

**The significance of Good Governance:
Case Study of Liben Woreda, Ethiopia**

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Abstract

Government could be considered as both social and economic entity with a goal of achieving common socio-economic development to its people. This study is intended to provide crucial information about the condition of good governance in Liben Woreda.

Sample of population residing in the woreda, mainly employees of the woreda administration, were selected for interview using close-ended questionnaires, whereby 52 respondents were selected.

Data were collected on demographic background, political, economic, administrative, social governance, and cultural governance, strengthening of governance, democratic way of governance, awareness of good governance by the people, and availability of properly functioning management.

The findings suggest that there are deficiencies of good governance in Liben woreda. With regard to political, economic, and cultural governance the majority of respondents were not satisfied on the services rendered and their evaluation for good governance was below average. They have positively evaluated the local government structure when it comes to the issue of social governance.

The major factors that had affected the development of good governance in Liben Woreda was the poor functioning of the management, improper democratic implementation of the local administration and absence of democratic practices in governmental institutions due to lack of workers awareness. Workers were not oriented properly on their roles, accountabilities and codes of conduct.

Based on the findings, the Woreda administration had not given due consideration to strengthen community organizations as the provision of technical assistance was minimal and unproductive.

CHAPTER ONE

1. Introduction

1.1. Background of the study

Good governance has gained significant attention in the world especially in the last decade. In recent years, good governance has attracted the attention of economists, political scientists, lawyers, politicians, national institutions, and organization, such as, World Bank and IMF. Even though there were some empirical and theoretical controversies on the concept and importance of good governance, it can be considered as a prerequisite for economic growth and development (Kaufmann, 2002). Good governance can also be seen as an instrument for the effectiveness of society's institutions. If the institutions are appropriate and effective, the outcome should be good governance (Duncan, 2003).

Governance is the instrument of political, economic and administrative authorities to manage a nations' affairs. It is the diverse mechanisms, processes, relationships and institutions through which residents of the country and groups share their benefits, exercise their rights and obligations and arbitrate their

differences. In countries where good governance is well exercised, the working condition is generally more favorable for providing protection and guarantee to investors. Good governance is therefore a compartment of governance, wherein public capital and problems are managed effectively, efficiently and in response to the vital needs of society. Effective and desired types of governance rely on public participation, accountability and transparency. There is an increasing number of researches being undertaken on the factors that lead to good or bad governance in the world.

Good governance creates a good environment for investment, including investment in people, and leads to higher income, reduces poverty, and provides better social indicators. According to UNDP, governance can be worked out as economic, political and administrative authorities to manage a country's affairs at all levels. It connects the systems, processes and institutions, through which residents and groups articulate their interests, put into effect their legal rights, meet their obligations and mediate their differences. More modern studies have pointed out that face-to-face interactions, trust and partnership within voluntary associations enhance the capacity of people to work together. By helping residents to overcome combined action problems, trust and membership in

voluntary associations are recognized as important factors in building the basis for responsive governance (Putnam, 1993).

The World Bank has elaborated the concept of good governance in various ways, such as the rule of law, government effectiveness, regulatory quality and control of corruption. As a matter of fact, this study intends to identify the variables that have more effect on all governance. Governance is considered as a fundamental element to be incorporated in the economic development strategy.

Good governance can be defined in different ways, developing upon the circumstances. In under developed countries the idea of good governance is still under developed, and society's attitude towards it is rudimentary, sometimes uncertain of the true aims and very often unsure on the best means of attaining it.

Good governance plays a significant role in the economy, especially in facilitating the interest of the producers, marketing and other agricultural development ventures in countries like Ethiopia. Moreover, good governance is believed to increase the income level of the people and promote strong social bond within the society.

In view of the above concepts, this study has aimed to analyze the significance of good governance in Liben Woreda, Oromia region.

1.2 Statement of the problem

In view of the fact given above the significance of good governance is quite vital for socio-economic development in Liben Woreda.

The existence of such economic factors, such as lack of huge capital required for large scale operation, difficulty in getting reasonable price for products, limited access to market and lack of market information, and infrastructure, limited access to commercial credit, lack of savings and accountability, less responsibility and transparency have been affecting the government's endeavor to attain the planned economic development program in the Woreda.

The absence of well defined policy, comfortable environment and the absence of new technology like ICT have created obstacles for good governance for sustainable development in the area.

The malfunctioning of the administration observed in the area had created many obstacles that have to be avoided through times. Such problems mainly arose as a result of selfishness, embezzlement and different forms of corruption. Consequently, the society in the region became victim for the inadequate services.

The observation of such problems has prompted the researcher to undertake this study on good governance in Liben Woreda.

1.3. Objectives of the study

1.3.1. General objective

The main aim of this study is to identify the problems of good governance in Liben woreda.

1.3.2. Specific objectives

Specifically, the study aims:-

- ❖ To assess the current governance situation in Liben Woreda.
- ❖ To identify the specific problems related to good governance in the selected area.
- ❖ To indicate possible areas of intervention to create good governance.

1.4 Significance of the study

Such a study will have significance in providing information to governmental and non-governmental organizations on the obstacles and problems of good governance in the context of the locality under study, Liben Woreda. It is also assumed that the study can provide basic data for lack of good governance to policy makers to devise possible intervention to rectify the current situation.

1.5 Delimitation of the study

The scope of this study addresses issues of only the Liben Woreda, without involving other districts due to shortage of resources and time, even though similar cases may be occurring in other parts of the country.

1.6 Limitation of the study

This research has come across with some problems while conducting the study. Some of the major problems were:-

- Limited availability of literature sources,
- Pecuniary and time constraints of the researcher.

1.7 Organization of the paper

Chapter one introduces the background to the research, the statement of the problems, objectives, significance, limitation and delimitation of the study. Chapter Two is about reviews of the related literature. Chapter Three is dedicated to the methodology which helps compose the study paper. It discusses things like.

- Methods of the research
- How the research questionnaires were designed

- How the sample has been selected and data collection mechanism

Chapter Four is about the findings and analysis of the research. This chapter presents the findings of the research in relation to the research question and objectives of the study. Chapter Five is on conclusion and recommendations.

CHAPTER TWO

2. Review of Related Literature

2.1. Definition of the Principle

In general, good governance is perceived as a normative principle of administrative law, which obliges the State to perform its functions in a manner that promotes the values of efficiency, non corruptibility, and responsiveness to civil society. It is therefore a principle that is largely associated with statecraft. While the government is not obliged to substantively deliver any public goods, it must ensure that the processes for the identification and delivery of such goods are concrete in terms of i) being responsive to public demands; ii) being transparent in the allocation of resources and; iii) being equitable in the distribution of goods. The principle of good governance has also been espoused in the context of the internal operations of private sector organizations. According to cooperative development in libon Woreda in (2002), corporate decision-making strategies integrate the principle of good governance and ensure that shareholder interests (i.e. public limited companies) and employees are taken into account.

2.2. International Legal Meaning of the Principle

2.2.1. Origin and Emergence of the Concept of Good Governance

The use of the term "good governance" was initially articulated in 1989 World Bank publication.

Therein, the concept of good governance was identified as a structural necessity for market reform.

In 1992, the Bank published a report entitled, *Governance and Development*, which explored the concept further and its application to the Bank's activities. In 1997, the Bank redefined the concept and underlined the need for an effective state apparatus in association with "good governance" as a necessary precondition for development. Other international financial institutions (IFIs), such as the International Monetary Fund (IMF) and the Organization of Economic Cooperation and Development (OECD), have also contributed to the World Bank's policy dialogue, including bilateral development agencies like the British Overseas Development Agency (BODA) and the Danish Development Agency (DDA).

The concept of good governance in international law has also been well received under the rubric of human rights. Increasingly, in international development literature, the concept of good governance

parallels a normative (rule-setting) formulation, which reflects the degree to which it promulgates the universality of civil, cultural, economic, political and social rights. The United Nations High Commissioner for Human Rights (OHCHR) identifies five key attributes of good governance as follows: 1) transparency; 2) responsibility; 3) accountability; 4) participation and; 5) responsiveness

Transparency, participation and responsible governance are all attributes of good governance. Also, the right to development is embedded within the discourse of human rights. In many ways, Resolution 2001/72 reflects a shift towards the larger political discourse on good governance, and focuses primarily on procedural aspects of good governance, such as transparency, accountability and access to information. In a deliberate effort to placate nation States, Resolution 2001/72 is flexible in that it enables individual governments to autonomously determine their own normative goals of good governance. However, the structural and procedural characteristics of the administrative framework carried out in the achievement of such goals are preordained in the resolution itself.

2.2.2. The legal meaning of the principle of good governance

The concept of good governance as developed by the World Bank is essentially a touchstone upon which the prevailing administrative structure of a given country can be measured. Consequently, it provides ample evidence of the robustness of the structural suitability of donors as efficient vehicles of multilateral aid investment to developing countries. Good governance is therefore chiefly envisaged as a set of procedural tools to guarantee the efficacious improvement of the donor identified subject. Politically, however, the principle of good governance has not been very well received. For instance, governments may be reluctant to be held accountable to donor agencies, and they may sometimes display widespread hostility against such agencies (or other bodies) that are construed to be interfering in their (sovereign) domestic affairs. The real or imagined fears have stemmed mainly from the fact that the term "good governance" has largely been identified with "liberalism" and "*laissez-faire*" policies common in most developed countries. Further the usage of the term "good" derives primarily from subjective interpretations especially in the context of large multicultural and diverse economies that characterize the developing world (Jain, 2004).

While the above-noted factors have unequivocally compounded the confusion, the initial skepticism to date has not been justifiable. The concept of good governance, as invented and applied by the World Bank, is a convenient term that refers to the entire gamut of political and economic frameworks. The term has been largely validated within political science and theories of economic prudence, albeit under a different rubric. Thus the rule of law, transparency and accountability represent indisputable principles of sound governance whose origin is steeped in the tradition of liberal political theory. Perhaps the rapid, widespread popularity and acceptance of the concept at least among donor agencies --- can be attributed to its historical roots. Notwithstanding the contemporary global and dynamic nature of the donor community, it is not surprising that the concept of good governance has largely been internalized as the principle criteria for extending international loans and aid investment.

The origin of good governance, particularly with respect to its construction and application, has resulted in various legal repercussions. Good governance has primarily been constructed as an aid criterion, and has consequently been procedural in nature. For instance, 'good governance' focuses on the 'presence' of

governmental institutions rather than on their 'performance'. A hypothetical example might include the presence of a centralized body for checking against corruption. The Central Vigilance Commission in India *per se* is a good example of checking against corruption. It follows that the Commission's mandate would be to ensure that the mechanisms and systems of delivery are in place in order to facilitate the efficient disbursement of development assistance. In this instance, since good governance has generally been equated with aid criterion, nation States have been unduly burdened with loans in order to ensure that the delivery mechanisms are established prior to the release of the loan amount. This scenario illustrates how good governance that is primarily driven by donor interests will not be as deep-rooted as those circumstances involving domestic political imperatives *per se*. The example further highlights how linking the concept of good governance to mechanisms or systems exclusively can serve to undermine its substantive content and result in its diminished meaning (Pirre and Peter, 2000).

The development and application of the concept of good governance in the field of human rights has occurred in response to the absence of any substantive content, and thus represents the drive to engage

further in the concept. Hence, the application of good governance in the international human rights field represents an important milestone in the creation of the concept. For the first time, international human rights law requires states to internalize the principle of good governance, while ensuring an enabling environment exists for the fulfillment of internationally recognized norms of human rights law (H. Bayley David,1969).

The concept of good governance refers to a framework that permits the fulfillment of a right to development. In a similar fashion, the *Millennium Development Goals (MDGs)* have also extensively supported the implementation of the concept of good governance at the level of individual nation transparency, accountability and access to information. In the long run, these values will assist in the fulfillment of the MDGs in all nation States. One could therefore conclude that regardless of the distinctive attributes of countries, for instance, politically, economically and culturally, *all countries should nevertheless achieve common goals*. The MDGs complement and validate this contention since they are widely accepted political processes that enable the achievement of such goals. In addition, the resolution calling for the implementation of the MDGs strongly encourages the application of a good

governance framework of administration, which in turn provides the requisite infrastructure to realize such goals.

The resolution, however, also provides for a semantic linkage between democracy and good governance. It aims to establish a linkage between democratic political governance and good governance. On the surface, it implies that both elements are *sine qua non*, i.e. one cannot exist without the other. This is also a key structural linkage since it validates the contention that democratic nation States inevitably adapt to the principle of good governance. Further, the values inherent within the concept of good governance have also been widely accepted and tied to the successful operation of a political democracy. Indubitably, this linkage generates strategic value since it increases the likelihood of buy-in to the concept of good governance.

In this instance, it would be prudent to study the conceptual dimensions of good governance as elucidated in the above-noted UNDP report. The report argues that the following principles form part of good governance: participation, rule of law, transparency, responsiveness, consensus orientation, equity, effectiveness and efficiency, accountability and strategic vision. These principles also reflect the values that need to be implemented in order to justify

the governance framework. Hence, good governance is neither a homogenous nor a one-dimensional concept. Instead, it is a concept that acts like a receptacle in maintaining a growing number of mutually supportive goals and processes. It is not a tightly wrought receptacle, but rather, one which is still getting filled and then emptied in turns. Its malleability also means that it is employed in varying contexts, with differing degrees of precision (Hooja ,1978).

Whereas the aforementioned resolution calling for the implementation of the MDGs seeks to highlight the democratic aspect of good governance, the UNDP report and the EU paper on governance seek to underscore other facets of accountability, openness, participation, coherence, etc. As noted above, good governance is neither a single nor a uniform concept with unchanging dimensions, but rather, a largely lucid and adaptive concept that lends itself to shifting scenarios to which it is applied. What does the term good governance therefore mean? According to a recent UN General Assembly resolution, nation States are urged to reform their administrative structures in order to provide for good governance, which in turn facilitate the achievement of various political principles and goals. Such goals could range from the eradication of corruption to the recognition of fundamental human

rights or even the circumvention a legitimating crisis. It therefore casts a Positive obligation on the State to promote and implement the principle of good governance. As well, this obligation forms part of the jurisdiction of international law and the international community, with the exception being the EU, where support for the concept has generally emerged in the context of a growing political alienation of the citizen from the Union. In this case, good governance generally reflects a positive obligation of the EU towards its citizens. The concept of good governance bears legal implications. Accordingly, States and international financial institutions (IFIs) *per se*, equate good governance chiefly with contractual requirements for the acquisition and continuation of development assistance. Thus the non-performance of good governance represents a legal ground for the withdrawal of legal aid. As a caveat, however, the majority of international declarations are morally binding in character (Jagannca V. ,1978).

A modern development within the work of economics is the emergence of so-called new institutional economics, a body of examination generally identified as an attempt to extend the range of neoclassical theory by highlighting the importance of institutions that are fundamental to the effective performance of market-based economies,

such as law and order, property rights, contracts and governance structures (Rutherford, 2001). Institutions can be considered of as the "set of rules" that find out the behavior of individuals within civil society. The role of institutions in the development of economic growth has long been emphasized by Douglas North (1990), the Nobel prize-winning economic historian.

Duncan (2003) has argued that the role of institutions and governance has not been incorporated formally into the economic theory of growth. At present, some studies found associations between institutions and economic growth but not have been incorporated with good governance. Since the development of indicators for good governance have not theoretical basis, we have developed and used some proxies of good governance in the form of economic administration and other government performance-related variables that indicate the standard of governance in a country. If governance is result of the appropriateness and effectiveness of a country's institutions, governance indicators can be seen as indicators of the quality of a country's institutions.

In exploring governance in the Russian Federation, Safavian, Graham and Gonzalez-Vega (2001) noted down that regulatory intrusion into enterprise activities may be manifested in a variety of

forms, including obstacles to entry in the form of registration permits and licenses, repressive, unpredictable and arbitrary taxation, required compliance with wide ranging, superfluous statutes and regulations, and significant statutory power given to regulatory officials charged with monitoring and enforcing compliance among firms. Regulations can be used to induce bribes/corruption or other lobbying activities to bring about changes, or at least waivers, of the regulations in question. Djankov *et al.* (2002) found that heavy regulation of entry for firms is connected with less elected government, greater corruption and larger illegal economies. In their evaluation of the Palestinian economy over the period 1994 to 2000 show that extreme red tape, bureaucratic inefficiency and perceptions of poor governance and financial unprofessional conduct deterred local and foreign investors. Gausch and Hahn (1997) explained that "the overall lesson is not that regulation is generally undesirable, but that it often has undesirable economic consequences".

Given that governance outcomes are extensive and various we have selected governance scope that largely reflect the descriptions of governance as proposed by Kaufmann *et al.* (2003), Kaufmann *et al.* (1999), Neumayer, 2002 and Polidano, 2000). Using these

explanations as a guide, four foundations of governance dimensions were formulated: the *rule of law*, *government effectiveness*, *regulatory quality*, and *corruption*. The dimensions of governance were extended to include aspects of societal welfare. Each of the four dimensions of governance has sub-dimensions; and indicator variables that are believed to directly or indirectly capture or reflect these sub-dimensions of governance are used in their measurement such as rule of law leads to registered crimes in police stations, government effectiveness and regulatory quality leads to private investment in a country.

The present paper follows primarily two types of studies in the literature. The first type is concerned with the determinants of government performance and tries to answer the question why the quality of governance is affected in Pakistan. The majority of studies concentrate on factors such as per capita income, ethnic heterogeneity, a country's legal origin or the degree of economic openness. For example, La Porta et al. (1999) described those rich countries and those, which are ethno-linguistically identical and look back on an English legal system, have better governments. Furthermore, Islam and Montenegro (2002) expressed that openness in trade is positively linked to the quality of institutions while a

French legal origin negatively affects governance. Others consider the impact of political institutions and the institutional design (Lederman et al., 2001; Persson et al., 1997). The second type of research examines the possible outcome of social capital. In an early analysis, Coleman (1988) observed the influence of social capital on the creation of human capital. He showed that both social capital and economic indicators contribute significantly to the governance.

Over the last few years, literature on the problems and prospects of developing and transition countries has started to stress the importance of social capital in sustainable social and economic development. Pretty and Ward (2001) demonstrated how social capital in the form of relations of trust, reciprocity, connectedness in institutions, common rules, norms and sanctions is connected with the improvement in the natural capital of rural societies. Focusing on Northeast Brazil, Tandler and Freedheim (1994) revealed that social capital and extended trust between health care workers and citizens was capable to counter prevalent client elastic rent-seeking practices in the region, which finally permitted the implementation of a functioning preventive health care program. Dense social networks succeeded here in creating a learned and demanding society, which managed to force local and state level

politicians into supporting the health care program and helped to create the base for "better" and more responsive governance.

Developing a number of correlations, Putnam (2000) added some areas in which social capital has a positive impact. He concluded that not only having the high levels of public engagement and trust mentioned for an inspiring influence on education and children's welfare but it can also has safe and creative neighborhoods as well as people's "health and happiness". Additionally, it creates areas high in social governance, in infrastructure, socio-economic and demographic variables, at the city level.

CHAPTER THREE

3.1 Research Methodology

3.1.1 Research Design

Descriptive research methods were used to undertake this research project.

3.1.2 Data Type and Data Source

To conduct this study primary data has been collected through questionnaires.

The secondary sources of data were publications, such as reports, books, pamphlets, which are related to the significance of good governance.

3.1.3 Sampling Technique

In order to have a reasonable representative sample of the population, stratified random sampling technique was employed to select the individuals for the study. Then the sample members were randomly selected from different residential locations within the Woreda.

Sample Size

The questionnaires were distributed to 112 respondents of the woreda administration as a target population 52 were selected for the study.

3.1.4 Data Gathering Tools

In order to gather first hand information, questionnaires were prepared in English and translated into Amharic language in order to prevent possible misunderstanding and misinterpretation on the respondents' part.

The close-ended questions have been distributed to sample respondents to collect vital information related to local governance.

3.1.5 Method of Data Analysis

The data obtained by close-ended questionnaires were scrutinized, verified, edited and arranged serially. The final result was presented by using percentages and frequency tables.

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Appendix

Dear, respondent, the propose of thesis questionnaires were to collect data for the research title "Significance of good governance". Your answer and participation is very important for the expected result of this paper. So, you are kindly requested to respond as thoughtfully and frankly as possible and all your information will be kept and treated secretly and confidentially.

N.B. No need to write your name.

Thank you in advance!

Part One: Personal Information

- | | | | | |
|-----------------------|-------------------|-----------|-------------|---------------|
| 1. Sex | Male | Female | | |
| 2. Age | 18-30 | 30-50 | >50 | |
| 3. Marital status | single | Married | | |
| 4. Level of education | below high school | Diploma | certificate | above diploma |
| 5. Work experience | < 2years | 2-4 years | 4-10 years | >10 years |

Part Two

1. Assessment of the need of establishing strong ethical principle

Poor Fair Good

2. Assessment of economic governance in your Woreda

Poor Fair

3. Assessment of administrative governance in LibenWoreda

Poor Fair Good Very Good

4. Assessment of cultural governance in your Woreda

Poor Fair Good Very Good

5. Assessment of social governance in your Woreda

Poor Fair Good Very Good

6. The strengths of governance in your Woreda

Poor

Fair

Is it important for local government to establish and operate by a set of strong ethical principles or values?	Yes	No
Are you familiar with the 10 general principles of Conduct?		

Part Three: General Questionnaires

Do you see yourself as having a role in ensuring good conduct and high standards on the part of others?		
Have you received any training related to the employee's code of conduct?		
Do you think that the Woreda consistently follows proper management procedures?		
Are you clear with your duties and accountabilities?		