting business environment, creating and maintaining a conducive business investment environment, facilitating local investment and employment growth and attracting /facilitating new investment (Lennon & O’Neil, 2003).

2.9 Capacity development of Local Authorities

In order to enhance Local Authorities’ ability to contribute to good governance and consequently to achieve development goals at local level, local elected officials and administrative staff have to overcome capacity constraints, such as managing and mobilizing public sector resources, leadership skills, public financial management, revenue raising and expenditure, transparency, participation and interaction with other actors. Capacity for local good governance is affected by factors that operate at three levels: individual, institutional and organizational. At the individual level, local capacity is affected by the skills, training and attitude of local politicians and administrative staff. At the institutional level, capacity depends on structures, operating procedures, which frame and govern the activities of the personnel. At the organizational level, capacity is affected by the policy and legal environment, and by the rules and practices that govern the relations with other actors (Morgan 2009). Support to capacity development of Local Authorities will be defined on the basis of a long term and demand-driven approach, with emphasis on leadership building, inclusive service delivery and sound financial management. This approach will entail the promotion of country led Local Authorities capacity development within the sectors in which they operate, particularly through the involvement of national Associations of Local Authorities and schools of administration, horizontal cooperation among Local Authorities consisting for example in big municipalities offering technical assistance to smaller ones, and the inclusion of more adequate central-local authorities linkages (European Commission 2013).

Local government needs capacity to plan, coordinate and mobilize resources for LED. Cooperation and partnership between local, regional and national government, other public sector bodies, NGOs and the private sector should be encouraged in support of LED. Local government associations, central government and other providers can play a role in developing capacity (Common wealth local government conference, 2011).

The aim of LED is to create comprehensive and balanced local development strategies. In order to be able to develop a balanced strategy, local governments need to have the capacity to correctly identify the locality's main strengths and weaknesses, as well as the opportunities and threats it faces. Municipal authorities and department staff often lack important data regarding demographic profiles; land registration, enterprises, and population related investments that could help inform policy and program development". And even when the necessary data are available, local government officials may not have the skills to analyze the information and translate it into viable policy options. Weak government capacity is a problem in most Sub-Saharan African countries (Rodriguez-Pose & Tijnstra, 2005).

2.10 The role of Non-governmental Organization in local economic development

NGO means non-profit organizations which engage on a voluntary basis in global issues such as development, poverty, peace, humanitarian efforts and the environment. At present there are more than approximately 400 NGOs engaged in international cooperation activities (Japan Ministry of Foreign Affairs International Cooperation Bureau, 2007). At present, to promote LED, municipalities can either make use of funds generated locally to implement municipal-led activities, such as through the levying of rates and taxes, or funding can be derived from higher tiers of government (Patterson, 2008). However, LED has no secure backing sources and often relies on benevolent donation and public grants. The role of local and international NGOs and donors is of great importance in accessing and making available fund support for local development projects.

Voluntary action stimulated and promoted by voluntary agencies engaged in development play a significant role at the grass roots level in the Indian development. The various roles of NGOs are; Catalyze Rural/Urban Population, Supplement Government Efforts, Organizing Rural/Urban Poor, Provide Training, Disseminate Information, and Mobilize of Resources for development, act as innovators, ensure People's participation, and promote appropriate technology (kumari, 2013). The main focuses is on groups approach by organizing the poor into large number of micro-enterprises and expects to ensure that the group's members come out of poverty charges through incremental income within 2-3 years of group's formation. These groups promote

savings among members and use the collective resources to meet the emergent needs of their members, including consumption and income generation (Kumari, 2013).

2.11 Creating a sustainable LED approach

Although short term results are important to build momentum, the ultimate goal of the LED approach is to create a territorially-based development project that is sustainable in the long run (Rodriguez-Pose and Tijmstra 2009). While are national or regional government, international organization, or NGOs, contributing to economic, environmental and socio-cultural capacity of LED, the time of funding may be fixed and for short period of time the local leaders will need to find alternative ways to finance the effort after the original source of funding runs out (Beckmann et al, 2002).

To attain sustainable LED increasing local economic potential and sustainable employment through giving local governments the tools to devise locally customized strategies in cooperation with private sector, community, NGOs and international stakeholders must be involved as main actors of LED (ILO, 2010). Sustainability is not just about keeping the LED process going, but also about creating sustainable outcomes in the community economic development (Rodriguez-Pose and Tijmstra 2009). In order to reach the goals of c sustainable development and good work opportunities for all, collective action of Public, private, community and NGOs is needed at the local level. By balancing economic, social, and environmental needs, successful LED projects can help to create green and decent job opportunities that may bear fruits for generations to come.

Currently, to access funds for LED, municipalities can either employ funds generated locally to implement municipal-led activities, such as through the levying of rates and taxes, or funding can be derived from higher tiers of government. LED has no secure funding sources and often relies on charitable donation and public grants where available. The role of private sector, community, local and international NGOs and donors is great importance in accessing and making available funds for local development projects (Patterson, 2008).

2.12 Experience of Local economic development in different countries

2.12.1 LED in Ghana

The LED activities in Ghana between 2002 and 2011 show how LED can have sustainable impacts at both local and national levels, and achieve scale. The Ghana Decent Work Project started by creating self-sustaining LED to improve conditions for workers in the informal economy (ILO, 2011). By and large, the entire project had three significant characteristics: First it fostered local ownership and financial independence through capacity building rather than direct funding. Second, it empowered local stakeholders to shape the LED approach according to local norms and values, thus enabling the emergence of public-private dialogue and effective partnerships. Third it facilitated access to public resources and enhanced the policy influence of the programme, by embedding the LED forums within local government structures and the existing legal framework.

2.12.2 LED in Nepal

According to the study conducted by Choe and Pradhan (2010), LED project in Nepal promoted local economic development in two districts. The districts had significant shares of landless, marginalized groups, and weak capacity for planning, coordination and implementation of pro-poor development initiatives. With regard to this, the same authors revealed that, the project tackled these challenges with a locally-driven, participatory and integrated development approach that includes; inclusive LED forum in each district enabling local public-private and non-governmental organizations dialogue to design, coordinate, facilitate and monitor a pro-poor strategy and initiatives to implement it; skills development like training to access productive jobs; and improved local infrastructure to facilitate market access.

2.12.3 LED in Australia

The main aim of the Jagna Partnering Project was to develop group livelihood projects using the resources and skills already available within the locality. In Jagna, the project was implemented by the Jagna Municipal Council, an NGO called Unlad Kabayan-Bohol and the Australian National University. The Municipal Government facilitated access to resources and funding while attempting to create an enabling environment for enterprise development through capacity building activities, planning and policy development (Cahill, 2005). These Multi-stakeholder partnerships shared equal responsibility for decisions about the daily management and overall methodology of the project.

2.12.4 LED in South Africa

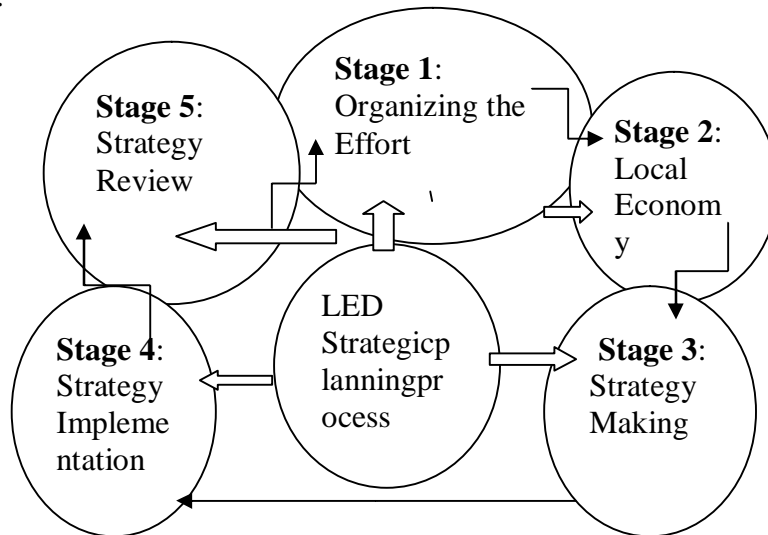
The role and function of the key institutions in local economic development

Local Municipalities	<ul style="list-style-type: none"> ✓ Participation in the formulation of LED economic development plans ✓ Responsible for the formulation of local municipal economic development initiatives and the alignment and integration with the district development initiatives ✓ Participation in the implementation of economic projects special purpose vehicles that are established including local government established development agencies.
Private Sector/Enterprises	<ul style="list-style-type: none"> ✓ The establishment, management and operation of business enterprises to the benefit of enterprise and community at large. ✓ Sustainable employment creation, income generation and investment. ✓ Capacity building of the personnel ✓ Contribution to sustainable development business practices.
National and International NGOs	<ul style="list-style-type: none"> ✓ Provides funding, economic development support and services within the legislative and institutional context of economic development at local levels. ✓ The funding is to be integrated with the local development plans. Specific attention should be given by donor organizations to capacity building knowledge transfer, exposure to international experiences and innovative LED Practices

Source: Christian M. Rogerson (2009)

2.13 The LED process

According to Swinburn et al (2006) the process of LED strategic planning can be classified in to five steps.



Stage 1: Organizing the Effort

To manage successfully a LED strategy, institutional arrangements and Stakeholder involvement should be agreed at an early stage of the planning process. LED requires the Multi-Stakeholder effort of public sector, private and NGOs, civic & religious groups. The strategic planning process begins by identifying, public institutions, businesses, industries, civic organizations, professional organizations, think-tanks and training institutions that build the local economy. Launching harmonious working relationships and organizational structures to sustain the strategic planning process will lead to valuable long-standing, public, private and NGOs partnership, which is critical factor that determine the effectiveness of LED efforts.

Stage 2: Local Economy Assessment

Knowing the features of the local economy is vital if stakeholders are to identify and consent a realistic, practical and achievable LED strategy. The first step in assessing a local economy is to determine what information is relevant, required and available, and to identify the vague, missing or non-existent data that it will be necessary to obtain for the local economy assessment. After obtaining this data, it will be necessary to collate and analyze the data so as to provide a profile of the local economy. Effective LED strategy planning will include a review and analysis of the

contribution of LED Programs and projects that are already happening in the area. Basic tools like SWOT (strengths, weaknesses, opportunities and threats) analysis are essential one to assess the local economy. Generally assessing the local economy will be helpful to identify public, private and non-governmental resources, to analyze existing quantitative and qualitative information and to establish data management systems for future use in monitoring and evaluation.

Stage 3: Strategy Making

In formulating strategy, implementers in municipal government and key stakeholders will need to balance LED with environmental and social needs. An exemplary LED strategy has a number of components. These are vision, goals, objectives, programs, projects and action plans. In strategy making such components should be stated clearly.

Stage 4: Strategy Implementation

LED strategy should have single document implementation plan, which contains all of the LED programs and projects within a strategy. The implementation clarifies budgetary, human resource requirements, institutional and procedural implementing of the LED strategy, which is useful for effective utilization of resource. A good implementation plan will result in a more efficient and effective use of existing budgets, and can be used to attract funding from national government, bilateral and multilateral donor agencies, and the private sector.

Stage 5: Strategy Review

By and large LED strategy is written for a three to eight-year period. Eventhough, the strategy should be reviewed per annum for modification in response to varying local conditions. This review should consider the resources available for the delivery of the strategy and include established and agreed monitoring and evaluation indicators of the local economy. It should include also, take in to account inputs, outputs, outcomes and impacts, and the implementation process of LED .More over the level and extent of Multi-stakeholder participation in the whole LED process is critical one.

2.14 Ethiopian Institutional and Organizational Development Issues for LED

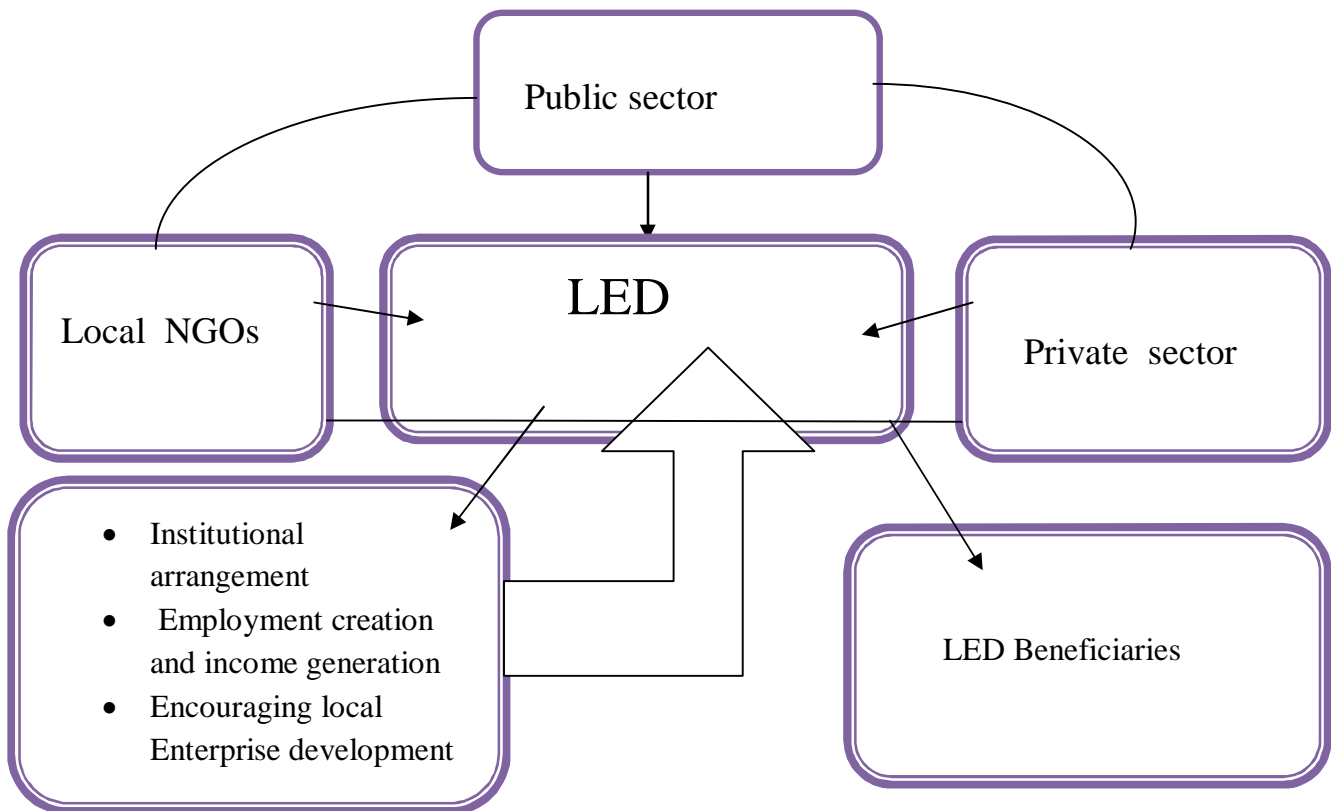
In order to organize LED strategy successfully, institutional arrangements and Multi-stakeholder partnership stakeholder should be agreed at early stage of the planning process. Organizing, managing and leading the LED effort requires the choice of institutional options. Urban local government and LED team, committees needs to be and clearly stated including their functions. Successful LED requires the collaborative effort of public (governmental), private (business) and non-governmental (local community, NGOs, CBOs, civic society, religious organizations) sectors. The strategic planning process begins by identifying the people, public institutions, businesses, industries, civic organizations, professional organizations, think-tanks, training institutions that have good influence the local economy. Strong local economic development forum constituted of the public, private and non-governmental partnership, which is decisive in promoting LED efforts (MWUD-FUPI, 2006).

2.15 Conceptual Framework

The Local Economic Development approach recognizes inclusive and multi-stakeholder participation, with the objective of creating and promoting employment opportunity, enterprise development and improving the quality of people in general (ILO, 2007). The private sector is more than just the engine of growth; a key mechanism for women and men to participate in and contribute to the enhancement of LED by creating jobs and opportunities, by providing new goods and services, by financial services to poor people and by paying taxes it has a pervasive value to society (DFID, 2011).

The importance of International charitable NGOs on the issue of poverty, employment, development and economic growth has been growing its significance in developing countries, (Ogechi Njoku, 2006). The capacity of local government leaders to convince the business sector to promote convergence in local development through multi-stakeholder Partnership is the main factor behind successful economic transformation and employment generation of locality. The decentralized institutional set up is quite constructive to a LED approach passing through active involvement of business and NGOs in planning, implementing, monitoring and evaluating programs and projects (ILO, 2007).

If there is capacities for information generation, management and communications, networking and advocacy, stakeholder consultation and dialogue, project management, performance management in order to make the programs feasible, stakeholder-sensitive, accessible and useful to target beneficiaries, LED programme can be replicable on a wider scale. LED is achieved through a process by which public, private and NGOs work collectively to enhance the competitiveness, diversity and productivity of a defined territory's economy, and to ensure equitable access for its citizens to employment and economic opportunities. Such entities usually perform LED regulatory, strategic guidance and/or facilitation functions towards the promotion of economic development. Therefore, this partnership plays the primary role in determining the quality of the business-enabling environment. The quality of the performance of each member of these stakeholder categories determines the extent to which LED outcomes are achieved. Generally, the successfulness of LED objective to meet its objective like employment generations, enterprise development and well structured institutional arrangement is relay on partnership of Public, private and NGOs.



Source:own construct 2014

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Site selection and description of the study area

The researcher is motivated to conduct research in Mekelle city in the area of multi-stakeholder partnership due to the fact that: Mekelle was chosen among the seven Ethiopian cities by Ethiopian government as a centre of LED: As compare to other locality of the region, the multi-stakeholders partnership in LED are found in the city: lastly the proximity of the area to the researcher. Keeping in mind these issues, the researcher has intended to assess the role of public, private and NGOs in promoting LED project. Mekelle lies in Ethiopia's temperate highlands, nearly 800 km north of Addis Ababa. It is the capital city of Tigray Regional State, the region of Ethiopia that border Eritrea, and was briefly the capital of Ethiopia in the late 19th century. It has population number of 275,000 people in 2012(Millennium Cities Initiative, 2012). The city has seven sub-cities namely; Adi-Haqi, Hawelti, Hadnet, Quiha, Kedamay-Weyane, Semen and Ayder.

Mekelle is well endowed with public and private institutions' and facilities. There is an international airport and 15 institutions' of higher education including universities, medical and engineering college and institute of technology. It is also economic hub of the regional state of Tigray. Within a 100 km radius of the city, there are fertile farmlands to south, significant mineral deposits' to the east and west, and many of the major tourist attraction such as rock hewn churches, the historic city of Aksum. Its range of existing enterprise covers areas from mining and cement through agro-processing to leather and textiles. The leading investment opportunities are to be found in tourism, transport and tour operating; agriculture and agro processing, especially in fruit, meat and honey for export.

3.2 Data Type and Source

The researcher employed qualitative data type for the three specific objectives. More over to supplement the qualitative data type, quantitative was used; this is because objectives like employment creation and income generation are complemented through such method. With regard to the data sources, both primary and secondary sources were used . The primary data like interview, questionnaires and focuse group discussion were supplemented by the secondary sources of data from documentation of LED coordinating bureau: such as written monthly and annual report, review of articles, administrative documents such as proposals, progress reports, which show the number of beneficiaries served over a given period of time and the involvement of Multi-stakeholder partners. In general, dominantly qualitative data type and primary data source was employed to get done this study. The primary sources of data were gathered using interviews, focused group discussion and questionnaires.

Questionnaires: a semi-structured questionnaire was prepared and distributed to the LED beneficiaries by the researcher to assess the role of multi-stakeholder partnerships (public, private and NGOs) in local economic development. This is because how much the LED projects is successful in giving revolving funds, creating employment opportunity and income generation and encouraging the local enterprises.

Interview: Interview is crucial data collection instrument this is because, to cross-check data' that are collected from LED project beneficiaries through questionnaire and to make the finding more reliable. A semi-structured interview was employed to acquire the relevant data for this study. The researcher conducted in-depth interview with project expert/coordinator of local economic development, with local government, with youth and women's association representative and with private sector (chamber of commerce) representatives.

Focused group discussion; To identify the roles of multi-stakeholders in LED, the researcher has conducted focuse group discussion with representatives of LED beneficiaries. Those cooperatives chair men were selected purposefully, hence the researcher believed that,they know about the stakeholders role in their business. One focuse group discussions it contained six member was conducted. From Sub City of **Adi Haqi:** Vision Metal and wood work (Hayolom), Alem Tsehay & Mahlet Baltna (Hdasie),Abnet Poultry Production(Amora). From sub city of **Hawelti:** Aregawi Girmay and Hailu Tefera vegetable and gardening(Adi-Ha) Tekia-Woreta &Askual G/slasie cattle farming, Abrha Gidey & Tedros Kiros cattle farming (Adi-Shumdhun)

were the participants of the focus group discussion. In selecting the participants of focused group discussion, at sub-city, kebele, and their respective cooperatives lottery method of sampling technique was employed. Then after in selecting the chair men of the cooperatives purposive sampling technique was also employed.

3.3 Research Strategy and Design

The researcher has employed both quantitative and qualitative methods. The quantitative method is selected as it is viewed as an effective method of gathering large amount of data thereby enables to study relatively comprehensive issues at any specified period of time. Again a qualitative method was adopted in this research, on the assumption that it helps generate meanings and phenomenon within a real context of the research participants and thereby to fill the gap left by the quantitative one. By employing a mixed approach of quantitative and qualitative, the researcher gathered accurate data from the respondents.

The researcher has used survey research design to conduct this study. To gather data from the stakeholders of LED project: Public, private sector and NGOs, the researcher has employed survey research design. Survey is a research technique in which information is gathered from a sample of respondents. Again, a cross sectional method was employed by the researcher. This is because the study was conducted in a manner that a small portion of a population was sampled only at a time. Further, a descriptive research approach was adopted in this study.

3.4 Target Population and Sampling

The total population of the study areas of seven sub-cities is 858 individuals; from these total populations, as per the lists of LED project beneficiaries within the share cooperatives, the three sub cities have 379 numbers of LED beneficiaries. Hence, a total of 379 target population were identified as a total population of the three target sub-cities (Adihaqi, Hadnet and Hawelty). From seven sub-cities, the researcher selected three sub-cities mentioned above using lottery method. Following this, using Kothari's sample size determination formula, a total of 130 sample respondents were identified as follows.

3.5 Determining Sample Size

Table 3.1 Lists of LED project beneficiaries in three sub-cities of Mekelle city in which sample was taken.

Sub cities	Tabias	Name of Cooperative	No.Of beneficiaries per cooperative	Total No.of beneficiaries per Sub cities
Adiha qi	Hayolom	Hadish Hiwot computer center	6	128
		G/her &Fetyen Cattle Fattening	16	
		Vision Metal &wood work	16	
	Amora	Abnet Poultry Production	15	
	Tsn-at Weyane	Tihsh-Diary Farming	14	
	Hdasie	Tsehaytu &Abrhet Baltna	13	
		Vision metal work	15	
		Alem Tsehay & Mahlet Baltna	16	
	Debre-Genet	Kalkidan café and restaurant	17	
Hadnet	Metkel	Armana Bakery	15	142
	Wer-e	Yhones&Haftomichaelwater proof	7	
	Smret	Sbhat&Haftom metal &wood work	16	
		Mhret&Zufan leather craft	22	
		Hewan Ploutry production	15	
		Metkel Cafeteria	22	

		Mqny Metal & wood work	30	
	Aynalem	Vision cafe &restaurant	15	
Hawelt i	Selam	Lige-a dairy farming	16	109
	Adi- Shumdhun	Tekia-Woreta &Askual G/slasie cattle farming	64	
		AbrrhaGidey&Tedros Kiros cattle farming	10	
	Adi-Ha	AregawiGirmay and Hailu TeferaVegetable gardening	19	
Total				379

The sample size of the study was determined based on Kothari's formula of (2004) in the following procedure.

$$n = \frac{Z^2 \cdot p \cdot q \cdot N}{e^2 (N-1) + Z^2 \cdot p \cdot q}$$

Where

N = size of the population

p = sample proportion of successes

n = size of sample

q = 1-p;

z = the value of the standard deviate at a given confidence level

e = acceptable error (the precision)

Thus, N = 379 p = 0.02 z = 2.005 e = 0.02

Therefore, n = $\frac{(2.005)^2 \cdot 0.02 \cdot (1-0.02) \cdot 379}{(0.02)^2 \cdot (379-1) + (2.005)^2 \cdot 0.02 \cdot (1-0.02)}$

$$n = 130$$

When this sample size is allotted among the three sub-cities proportionally: For Adihaqi=44

For Hawelty=37 For Hadnet 49 .Then following table shows the proportionate sampling of each

Tabias and type of cooperative.

Sub cities	Tabias	Name of Cooperative	Number of beneficiaries per cooperative	Number of sample size per cooperative	Number of sample size per Tabia
Adihaqi	Hayolom	Hadish Hiwot computer center	6	3	13
		G/her &Fetyen Cattle Fattening	16	5	
		Vision Metal &wood work	16	5	
	Amora	Abnet Poultry Production	15	5	5
	Tsn-at Weyane	Tihsh-Diary Farming	14	5	5
	Hdasie	Tsehaytu &Abrhet Baltna	13	5	15
		Vision metal work	15	5	
		Alem Tsehay & Mahlet Baltna	16	5	
	Debre-Genet	Kalkidan café and restaurant	17	6	6
	Hadnet	Metkel	Armana Bakery	15	5
Wer-e		Yhones&Haftomichaelwater proof	7	2	2

	Smret	Sbhat&Haftom metal &wood work	16	5	36
		Mhret&Zufan leather craft	22	8	
		Hewan Ploultry production	15	5	
		Metkel Cafeteria	22	8	
		Mqnay Metal & wood work	30	10	
	Aynalem	Vision cafe &Restaurant	15	6	6
Hawelti	Selam	Lige-a dairy farming	16	6	6
	Adi-Shumdhun	Tekia-Woreta &Askual G/slasie cattle farming	64	21	25
		AbrhaGidey&Tedros Kiros cattle farming	10	4	
	Adi-Ha	AregawiGirmay and Hailu TeferaVegetable gardening	19	6	6
Total					130

3.6 Sampling procedure

The study incorporated the following sampling procedures to collect the necessary data from respondents. Purposely the researcher selected the study area (Mekelle), where as lottery method was used to select the three sub-cities. Following this, the sample size was determined using the sample size determination formula. As a result of this, numbers of sample respondents' were 130 LED beneficiaries from the three sub-cities. Following this, a proportional sampling technique was used to be appropriate in distributing the questionnaire among LED project beneficiaries of the Tabias' and their respective cooperative in Mekelle city. Thereafter, sample respondents were selected using lottery method.

3.7 Data Collection Procedures

Questionnaires': To get done this study successfully, the researcher has trained three enumerators very well about the objective of this study. Then clear instructions how respondents fill up each question honesty was guided by the enumerators. This is for the sake of creating awareness for the respondents to fill the questionnaires' correctly and honestly. Then Questionnaires' were distributed within three days consecutively for the three kebeles. The questionnaires were distributed to 130 the respondents at the working place of the respondents. After the questionnaire distributed one day later the questionnaire were collected. This has done to get accurate and reliable data. While the enumerators' gathers data from the respondents every question was checked whether it is responded correctly or not. Moreover, the researcher has prepared the questionnaire in English that goes in line with the objective of the study. Taking in to consideration the educational background of the respondents and to make more understandable, the researcher has translated in to the local language (Tigrigna). To make data's accurate and reliable questionnaires were triangulated by interview and focused group discussion.

Interview: firstly time schedule was prepared when the interview was to be conducted and the interviewee were informed to make consent about the interview. Then the researcher facilitated the interview. More over the researcher has used data recording instrument. Interview was conducted:

- ✓ With zonal LED expert/coordinator
- ✓ With local government(Mayor)
- ✓ With youth/women association representatives (presidents)
- ✓ With chamber of commerce representative from private sector (secretariat)

Focused group discussion: firstly time schedule was prepared in conducting focused group discussion and the expected participants were informed. This is because to conduct group discussion members of the discussion must have clear time and place. Then based on the agreed time, the researcher conducted focus group discussion with the six chair men of the cooperatives. The researcher himself facilitated the focused group discussion.

3.8 Data Processing and Analyzing

After data are collected by the above stated data instruments and procedures, it was edited both at field and home. Similar ideas were collected to gather as it helps to generalize the results of the respondents. Hence, similar data's were summarized and rearranged and then converted to descriptive statistical technique of analysis. In addition, both quantitative and qualitative methods of data analysis were used. Qualitative method was used to analysis results obtained from interviewees, questionnaires and the focused group discussion. The questionnaires gathered from LED beneficiary were coded and entered into SPSS version 16.0 software program for analysis. Data collected through quantitative methods were analyzed using frequency, percentages and tables and descriptive research approach was employed to done this study.

CHAPTER –FOUR: RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter dealt with results and discussion part. Primary data was gathered through semi-structured questionnaire, in-depth interview and focused group discussion. Secondary data was gathered from manual of LED office. For the questionnaire 130 respondents have been taken. However, of the total respondents ,130 sample respondents expected to fill the questionnaire,13 papers were found defective. But the researcher tried a maximum effort to collect data from the respondents appropriately, making the response rate to be greater than 90 percent. The interview was also conducted strictly as planned. In this chapter institutional arrangement of LED, employment creation, income generation and encouraging local enterprise development were discussed consecutively.

4.2 The Institutional Arrangement of LED Project in Mekelle City

In analyzing the institutional arrangement as a source: Local Economic Development (LED) strategic plan of Mekelle city2010-2014, have been used.

This section deals with the institutional arrangements of LED and the main actors in driving the policy and decision making process. After an intensive consultative process at the regional and federal levels, the 2009 annual work plan of developing local capacity for the achievement of the MDG programme was developed and signed between MoFED, BoFED of four Big Regions (Oromia, Amhara, SNNPR and Tigray) and UNDP in May 2009. Developing local capacity for the achievement of the MDG programme focuses on intervention of Local Economic Development (LED). The main objective of the LED intervention is to enhance capacities of regions and woredas to promote pro-poor economic growth and sustainable livelihoods, through investments, employment creation and encouraging local enterprise development. As per the agreement, Mekelle city has been selected for the LED intervention.

Currently in order to guide the implementation of LED three level institutional arrangements are working. These include LED technical assistance unit that is housed at city administration, technical and steering committee and the beneficiary groups coordinated by regional and city

administrations' MSEs Office. The LED Unit that was based at BoFED represented by a focal person was serving as a secretariat of the LED steering /technical committee. The unit was responsible for the overall day to day coordination and shared learning. The Regional and LED Steering/Technical Committee, representing broader groups of stakeholders; government, private sector and CSOs shall play a key role in integrating efforts of actors, for encouraging innovation and excellence in local economic development practices. Meanwhile, the existence of strong Youth and Women Associations as well as Chamber of Commerce both at city and regional levels is conceived as a potential for building an exciting LED coordination mechanism. The LED project has created a partnership arrangement in leading the program by bringing together different stakeholders in the form of steering and technical committees.

4.7.1 Technical committee

The LED initiative was supported through mainly technical assistance and these committees maintains to the local actors and LED beneficiaries. The LED experts was recruited by BoFED and deployed the city and the LED initiatives was to be launched. The professional would be guided by BoFED at the regional level and Senior LED advisor/ national consultant at the federal level. The developing local capacity for the achievement of the MDG Programme Coordinator was provide overall advisory, technical, coordination and management support to the LED initiative. Besides, the experienced consultancy firms would be hired to undertake in-depth LED-related study, reflecting all aspects of the assessment and regional LED potentials. The national firm (s) was follow an action research approach to collecting data and developing micro-proposals for consideration of funding. The assessments would be able to identify and suggest for the institutional arrangements, LED framework, guidelines and an action plan that will have complementarities with other relevant ongoing program and projects.

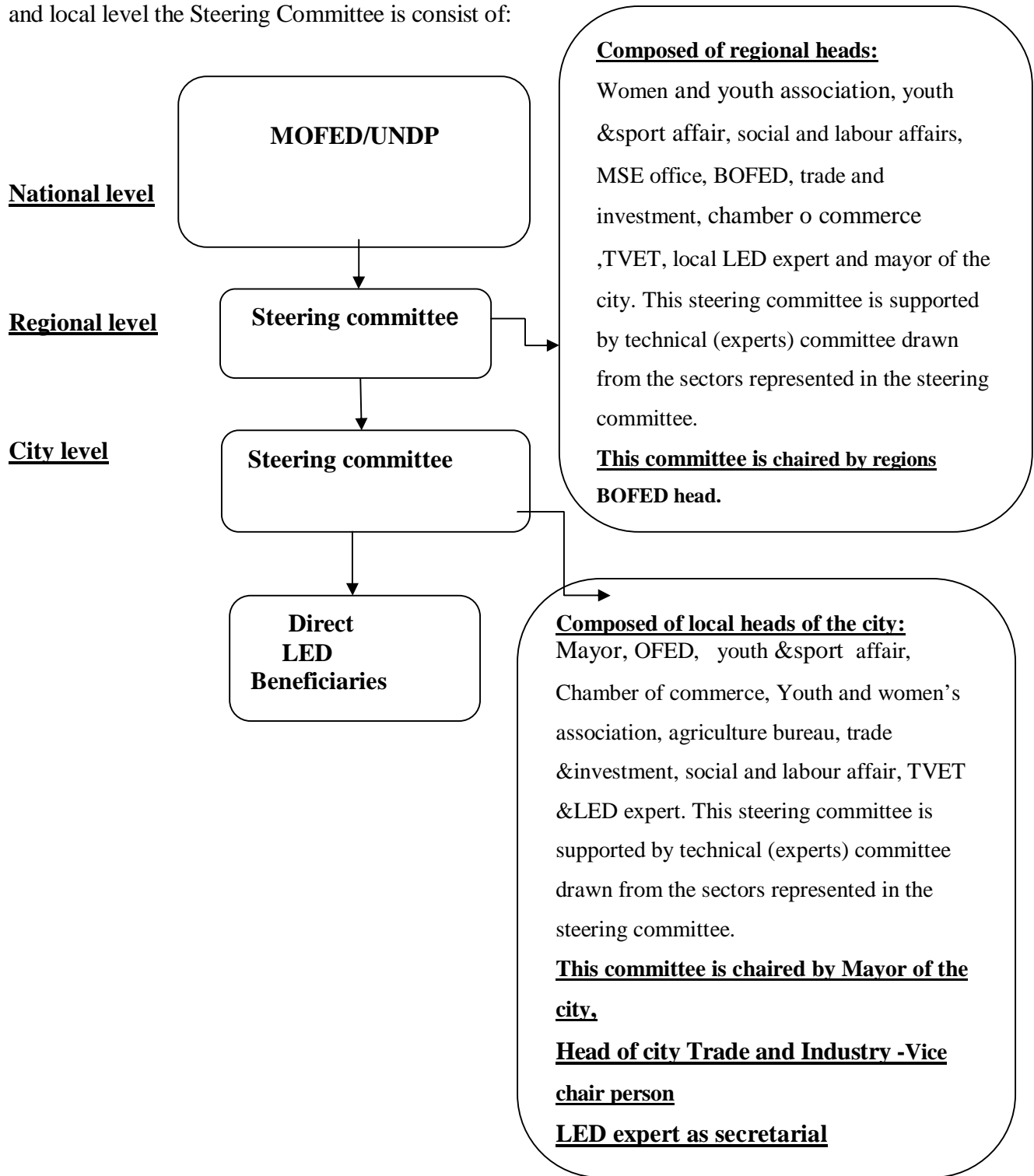
4.7.2 Local LED Steering Committee

There is an agreement that reaches by all the relevant stakeholders that LED Steering Committee would be set up at local level to oversee the LED implementation and management in conformity with the project execution modality. The Project is nationally executed by MoFED and BoFED at regional level, and implemented by the implementing partners that is government institutions and Bureaus, at all local levels. It is envisaged that the setting up of a LED local

Steering Committee would further strengthen the coordination and partnership amongst the stakeholders, for the smooth implementation and management of the LED intervention. There is no dedicated LED unit within the government structure to make LED part of the government system. Such partnership helps to provide room for more participation of the private sector and civil society. The day to day coordination of the local economic development activities is currently led by LED expert who in many cases are junior LED employees with no political influence. Though the expert housed in OFED at local level and running the LED project, are not part of the OFED structure.

4.7 .3 Composition of Regional and local LED steering Committee

According to the LED project manual of (2010-2014) planning and implementation at the regional and local level the Steering Committee is consist of:



Source: Mekelle LED project Manual(2010-2014)

At the city level all members or the delegated representatives should be in a position to take LED-related decisions during the meeting. In this regard, the representatives should be delegated fully to take decisions by the respective offices. At a meeting of the Steering Committee:(a) the Chairperson will preside the meeting; (b) the LED Expert of the city present the plans, proposals and reports on the progress of the LED initiatives in the selected localities. The LED expert will submit the plans and written progress report to BoFED coordinator and the Steering committee members will be informed at least a week before the meeting takes place. All the LED key actors will have role in design, implementation, monitoring and evaluation of the capacity building of the projects beneficiaries. in addition, strengthening partnership to share resources, experience, to influence practice and inform policy and strategies.

4.7.1 weakness of LED institutional structure in Mekelle city in comparison to the best experience of South Africa

Local economic development is creating a platform environment to engage stakeholders in implementing strategies and programs. The LED framework emphasizes that municipalities have a key role in creating an environment conducive for investment through the provision of infrastructure and quality services. Beyond this, municipalities should play a connector role in respect of LED drawing upon resources locked in a range of different local level support instruments into their localities(Patterson,2009).

The Development Bank of Southern Africa is one of several development finance institutions Southern Africa. Its purpose is to accelerate sustainable socio-economic development by funding physical, social and economic infrastructure to the LED project. The Bank played a multiple role of financier, advisor, partner, implementer and integrator to mobilize finance and expertise for development projects. The Development Bank of South Africa has continually supported by providing funds for the development of LED strategies local municipalities as well as LED implementation projects. The various financial institutions operating in South Africa provided and support and strategic direction to the implementation of LED (Mahlawe,2008).

The source of LED fund in south Africa have been taken from Local governments own revenue, Private sector and civil society organizations, international donors and local NGOs (National Framework for Local Economic Development LED in South Africa (2006 – 2011))

In order to have a sound basis for the local economic development, operational Learnerships and Skills Programmes have been initiated the partnerships between local government, private sectors, civil societies, colleges and Universities. In South African LED project, local governments have been played a wider range in making partnership with other relevant stakeholders in the country. Sound result in training of LED practitioners to provide them with the necessary knowledge and skills required have been undertaken and paved pathway for the success of LED project. To provide LED institutional support and communications for the LED programme, networking with research institutions is currently in place and LED capacity building by University of Limpopo have been undertaken (Patterson,2009).As compared With the best experience of South Africa, Mekelle LED project institutional arrangements lacks the following critical points.

The first weakness is inadequate awareness of multi-stakeholders on the LED project: duties and responsibilities of each and every stakeholders of the LED steering and technical Committee were not yet clearly stated. Secondly, lack of effective networks within the committee in LED project; LED project is more likely to adopt a facilitating/enabling role for local government in the presence of such strong and well-functioning networks. In contrast, where there are no such networks and very little interaction between the local governments, the private sector and civil society. Local government is key entity that expected to make all Potential stakeholders to have a better understanding of their LED responsibilities, and the central role that effective LED networks can play in more effective LED strategies. The multi-stakeholders are not working together to the success of the LED project and the role of these key stakeholders, progress remained very slow. In the manual of LED project the stakeholders intended to apply SWOT analysis to the success of the projects goal. However, as a mayor of the city described that, so far they did not apply SWOT analysis and this has been described as the basic weakness of the multi-stakeholders in the project.

For instance the assessment report of the Mekelle city administration(2013) of the LED project beneficiaries shows that, from 66 cooperatives who took the loan from the LED project,16 cooperatives have been dissolved, 20 cooperatives are in hardship, 14 cooperatives are in medium progress and only 16 cooperatives are well of their business. From the total LED beneficiaries, majority of them(54.6%) are in hardship of their business progress. So this indicated that lack of effective networks within the committee in design, implementation, monitoring and evaluation and capacity building of the projects beneficiaries

Thirdly, insufficient involvement of local stakeholders: As it has been seen in the composition of the local steering committee, most of the represented committee are from government offices and the representation number of the private sector and the civil society organization is not fair. More over the institutional structure is not decentralized at sub-city and district (kebele)level. Beside this, there are prominent local NGOs and higher institutions which are not subscribed as a LED stakeholder. For instance the following potential stakeholders are found in Mekelle city, but which are not part of the LED partners at the moment. Local NGOs working in the town like REST and TDA, prominent private sector institutions like EFFORT(Mesebo Cement Factory and Mesfin Industrial Engineering), higher institution like Mekele University .

Even though the project in its structure arrangement is consists of multi-sectors in particular and multi-stakeholder in general, so as to creates space for wider representation of stakeholders at local level and can be able to create political champions as the mayor is the lead person at city levels, it is not functional in ground and it has registered very slow progress in the project.

4.3 Demographic Characteristics of Respondents

The Demographic Characteristics of Respondents of sample respondents are described using several variables as shown in Table 4.1-4.3 below.

Table 4.1: Sex and educational level of respondents

Sex of respondents		educational status of the respondents							Total
		illiterate	1-8grade	9-10grade	11-12grade	TVET	diploma	degree	
Male		3	8	13	4	1	8	9	46
Female		26	18	14	4	0	5	4	71
Total		29	26	27	8	1	13	13	117

Source: Own survey, 2014

As we can see from Table 4.1 above, the educational level of respondents vary from illiterate to degree graduates and the researcher describes the facts from the highest to the lowest frequency as an approach.

Out of the total respondents 29(24.79%) are illiterate, out of which 22.22 percent are females and 2.56 percent are males. Inline with this, 22.22 percent of the respondents are in the educational level of 1-8grade, consisting of 69.23 percent females and 30.77 percent males respondents. Moreover, only 13(11.11%) of the respondents are degree holders. Generally the data indicates that majority of the respondents are attending formal education.

Table 4.2: Marital status and age of the respondents

Marital status of respondents	age of the respondents				Total
	18-28	29-39	40-50	51 and above	
Single	37	10	1	1	49
Married	14	28	6	2	50
Divorced	1	5	3	0	9
Widowed	0	2	4	3	9
Total	52	45	14	6	117

Source: Own survey, 2014

Table 4.2, above shows that 50(42.74%) of the respondents are married and 49(41.88%) of them are single. With regard to the age, 52(44.45%) of respondents are in the range of 18-28 years, which is followed by 29-39 of years that accounts 45(38.46%) the average age of the sampled respondents was 28 years and the maximum and minimum age was 51 and 18 respectively.

Table 4.3: Household type and size of the respondents

House hold Type	household size				Total
	1-3	4-6	7-9	10 and above	
male headed	41	34	7	2	84
female headed	13	20	0	0	33
Total	54	54	7	2	117

Source: Own survey, 2014

As depicted in Table 4.3, from the 84(71.8%) male headed families, 41(48.81%) of the respondents family size is from 1-3 members. Besides, out of the total respondents, 33(28.21%) female headed respondents, 20(60.61%) of the respondents have from 4-6 family size and from the total respondents 2(1.71%) have, 10 and above members.

Based on the descriptive statistics analysis the largest family size of the respondent households is found to be 11 and the smallest is 1.

4.4 Employment Creation and Income generation

In recent years, slowing global employment growth and increasing unemployment have hit young people stiffly (ILO, 2005). As a result, today's youth are faced with a growing deficit of decent employment opportunities and high levels of economic uncertainty'. In Africa, there are approximately 200 million people between the age of 15-24 years and it is expected that this population will double by 2045. More specifically, in sub-Saharan Africa, of the total unemployed, 60 percent are youth (UNDP, 2013). Pro-poor and comprehensive LED allows local government to address poverty and unemployment through strategies for promoting youth employment, empowering disadvantaged and marginalized communities, support for skills development, and promotion of gender equity and equality (Common wealth local government conference, 2011). Therefore, focusing on the following points are important to assess whether LED is created a wide employment creation or not.

Table 4.4: Number of members withdrew from the cooperative and number of hired people by the cooperative 2009-2014.

Cooperative Name	Initially involved members of cooperative in number	Number of Members withdrew from the cooperative	Number of hired people by the cooperative currently
Kalkidan café and restaurant	19	6	35
Teki-an wreta and Askual G/slasie Cattle farming	71	39	1
Vision Café and restaurant	15	7	10
Abnet Poultry production	15	3	-
Tihish Dairy Farming	14	2	1
Yohannes and Haftom water proof	7	-	-
Armana Bakery	15	6	20
AlemTsehay and Mahlet Baltna	20	4	-
Tsehaytu and Abrhet Baltna	17	3	11
Mqnay metal and wood work	30	6	-
Abrha Gidey and Tewodros Kiros Cattle Farming	10	-	-
Haregewein and zinash Baltna	19	2	1
Aregawi Girmay and Hailu Tefera Gardening	19	4	-
Hewan Poultry production	15	-	1
Mhret and Zufan Leather Craft	22	8	1
Sibhat and Haftom Metal & Wood Work	16	-	4
Lige-a Dairy Farming	16	8	3
Metkel Cafeteria	21	9	6
Hadish Hiwot Computer center	6	3	-
Total	366	110	94

The above Table 4.4 indicated that, from the total number of local economic development project beneficiaries which is 366(100%), around 110(30.05%) number of individuals have been withdrew from different cooperatives. In relation to this, interview was conducted with the mayor of the city. The following points are the basic reasons for the withdrawal of the members of cooperatives; Employed individuals become beneficiaries of the project, in each cooperative the youth associations and youth affairs themselves were beneficiaries of the project and discipline problem of the members of the cooperative.

Regarding this, focus group discussion was conducted with LED beneficiaries and the points are presented in the following approach. At the initial stage while the cooperatives got loan from the LED project, stake- holders particularly youth and women's association, were helping the beneficiaries through guidance and motivation to their business, but post loan they did not follow up. They simply requested them to pay back the loan. Moreover, data supported by focused group discussion also stated that the poor progress of the business, hopelessness and weak follow up of the stakeholders, makes to disperse the members from the cooperative. From this it can be understood that, there is weak supervision and guidance of the stake holders over the beneficiaries to become successful to their business.

Those reasons indicated that, from the beginning stakeholders(youth and women association) did not follow the beneficiaries' selection criteria: economic parameters like poor of poor and unemployed and social parameters like supportive, cooperative and can be trusted and behaviorally good. Even some cooperative members they do not know each other while they were grouping by the stakeholders. These show that , awareness creation about the revolving fund, capacity building through training and supervision for their business were not undertaken by the LED stakeholders in a way that can be inculcated on the beneficiaries.

The manual of Mekelle LED project office indicated that, in Mekelle in the seven Subcities: Adi Haqi, Hadnet, Hawelti, Kedamay -Weyane, Ayder, Quiha and Semen for 858 people become employed through the projects revolving fund. The LED project has created employment opportunity for 379 people in the first- three above listed sub-cities. Table 4.4 also shows that, different types of business cooperative hired 94 numbers as employees. Even though there are cooperatives who has not hired labor in their business, in average around five individuals have

been hired in each cooperatives. Each respective cooperative might hired above five labours, but the weak role of multi-stakeholders in follow up and encouragement has restricted in such number.

Table 4.5: The revolving fund of the project

Are you repaying the revolving fund according to the schedule?		
Case	Frequency	Percentage
Yes	44	37.6%
No	73	62.4%
Total	117	100%

Source: Own survey, 2014

As it can be seen from the above Table(4.6), majority of the local economic development project beneficiaries 73(62.4%) are not repaying the revolving funds given by the LED project. On the other hand 44(37.6%) of the respondents are repaying the revolving fund. According to the LED beneficiaries the major reasons behind the failure to repay based on the schedule are the poor follow up, capacity building, training and market linkage of the LED stakeholders. So it can be concluded that the inactive role of the multi-stakeholders made the LED beneficiaries not to pay on time.

4.5 Monthly Income and Expenditure

Normally income may be measured interms of money eventhough there is no money, some times definitions are used. But in this case income is measured interms of money. Since the project has understood pro-poor economic growth intend an explicit and exclusive targeting of the very poor and marginalized group including unemployed women, youth, people with disabilities and other vulnerable groups in the society through promoting largely group-based micro and small business enterprises.

Table 4.6: Monthly income of the beneficiaries before & after joining to the project

Monthly net income (in birr)	Before joining		After joining	
	Frequency	Percent	Frequency	Percent
None	94	80.3	---	--
<500	18	15.4	73	62.4
501-1000	2	1.7	23	19.7
1001-1500	3	2.6	3	2.6
1501-2000	---	---	13	11.1
>2000	---	---	5	4.3
Total	117	100.0	117	100.0

Source: Own survey, 2014

The net income displayed in the above table(4.7) is calculated based on the monthly profit including the undistributed profit of the cooperative which is divided in to the total members of the cooperative.

As Table 4.7 indicated, 80.3 percent of the respondents replied that there had no prescribed or fixed income before joining the project, rather they were dependent on their family and relatives even for the daily consumption. Besides, 15.4 percent of the respondents were below 500 birr per month, which is less than one US dollar perday per member. However, after joining the project 19.7 percent and 11.1 percent of the respondents income has increased to 501-1000birr and 1501-2000 birr respectively. Surprisingly 4.3 percent of the respondents improved their income to greater than 2000 Birr which is above three US dollar per day. From this it can be concluded that though there is some improvement of income in percentage still the beneficiaries are in poverty line.

Table 4.7: The support of local government for the business enterprise

sex of the respondents	Types of support				Total
	market premises	training in competency	skill management	All	
male	12	13	5	16	46
female	18	21	8	24	71
Total	30	34	13	40	117

Source: Own survey, 2014

According to the result demonstrated in Table 4.8 above, 29.1 percent respondents who acquired training in competency, 61.8 percent are females, and 38.2 percent of them were males. Whereas, 34.2 percent of the total respondents get market premises, training in management skill and competency that can help their business. However, the significant number indicates that both sex respondents were trained at different training centers. Therefore, this implies that training was playing a great role on the project and contributing many things to build the capacity of the target groups. This concept was also supported by evidence taken from interviews with mayor of the city in the following approach. During the day of cities (“Yeketemoch Qen”), the project budgets was around 15000-20000 Birr and it enables to some LED beneficiaries to get experience sharing with other LED project beneficiaries. For instance, experience sharing with Hawassa and Bhardar was conducted. Beside within the region, with Adigrat city experience sharing was also done. Moreover, training related with competency and skill management were also performed by local government which is crucial to the LED beneficiaries.

4.6 The Role of Private Sectors in LED

The important factor of LED is that there is a strong partnership with the private sector or other related development agencies (Nell,1999; cited in Rodriguez-Pose, 2005).Enterprise development is the basic entry point of the local economic development program in Ethiopia to create employment and open micro and small enterprises for the vulnerable groups: the women, the youth and the disabled (Tegegne, 2011). So evaluating the involvement of private sector on the project may be an important issue to evaluate the role multi stakeholders partnership of LED project in Mekelle city.

Table 4.8: The role of chamber of commerce in the LED project

Is chamber of commerce preserving your interest to promote trade and investment?		
Response	Frequency	Percent
Yes	7	6%
No	110	94%
Total	117	100%

Source: Own survey, 2014

As it can be seen in the above Table 4.9, 94 percent of the respondents affirmed that chamber of commerce of the city is not preserving the interest to promote trade and investment of their cooperatives. On the other side, the data taken from the interview with sectoral office(chamber of commerce) indicated that, the sectoral association tried to involve in different developmental agendas of the city in general and in local economic development project in particular, the role and function of the sector is not clearly stated in the manual of the project. For example, as per the structural arrangement of the project president of the chamber of commerce is the only member of the steering committee, and most of the time decisions were made by the government based on his political advantage, even without the involvement of steering committee members. However, the result implies that chamber of commerce did not contributed as per it's expected as a potential stakeholder of the project. Based on the data taken from informants, the reason was

lack of awareness on what is the role and responsibilities of each partner and unwillingness to work in partnership with other local governments. The only thing that, the chamber participates in the local economic development project as stakeholder is that, they participate in meeting when the chair man of steering committee called them, then they discuss on the issue of the project. The chambers secretarial also stated that, as stakeholders of the project , it expected to participate actively not only attending meetings, but also helping the project beneficiaries through technical aspects and business development sides, but they did nothing.

In Rwanda in the provinces of Bugesera, Gasabo, Kamonyi, Musanze and Ngororero private sectors were not actively participated in the local development activities of joint action plan of the government due to time constraints and big attention to their own development activities (Netherlands Development Organization, 2009) This finding is related to the role of private sectors in the LED of Mekelle city. From this it can be concluded that, many tasks like following up, visiting, capacity building through training is expected to perform by the chamber of commerce. However, due to the poor involvements of this sector, LED project beneficiaries were not backed up as it was expected as potential stakeholder.

Table 4.9: The Support of Youth and Women Association

Is there any support you have gained from youth and women association?		
Response	frequency	percent
Yes	53	45.3%
No	64	54.7%
Total	117	100%

Source: Own survey, 2014

As Table 4.10 above indicates, 64(54.7%) respondents did not get any support that can help their business. Whereas, 53(45.3%) of the total respondents who acquired support from social (youth and women) association. However, the data taken from the youth and women’s representative

indicate that, social (youth & women) associations were supporting to the project in the following activities: identifying the target groups, organized target groups based on their interest, assisting to the beneficiaries to develop a business plans, taking a responsibility of collateral on behalf of the target groups of the project, and follow-up the progress of the project. So from these two perspectives, this study affirmed that, the support of the youth and women associations were highly emphasized at the initial stage of the of the project.

4.7 The Encouraging Local Business Enterprises

Integrated packages of inputs like credit, training, advisory support, and provision of infrastructure are indispensable in encouraging local business enterprise (Bennell, 2007). The following points that were listed in the table are tasks that can be done by local governments.

Table 4.10: Encouraging Local Business Enterprises

Variables	Responses				Total
	Always	usually	Sometimes	Rarely	
To what extent water supply is available in your business enterprise?	2 (1.7%)	21 (17.9%)	21 (17.9%)	73(62.4%)	117(100%)
The electricity is available in your business enterprise?	8(6.8%)	95(81.2%)	10(8.5%)	4(3.4%)	117(100%)
Did you get consultancy (Follow – up) service in your business by the local government?	4(3.4%)	5(4.3%)	36(30.8%)	72(61.6%)	117(100%)
Total	14(4%)	121(34.5%)	67(19.1%)	149(42.4%)	351(100%)

Source: Own survey, 2014

The above Table (4.11) indicates that out of the total respondents 73(62.4%) respondents replied that the extent of water supply in their business enterprise is rarely. As supported by evidence that taken from interview from local governments, the governments tried to fill full the access of water supply to each cooperative of the LED beneficiaries as much as possible, but in the town there is great problem of water supply. In comparing Tanzania in particular Dar es Salaam, efforts to enable citizens to access clean and safe water have been undertaken by the local governments and increasing the number of people who have access to clean and safe water. In urban areas proportion of people with access to clean and safe water increased from 25% in 1961 to 86% in 2011. The availability of water for domestic and industrial use and irrigation has increased productivity dramatically in different sectors United Republic of Tanzania National Report for the United Nations Conference on Sustainable Development(2012). This finding is inconsistent with the role of Mekelle local government in provision and availability of water supply to the business enterprises. From this it can be understood that the rare availability of water supply affects the business productivity of the LED beneficiaries in Mekelle city.

With regard to electricity out 95(81.2%) of the respondents replied that electricity is usually available in their business enterprise. Besides 6.8 percent of the respondents replied that electricity is always available in their business enterprise. However, 8.5 and 3.4 percent of the respondents replied that, the availability of electricity are sometimes and rarely respectively. Regarding to this, interview was also conducted with local governments and they responded as follows. Really the governments provided access to electricity to the LED beneficiaries and almost there is no problem in provision of electricity. However, as supported from focused group discussion some LED beneficiaries were complaining about the provision of electric meter. This has an effect on the productivity of their business.

As depicted in the same table, out of 61.6 percent of the respondents replied that the follow-up of the local government in their business enterprise is rarely. Besides, 30.8 percent of the respondents replied the follow-up of the local government always. Whereas 4.3 percent and 3.4 percent of the total respondents replied that the follow-up of the local government is usually and always respectively. In relation to this, interview was conducted with local economic development project expert and it has presented as follows. Local governments did not follow up the LED beneficiaries as it was expected as a potential stakeholder and as prime concerned

organs of the government. This is because, the local governments did not perceive the LED project as prime task of the city, rather they give higher priorities to the other local economic development activities of the city. This study is also supported by the finding carried out in the case of Ghana. In the case of Ghana in the district of Ejisu-Juaben Municipality, local government was less committed to the implementation of LED projects, which was stated in its development plans as basic economic initiation to the municipality (Oduro-Ofori, 2011). It also had a weak institutional set-up for LED promotion which affected negatively the coordination of LED initiatives

Table 4.11: The Role of local stakeholders

Variables	Responses				
	very high	High	Neutral	Low	very low
The role of local government in encouraging your business is	4(3.4%)	27(23.1%)	35(29.9%)	39(33.3%)	12(10.3%)
The role of chamber of commerce in encouraging your business is	5(4.3%)	10(8.5%)	12(10.3%)	20(17.1%)	70(59.8%)
The role of (women and youth) association in your business enterprise is	1(0.9%)	28(23.9%)	31(26.5%)	45(38.5%)	12(10.3%)
The realization of the LED project for sustainable development your business is	4(3.4%)	6(5.1%)	45(38.5%)	52(44.4%)	10(8.5%)
Total	14(3%)	71(15.17%)	123(26.28%)	156(33.3%)	104(22.2%)

Source: Own survey, 2014

According to Eberts & Erickcek, (2002) in most areas of local economic development, local governments take the duty for several aspects of economic development, such as zoning regulations, infrastructure development, business encouragement and retention. However, as the finding of this study that stated in the above Table (4.12), shows that 51(43.6%) of the respondents considered as the role of local government in encouraging their business is low. This idea was also supported by interview that taken from LED project expert and it described as follows. Local governments were trained by MOFED and UNDP in Addis Ababa about the LED project implementation. Beside this, local governments, the chamber of commerce and the youth/women associations have been also visited Kenya and South Africa for the sake of experience sharing about the LED project. This plan was intended to get experience sharing and to acquire knowledge from the models of LED project of these nations and to implement it in the context of our city. But they have failed to do so and they have poor performance for the project. In addition, 29.9 percent of the total respondents did not decide whether the role of local government is high or low. Out of the total respondents, the only 31(26.5%) of the total respondents considered as local government is playing high role in encouraging their business.

As it can be seen in above Table 4.12, 90(76.9%) of the respondents were affirmed that they considered as chamber of commerce of the city plays a very low in the LED project. On the other side, 15(12.8%) of the respondents were affirmed that, they considered as the role of chamber of commerce plays a high role in the LED project in general and in their business enterprise in particular. As data taken from interview from the chamber of commerce shows that, sometimes while they prepare training about business entrepreneurship some LED project beneficiaries those who are legal/licensed and members of the chamber of commerce were invited and they become the participant of the training. But the chamber did not gave special training about capacity building to the LED project beneficiaries purposely.

In line with, the data taken from the sectoral office indicates that the sectoral association tries to involve in different developmental agendas of the city in general and in local economic development project in particular, the role and function of the sector is not clearly stated in the manual of the project. For example, as per the structural arrangement of the project, president of the chamber of commerce is the only member of the steering committee, and most of the time decisions was made by the government based on his political advantage, even without the

involvement of steering committee members. However, the result implies that chamber of commerce was not contributed as per it's expected as a potential stakeholder of the LED project. Based on the data taken from informants, the reason was lack of awareness on what is the role and responsibilities of each partner and unwillingness to work in partnership with the local governments.

With regard to the social (women & youth) associations, out of the total respondents 57(48.8%) were found that they believed that there is a low role of the association in the local economic development project. This shows that, social (youth & women) associations have weakly involved in promoting the development activities of the LED project. On the other side, 29(24.8%) of the respondents were replied that, they considered as social (women & youth) associations plays a great role in their business. As supported by the evidence that taken from interview from the women/youth associations representative , they have involved in the project as a potential stakeholders in the following key activities: identifying the target groups, organized target groups based on their interest, assisting to the beneficiaries to develop a business plans, taking a responsibility of collateral on behalf of the target groups of the project, and follow-up the progress of the project.

This is evidenced by Tegegne et al (2011), in South Africa in many cases of small towns or rural initiatives, LED policies have been implemented through local NGOs and social associations. The same is true in Ethiopia GTP and LED both emphasize engaging women and youth through their association's in micro and small enterprise self employment so as to reduce poverty and vulnerability Tegegne et al (2011).

Table 4.12: The Beneficiaries level of satisfaction by the project

sex of the respondents	Your level of satisfaction on the service provided by LED project is?					Total
	very satisfied	Satisfied	Neutral	unsatisfied	very unsatisfied	
male	1	4	24	10	7	46
female	0	6	51	7	7	71
Total	1	10	75	17	14	117

Source: Own survey, 2014

Agreement on the level of satisfaction in terms of service provided by the stakeholders of the project; here implies to the feeling of pleasure that gains when a need or desire is fulfilled. Therefore, the term dissatisfied/satisfaction on the level of agreement is used to indicate the extent of satisfaction in terms of service provided by the stakeholders of the project is a bit low or high.

Table 4.13 above indicates that majority 75(64.1%) of the total respondents did not decide whether satisfied or dissatisfied in terms of the service provided by the stakeholders of the project, 68 percent of the respondents were females. Additionally, 31(26.5%) of the total respondents were unsatisfied on the service provided by the stakeholders. However, the only 11(9.4%) of the respondents were satisfied of the service that provided by the stakeholders of the project.

CHAPTER FIVE- CONCLUSIONS AND RECOMMENDATIONS

5.1 CONCLUSIONS

The social and economic background of the project beneficiaries' were not assessed very well during the then of selection. Beside this, the stakeholders of the project youth affair and youth associations become direct beneficiaries of the revolving fund by grouping themselves as a poor with the unemployed individuals. Majority of the cooperatives did not repaid their loan and the main reason behind the failure to repay of the revolving fund is the poor follow up of the stakeholders and failures of their business. So, it indicates that the role of the stakeholders to revolving the fund is a little bit weak and as a result the efficiency of the project is low. Majority of the direct beneficiaries were acquired different training for their business development. However, the support is not as per its expected by the project manual in quality and in quantity. So, the study concluded that, the support of local government to the LED beneficiaries through training was not fruit full.

Even though the sectoral association(chamber of commerce) tries to involve in LD project of the city, the role of sectoral association as a potential stakeholder in promoting the LED project through giving training about business development to the LED beneficiaries in promoting trade and investment is very low. Social (youth and women) associations were supporting to the project beneficiaries in the following activities: identifying the target groups, organized target groups based on their interest, assisting to the beneficiaries to develop a business plans, taking a responsibility of collateral on behalf of the target groups of the project, and follow-up the progress of the project. However, the study concluded that, business cooperatives/beneficiaries did not get any support post loan that can help their business from the social (youth and women) associations. Therefore, their support is not visible and remarkable to the beneficiaries.

The availability of water supply in the business enterprise of the cooperatives is rare and this hindered their business productivity of the beneficiaries. Beyond that local governments did not perceive the LED project as prime task of the city, rather they gives higher priorities to the other local economic development activities of the city.

Since local governments is a potential stakeholder in general and the mayor is a chair person of the steering committee of the project, and responsible enough to work by giving a special attention to facilitate the activities of the project in particular, is extremely low. With regard to the role of private sector, even though the role of most of the stakeholders of LED project is low, chamber of commerce of the city as a private sector is weakest than others. Therefore, the contribution of private sector in general and the sectoral association in particular in achieving the objectives of the LED project is remained insignificant. With regard to the social (women & youth) associations, the role they have played so as to realize the extensive objective of the LED project remained still meager. Based on the level of the satisfaction of the beneficiaries of the project majority of the beneficiaries were unsatisfied. So, the beneficiaries are dissolving from the cooperative they have established, since they are unsatisfied on the support that provided by the stakeholders. Therefore, multi- stakeholders encouragement of local business enterprises in the project is low and the sustainability of the project is questionable.

Successful LED is a function of institutional coordination mechanism as a tool to promote cooperation among different local economic actors in achieving LED goals. It also builds a good working relationships and trust between partners in managing different interests and agendas. The document analysis revealed that it incorporates a number of local stakeholders and the mayor is the lead person at city levels which helps to be able to create political champions. Besides, there is stakeholder's steering and technical committee. As LED stakeholder steering committee was established at city level, it created space for wider representation of stakeholders at local level. However, the roles and functions of each and every stakeholder were not clearly stated. In the institutional structure there is insufficient involvement of local stakeholders: there are prominent private sectors, local NGOs and governmental higher institutions which are not subscribed as a LED stakeholder in the institutional arrangement.

The study concluded that, there is no intertwined stakeholders' partnership in the institutional arrangement of LED project and the steering and technical committees were not functioned as per the expectation. Finally the study concluded that the multi-stakeholder partnership in promoting the economic grow of the cities in general and the target groups in particular is useful instrument for city economic growth and poverty reduction. However, in a practical way it is not functional in all most all process of the LED project that have been implementing in the City.

5.2 RECOMMENDATIONS

- Starting from the recruitment of the local economic development project beneficiaries up to the repayment period of the loan, women/youth associations and local governments should give due emphasis in following up and delivering valuable support. This is because, the study indicated that, due to carelessness and deliberate act of the stake-holders, employed and misbehaved individuals become the project beneficiaries and it leads to the disintegration and bankruptcy of the cooperatives business.
- The Chamber of Commerce who is expected to implement the project as a potential stakeholder should assist in the LED beneficiaries through capacity building in business development activities and actively participate in the whole LED process.
- Local governments should not internalize local economic development project as a secondary task, rather as prime task of the city. In the LED manual the role of the project to the city in reducing unemployment rate and stimulating the local economy was clearly stated, but this study revealed that, stakeholders attention to the project is very slow and they give due emphasis to other governmental activities. So to realize the objectives of LED, local government should give due emphasis in designing plan, implementation, monitoring and evaluation of the LED process. In line with this strong moral commitment is needed to avail.
- The local government particularly, the chair man of the steering committee should put careful and regular meeting with the stakeholders and LED process must articulated based on the SWOT analysis. This is because, in the local economic development project manual, SWOT analysis is simply stated, but it remains paper value. So if SWOT analysis is clear identified and implemented in ground, project beneficiaries will be supported and local economic development will be realized.

- In relation with the other stakeholders of LED project the chair man of the steering committee should state each and every function/activities of stakeholders and the stakeholders should be implement it in accordance their responsibilities to the ground. Developing the capacity of the local multi stakeholders in knowing their rights and obligation, expressing their knowledge starting from planning up to monitoring and evaluation of the project is also advisable.
- The mayor of the city should mobilize and harmonize local NGOs(TDA and REST), private sectors(EFFORT) and higher governmental institutions(Mekelle university) to become the partners and active participant for the promotion of the LED process. Merely being partnership does not promote LED, but strong commitment and shouldering of responsibilities is needed to boost up LED project.
- The city administrator should establish and strengthening LED structures at the sub-city and district(kebele) level through training to built up the capacity of leaders and to perform their responsibilities for the success of the project. Beside this careful controlling to these LED project implementers should be adhere by the city steering committee.
- To keep the sustainability of the project, Strong follow up, capacity building, awareness creation to the LED beneficiaries by the stake holders must be consummated. Just as the project gives revolving fund to the cooperatives, it is expected to revolve from those cooperatives who take the loan to those who are not the beneficiaries of the LED project. But the study shows that, only 31% of the total project beneficiaries in the city have pay back the loan. This demonstrates that, there is little progress of the project and it is hardly possible to sustain if it keeps up in such a statuesque.

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Appendix 1: Questionnaire

Mekelle University
College of Business and Economics
Department of Management
Development Studies Post Graduate Program
Questionnaire to Be Responded by LED project Beneficiaries

Introduction

Dear Respondents,

This questionnaire is designed by a post graduate student for the partial fulfillment of Master of Arts degree in development studies at Mekelle University. The purpose of this study is to assess the role of Multi-Stakeholder partnership in promoting Local economic development project in the case of Mekelle city. Your critical responses to this questionnaire will be crucial to get done this study. Please try to answer all the questions as honestly as possible and help the researcher to collect important issues for the study. I highly appreciate in advance to your kind cooperation in providing the necessary information.

THANK YOU!

General Instruction

- Please put tick mark(√) that properly represents your response in the multiple choice questions
- To the open-ended questions, please write your response on the given space.

Section I: Demographic Characteristics of Respondents

- 1. Sex: 1. Male 2. Female
- 2. Marital Status 1. Single 2. Married 3. Divorced 4. Widowed
- 3. Age of the respondent: 1. 18-28 2. 29-39 3. 40-50 4. 51 and above
- 4. Educational status:
 - 1. Illiterate 2. 1-8 grade 3. 9-10 Grades
 - 4. 11-12 5. TVET 6. Diploma 7. Degree 8. Masters & above
- 5. Household type: 1. Male headed 2. Female headed
- 6. Household size (in N^o) 1. 1-3 2. 4-6 3. 7-9 4. 10 and above

Section II Employment creation

- 7. Type and name of your cooperative _____
- 8. How many people were involved in the establishment of the business? _____
- 9. Is there any member of the cooperative withdrew from the cooperative?
 - 1. Yes 2. No
- 10. If your response for question number 9 is “Yes”, how many? _____(in number).
- 11. If your answer for question number 9 is “Yes”, what are the possible reasons for their withdrawal?
 - 1. _____
 - 2. _____
 - 3. _____
 - 4. _____
 - 5. _____

12. How many workers do you hire in your business? _____

13. Are you repaying the revolving fund(your loan) according to the schedule?

1. Yes 2. No

14. If your answer to question N^o 16 is“No”, what are the major reasons which force you not to repay your loan according to the schedule?

15. How much is your Monthly net income as individual (in birr)

1. Below 500 2. 501-1000 3. 1001 -1500 4. 1501-2000
5. 2001 and above

16. What was your monthly income before joining into the project?

1. None 2. Below 500 3. 501-1000 4.1001 -1500
5. 1501-2000 6. Above2000

17. Have you received any support from the local government for your business enterprise?

1. Yes 2. No

18. If your response for question N^o 22 is“Yes”, in what way? You can select more than one alternative

A. Market Premises

B. Training in Competency

C. Training skill managemant

If other specify_____

19. Have you obtained training from local government how to manage cash and loan of your business? 1. Yes 2. No

20. Is chamber of commerce preserving your interest to promote trade and investment?

1. Yes 2. No

21. Is there any support you have gained from youth/women association?

1. Yes 2. No

Section II Encouraging local business Enterprise

22. To what extent water supply is available in your business enterprise?

1. Always 2. Usualy 3. sometimes 4. Rarely

23. The electricity is available in your business enterprise?

1. Always 2. Usualy 3. Sometimes 4. Rarely

24. Have you obtained workspace grant from local government? 1. Yes 2. No

25. Did you get consultancy (Follow – up) service in your business by the local government?

1. Always 2.usualy 3. Sometimes 4. Rarely

5. Never

26. To what extent do you agree that there the local government is supportive enough in promoting business linkage with large enterprise?

1. Strongly agree 2. Agree 3. Neutral

4. Disagree 5. Strongly disagree

Instruction: The following questions are prepared to assess the role of the stakeholders that played in the LED project particularly in your business enterprise. The Likert scale is arranged from 5 which is the highest positive to 1 which is the highest negative (Very high=5, High=4, Medium=3, Low=2, Very low=1)

Use tick “√” mark in the Box for Your choice

Q.N ^o	Description	Rating Scale				
		Very high (5)	High (4)	Neutral (3)	Low (2)	Very low (1)
27	The role of local government in encouraging your business is____					
28	The role of chamber of commerce in encouraging your business is____					
29	The role of youth/women association in your business enterprise is____					
30	The realization of the LED project for sustainable development your business is____					
31	Your level of satisfaction on the service provided by LED project in credit provision and repayment is					

The End!

Thank you!

Appendix 2: Interview

Interview with Stakeholders (Mayor of the city, With sub city leader, Youth association representative, Women associations' representative, Chamber of commerce representative, LED Coordinator and expert).

1. How your involvement is expressed LED project?
2. Does the partners are creating employment opportunity?
 - 2.1 How they are creating?
 - 2.2 How much the employment they have created is pretending?
 - 2.3 Did you think that cooperatives use the entire loans borrowed from LED Project for productive (intended) purpose?
 - 2.4 How do you evaluate the involvement of the stakeholders of the project as stakeholder interms of employment?
3. As stakeholder how do you encourage the local enterprise to expand their business?
 - 3.1 How do you encourage the LED beneficiaries interms of access to water, electricity and work space concession
 - 3.2 How do you facilitate the cooperatives to get experience sharing with other model cities and sub- cities?
 - 3.3 How the encouragement of cooperatives to use technology in expanding their business is expressed?
 - 3.4 What about the role of partners creating market linkage the LED beneficiaries?
 - 3.5 Does the partners are practicing LED project based on SWOT analysis?
 - If yes how?
 - If no why
4. Does MSPs are working in intertwined manner in promoting the LED project?
 - If yes how?
 - If no why?
5. As stakeholder how do you evaluate the progress of LED project in relation to its objectives?

For focus Group Discussion with LED project Beneficiaries

1. How does the LED partners involving in your business interms of employment generation?
What about the sustainability of employment opportunities?
How do you evaluate their involvements?
Is there any improvement in your livelihood status after the LED project?
If there any improvement what are these improvements?
2. Does the local partners encouraging your business enterprise?
If Yes, How does the LED partner are involving in encouraging your business enterprise?
If No, Why?
How do you evaluate the partners in encouraging your businessenterprise?
3. Have you faced any problem in your business enterprise?
If yes how the partners were involved in averting your problem?
4. If there are any issues you would like talk for the partners?