

**Significance of Good Governance for Local Economic  
Development: A Practical Assessment in Lideta Sub-City  
(Addis Ababa City Administration)**

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## **CERTIFICATE OF APPROVAL**

Certified that the Dissertation entitled Significance of Good Governance for Local Economic Development: A Practical Assessment in Lideta Sub–City Administration submitted by Tegenegn Aymeku is his own work and has been done under my supervision. It is recommended that this Dissertation be placed before the examiner for evaluation.

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## **ACRONYMS**

ANC	African National Congress
CBO	Community Based Organization
DAFF	Department of Agriculture, Food and Forestry
EPRDF	Ethiopian People's Revolutionary Democratic Front
FDI	Foreign Direct Investment
FDRE	Federal Democratic Republic of Ethiopia
ICT	Information and Communication Technology
LED	Local Economic Development
NGO	Non Governmental Organization
PA	Peasant Association
SOWT	Strengths, opportunities, Weaknesses and Threats
UDA	Urban Dwellers Association
UNDP	United Nations Development Programme
UN-HABITAT	United Nations Settlements Programme

## **ABSTRACT**

This study offers a critical review of significance of good governance on LED. It examines the relationship between good governance and LED, particularly by emphasizing on the principles of good governance and their impact on LED. By doing so, principles like participation, transparency, accountability and rule of law and their relation to and significance on LED is deeply analyzed and interpreted. The study disclosed that where and when these principles are practiced well, accepted and legitimized by the local community, then LED activities are to be vibrant. On the other hand, where and when these principles are not applied properly the reverse is true. This has been clearly identified in this study. The study has shown that there is a direct relationship between good governance and local economic development. It has come up with the conclusion that when and where principles of good governance are at work or applied; the local economic development activities are vibrant and acceptable by the local community. This in turn indicates LED is unthinkable without ensuring local good governance.

Given these scenario, the study argues for an urgent need for a reversal of the trend to see a fast and sustainable local economic development in Lideta Sub-City.



# CHAPTER ONE

## 1. INTRODUCTION

### 1.1 Background Information

Ethiopia is one of the oldest countries in the world. It was under monarchist system for several years. Emperor Haile Sellasie was the last emperor of a dynasty claiming descent from biblical Solomon. The Haile Sellasie regime is generally credited for initiating “modern” administrative and local government structure in Ethiopia, although these structures were for the purpose of increasing the power and authority of the central government. The structure instituted greater centralization which resulted in the dominance of central governance over and excessive interference in lower level affairs.

In 1974 the military regime took the power. Following the overthrow of the monarchy the military regime issued a series of legislations which were mainly focused on the indoctrination of Marxist–Leninist ideology and strict one–party system. Even though there were many divisions, Urban Dwellers Association (UDA), Peasant Association (PA) and Cooperatives in urban and rural areas, the power and authority was highly centralized. The military regime was finally deposed in 1991.

After the overthrow of the military regime, the Ethiopian People’s Revolutionary Democratic Front (EPRDF) has taken the power. The EPRDF adopted a constitution that established the Federal Democratic Republic of Ethiopia (FDRE) and declared Ethiopia a Federal State comprising of nine regional states and two autonomous city administrations – Addis Ababa and Dire Dawa City Administrations. .

As a result of rapid urbanization in Ethiopia, pressure on urban services and facilities has become a serious problem in urban centers and job opportunities offered by towns and cities are too few for a large number of urban dwellers. Consequently, the number of poor people within urban centers including Addis Ababa is rapidly increasing.

Among the reasons to be mentioned for the failure of many urban authorities is, poor urban governance and unable to relate urban good governance with local economic development.

## **1.2 Statement of the Problem**

It is experienced that absence, inefficient and/or ineffective functioning of governance has multiple negative consequences on local economic development. Particularly, lack of good administrative governance affects the services delivered to the local community and any other people who seek public services.

This indicates problems arise from the deficiencies of good governance is not self confined since there are other consequent social, political and economic problems.

Lideta Sub–City is located at the center of Addis Ababa. Its administrative structure is organized within a framework of decentralization where power and responsibilities are distributed among different administrative offices.

However, the local economic development is not satisfactory. In spite of different government structure/offices, there are considerable inefficiencies in local economic development. Nevertheless, no comprehensive study has been conducted concerning the relationships between good governance and local economic development in the Sub-City. This indicates there is a knowledge gap.

Therefore, this research is conducted to fill this knowledge gap by investigating the significance of good governance in facilitating local economic development within the Sub– City.

## **1.3 Objectives of the Study**

The general objective of the study is to address the relationships between good governance and local economic development.

The specific objectives are:

- To assessing the significance of good governance in facilitating local economic development.
- To identify, describe and analyze missed principles of good governance which negatively affect local economic development.
- To forward policy and strategy recommendations to develop good governance in view of facilitating local economic development.

## **1.4 Research Questions**

To address the stated objectives, the following research questions are designed.

- What are the relationships between good governance and local economic development?
- Which principles of good governance are missing and hence affect the local economic development?

### **1.5 Significance of the Study**

The study on significance of good governance on local economic development is important for policy makers, administrators, researchers and for practitioners for several reasons. Understanding the relationships between good governance and local economic development will help the local administrators to formulate and implement strategies based on the principles of good governance that will integrate all development actors to bring accelerated and sustainable local economic development.

### **1.6 Scope of the Study**

The scope of the study is limited in time period, spatial coverage and issues to be considered. It is limited to the assessment, description and analysis of the significance of good governance in facilitating local economic development within the study area. It also deals with the situation since 1990s.

### **1.7 Description of the Study Area**

Lideta Sub-City is one of the Subs-City administrations established by the proclamation 1/1995, which established Sub-Cities and Kebeles. It is located at the center of the city. It is bounded by Addis Ketema Sub-City in the North; Nifas Silk Sub-City in the South; Kirkos Sub-City in the East; Kolfe Keraniyo in the West; and Arada Sub-City in the North-Eastern part.

The Sub-City covers a total area of 11 square kilometer. According to the 2007 Population and Housing Census of Ethiopia, the Sub-City has a total population of 201,713 out of which 105,441 are female and 96, 272 are male (CSA, 2010: 9).

As it is found at the center of the city, there are a number of socio- economic activities. They range from large manufacturing to small scale industries and urban agriculture; and from formal to informal socio- economic activities.

Even though there are vibrant economic activities, the Sub-City is still under acute shortage of housing, inner roads, drainage lines, toilet and other social and economic needs of the local community.

### **1.8 Organization of the Paper**

The paper has five chapters. The first chapter is an overall introduction including, among others, statement of the problem, objectives, research questions and description of the study area. Chapter two is concerned with theoretical and empirical literature related to good governance, local economic development and the relationship between good governance and local economic development. Chapter three is research methodology. Chapter four is about analysis and interpretation of data on the significance of good governance on local economic development in Lideta Sub-City. Chapter five provides conclusion and recommendation. Finally the paper ends up with bibliography and annexes.

## CHAPTER TWO

### 2. LITERATURE REVIEW

#### 2.1 Theoretical Literature

##### 2.1.1 Conceptualizing Good Governance

The concept of good governance is not new. It is as old as human civilization. The concept is also very complex and controversial, particularly when the adjective “good “is added, because different people, organizations, governments and authorities define good governance according to their own experience and interest. UNDP define governance as:

*The exercise of political, economic and administrative authority in the management of country's affairs at all levels. It comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences (UNDP, 1997:2).*

Two aspects of this definition are relevant for this study. First, governance is not government. Governance as a concept recognizes that power exists inside and outside the formal authority and institution of government. In many formulations, governance includes government, the private sector and the civil society. Civil society includes individuals and groups, organized or unorganized, who interact in the social, political and economic affairs and who are regulated by formal and informal rules and regulations. Second, governance emphasizes processes. It recognizes that decisions are made based on complex relationships between many actors with different interest, priorities and experiences. In other words, governance is a process of decision making and a process by which decisions are implemented.

From the above definition it is possible to conclude that there are actors, structures, levels, mechanisms, processes and affairs in the concept of governance.

Scholars like Holzer Mark and Kim Byong-Joon (2002), and Riuiera-Batiz Francisco (1998) conclude that good governance among other things is participatory, transparent and accountable, effective and equitable, and it promotes the rule of law. It ensures that political, social and economic priorities are based on broad consensus in society and that the voices of the poorest and most vulnerable are heard in decision- making over the allocation of development resources.

According to the World Bank, governance is “the manner in which power is exercised in the management of a country’s economic and social resources for development” (World Bank, 1991:5).

In this definition the concept of governance is concerned directly with the management of development process involving both the public and private sectors. In view of the definition, governance is about the institutional environment in which citizens interact among themselves and with government agencies/officials.

Generally, the World Bank’s definition identified three distinct aspects of governance: the form of political regime; the process by which authority is exercised in the management of a country’s economic and social resources for development; and the capacity of government to design, formulate and implement policies and discharge functions (ibid.).

Even though many writers, organizations and government define good governance according to their own experience and interests, the definition given by UN-HABITAT is adopted in this study.

According to UN-HABTAT, good governance is characterized by decentralization of responsibilities and resources to local authorities based on the principle of subsidiarity and accountability; encouraging the participation of civil society particularly women, in the design, implementation and monitoring of local priorities; using a wide-variety of partnerships including with the private sector to achieve common objectives; building capacity of all actors to contribute fully to decision-making and urban development processes; facilitating net-working at all levels; and taking full advantage of modern information and communication technologies (ICT) to support sustainable urban development (UNDP,1997: 8-9).

According to IGNOU (2005) governance deals with collaborative partnership, networking which is necessary for policy formulation and implementation. Good governance on the other hand aims at achieving much more than efficient management of economic and

financial resources or public services. It is a broad reform strategy to make government more open, responsive, accountable, democratic, as well as strengthen institution of civil society and regulate private sector. In this regard good governance is in general a combination of efficiency concerns of public management and accountability concerns of governance.

In this regard the process of governance has gained a transformative perspective in recent times due to the changing nature of the concept of 'development', which has now acquired a wider meaning. Development is not just confined to growth in Gross National Product or increase in national income, or per capita income as well as the notion earlier. It is no longer determined by economic growth, but progress in all spheres- political, social, environmental and cultural. It encompasses all aspects of human life and brings within its domain, not just the public authorities, but also the other players in the society such as the private sector, interest groups, voluntary organizations, religious groups, mass media and community etc (ibid.).

### **2.1.2 Principles of Good Governance**

A number of multilateral organizations have reflected on the principles of good governance. Particularly, these organizations reflected on the issue of good governance based on their relation to development. For instance, the UNDP (1997) in its report on Governance for Sustainable Human Development acknowledges the following as core principles of good governance. These are: participation, rule of law, transparency, responsiveness, consensus orientation, equity, effectiveness and efficiency, accountability and strategic vision.

As far as the World Bank (1991) is concerned, its interest in good governance stems from its concern with effectiveness of the development efforts it supports. Hence, the underlying principles of good governance for the World Bank are effective public sector management, accountability, legal framework for development, transparency and information.

According to the UN High Commissioner for Human Rights, the "true" principle of good governance is the degree to which it delivers on the promise of human rights: civil, cultural, economic, political and social rights. The concept of good governance has been clarified by the work of the commission on human rights. Its resolution 2000/64 expressly linked good governance to an enabling environment conducive to the enjoyment of the human rights and promoting growth and sustainable human development (<http://www.unhchr.ch/development/governance-01.html>).

According to UN –HABITAT, urban good consist of the principles listed below. Although each of them has their own context and appearances, they are so much interrelated that one has no significance without the other (Ministry of Work and Urban Development, 2006:3).

#### **A. Ensuring Sustainability of Urban Development**

In the effort to make the development and growth movement of urban centers sustainable, it would be essential to plan considering the present and future generation's socio-economic potential resources and natural areas need.

In this regard, advisory relationship processes must be created among the actors of governance, governmental, private sector and civil society that have bearing on protection of environment and thus facilitate the means to make use and development of resource compatible with the needs of existing and future communities.

#### **B. Subsidiarity**

In their effort to efficiently deliver services to their inhabitants, urban centers usually have a structure of subsidiarity that enables decision-making and implementing power. This basic principle of good governance concerns with the delivery of services, decision-making power on resource and sources of wealth needs to be decentralized to the local authority and inhabitants.

#### **C. Ensure Equity with regard to Resource Utilization**

This principle of good governance concerns with equal participation of citizens or inhabitants in the decision-making of the urban centers developmental and administrative matters without any discrimination based on ethnicity, sex, religion, political opinion...etc. Moreover, citizens are entitled to have access to basic government services without any differences.

#### **D. Efficiency and Effectiveness in Service Delivery**

This principle depicts the necessity for delivering services to the inhabitants in cost-effective and efficient manner. It also includes system of improving revenue collection and also to reduce costs.

#### **E. Transparency and Accountability**



This principle shows transparent working system, flow of information and accountability to decisions. Transparency is built on free information flow while accountability is built on any decision-making i.e. urban administration, inhabitants and private sector bodies being accountable to the people or the relevant institutions.

## **F. Participation and Consensus Building**

This principle of good governance mainly deals with creating common understanding. Here, it is important to note that common understanding does not mean that all people agree on all matters. However, it is, at least, important to create common understanding on urban centers' vision, goals and principle. This in turn, can be possible if there is a culture of active participation of all concerned bodies in all affairs of urban centers starting from planning to monitoring and evaluation of decisions and activities.

## **G. Ensuring Rule of Law and Security**

Ensuring supremacy of law and ensuring peace and security is one of the underlying principles of good governance. This principle entails the efforts made to prevent crime, disputes and disasters in urban centers. It also embraces the people's right to have justice without any differences.

In addition, many scholars and international organizations include gender balance, tolerate and accept diverse perspectives, strengthen indigenous mechanisms, enabling and facilitative approach, and able to define and take ownership of national solution as principles of good governance (UNDP, 1997).

To summarize, the definition of good governance is not the same across all organizations, individuals and institution. Its guiding principles are also "different" for different organization, individuals and institutions. In spite of theses difference the central point is that ensuring good governance is as important as ensuring economic and social improvement of a country. This is particularly true when one consider the local economic development of a community. The concept of local economic development and its relation with good governance will be discussed below.

### **2.1.3 Local Economic Development**

#### **2.1.3.1 What is Local Economic Development?**

Local economic development as a development initiative is a newly emerged approach. Many international organizations and scholars define local economic development in relation to unleashing local potentials, which include both physical and social resources, and entertaining locally produced benefits. For instance, for the World Bank (2004), local economic development is about local people working together to achieve sustainable growth and bring economic benefits and quality of life improvement for all in a community. A community here refers to a city, sub-city, town or any geographically defined area and its habitants.

Local economic development is also defined as a process in which partnerships among local governments, community-based groups, and the private sectors are established to manage existing resources to create jobs, and stimulate the economy of a well defined territory (Helmsing, 2001:6). It emphasizes local control using the potentials of human, institutional and physical resources. Local economic development is an approach through which initiators mobilize and organized the actors, institutions and resources develop new institutions and local systems through discussion and strategic actions.

From the above definitions it is possible to conclude that local economic development is about collective effort of the public, private and community sector; it is about conducting a local economy assessment i.e. the collection of demographic (population, employment, education ...etc), economic, investment climate, hard infrastructure, regional and national ...etc information; developing a long-term and short-term strategies; implementing strategies; and monitoring and evaluating strategies (ibid.).

Generally, it is about participation and involvement of all actors in their local affairs starting from planning to monitoring and evaluation.

### **2.1.3.2 Evolution of Local Economic Development**

Local economic development is initially started being practiced in 1970s realized the challenges and opportunities of globalization, urbanization and decentralization of powers and responsibilities to the local levels (World Bank, 2001:6). These and other major pushing and pulling factors initiated governments to build their competitive bases which would help them to successfully compete at all levels-international, national, regional, and local/municipal.

The evolution stage run from 1960s to early 1980s, it was believed that because government or public sector alone can design an economic development of a nation. The

primary focuses of the governments of these days were attraction of mobile manufacturing industries from outside of the local area; attraction of Foreign Direct Investment (FDI); making subsidized hard infrastructure investment by public sector alone; massive grant, tax breaks and subsidized loans for manufacturing industries; and lowering production costs through the techniques like recruitment of cheap labor.

From 1980s to mid 1990s the focus was on retention and growing of existing local business; continued emphasis on inward investment attraction but usually targeted to specific sectors or from certain geographic areas (public sector driven); business incubators/work space; advance and training for small-medium scale enterprise; technical support; business start-up support; and investment on both hard and soft infrastructure.

In late 1990s onward the primary focus is on making the whole business environments favorable; soft infrastructure investment (such as human resource development, regulatory rationalization and workforce public good, public/private partnership, cross community networking and collaboration, facilitating development through education and training); supporting and improvement of quality of life and security for community and potential investors; highly targeted inward investment attraction building on local area competitive advantage (mostly public sector led); holistic strategy to provide a competitive local business environment and stimulate growth of local firms; leveraging private sector investment for economically linked cluster; and facilitating rural-urban and urban-urban linkages (ibid.).

### **2.1.3.3 Approaches to Local Economic Development**

Local economic development is an emerging concept, and currently more of a movement rather than a strict model of specifying a uniform approach (Blakely and Ted, 2002:54-55).

Nevertheless, Robinson (1989) identifies two distinct approaches to local economic development; the Corporate Center Approach, which emphasizes urban real estate development and industrial attraction. According to this approach local economic development is driven by private sector and public sector is responsible for creating an economic and social climate conducive to private investments. It gives primacy for the private sector and market deci

sions. The second approach is the Alternative Approach, which emphasizes that local economic development is led by public sector. The public sector influences the direction of economic development activities to local disadvantaged groups. The approach argues the

public sector is responsible for guiding private investment decisions so that they generate pre designed development outcomes.

This paper tends to follow a mixture of both approaches; that is, the two approaches must be balanced in any local economic development program to meet the needs of the private sector, the public and society as whole; at the same time it also argues that these groups need to assume an initiating rather than passive role to achieve an inclusive local economic development.

In addition, local economic development requires key program options. Today as the World Bank (2001) notes there are several program options for local economic development to be used by local communities and public authorities. These include encouraging local small business development, cluster/sector development, improving the local investment climate for private sector or promoting inward investment, investment in hard and soft infrastructure, area targeting and regeneration strategies.

#### **2.1.3.4 Theories of Local Economic Development**

As it is mentioned earlier, local economic development is a new concept. At this stage no theory or set of theories adequately explain local economic development. However, as Blakely and Ted (2002) state, there are several partial theories point to an underlying rationale. They summarize local or regional development as a product of capacity and resources, i.e. Local or Regional Development =  $c \cdot r$ , where  $c$  equals capacity (economic, social and political capacity) and  $r$  equals resources (natural resource availability, location, labor, capital investment, entrepreneurial climate, transport, communication, industrial competition, technology, market size, export market, international economic situation, and national or regional/state government spending). A “ $c$ ” value equals 1 represents a neutral capacity that neither adds to nor subtracts from the local resources; a “ $c$ ” value greater than 1 represents a strong capacity that, when multiplied by resources, increases them; a “ $c$ ” value less than 1 represents weak local capacity (low functioning economic, social, political and organizational leadership) that, when multiplied by resources, decreases them and hamper local or regional economic development.

Never the less, classical theories of economic development have their focuses on  $r$  (resource) part of the equation while neglecting the  $c$  (capacity) part. For example, Neo-classical theory of economic development focusing on large scale economic system offers two important concepts; equilibrium of economic system and mobility of capital as drivers

of local or regional economic development; economic base theory focuses on the flow of economic activities into and out of the local areas; and location theory emphasizes the advantages that come from being close market (ibid.).

Many of the recent literature on local economic development are guided by the perspective that development is a multi-dimensional process through which society seek to achieve a variety of goals.

Kulkarni and Rajan (cited in Walsh, 1996:159) explained development as “an organized and articulated effort of a community to empower itself in the context and condition of its collective existence”. It involves social, economic and political processes through which a society attempts to achieve a range of objectives. These objectives involve economic, social, political, cultural and environmental objectives (ibid.).

Generally, as the UNDP (1997) particularly in urban context states, local economic development includes key urban issues such as employment/job creation, solid waste collection and disposal, urban poverty, shelter and housing, water and sanitation, public transport and traffic, health services, education services, civil society participation, gender and development, HIV/AIDS prevention and control, cultural heritage maintenance and conservation, corruption prevention and control and care for elderly, children and disables.

#### **2.1.3.5 Importance of Local Economic Development (LED)**

As it has been mentioned earlier today’s world is characterized by three mega trends- globalization, urbanization and decentralization. These trends have both opportunities and, at the same time, tackle potential challenges, there is a need to have strong, competent and sustainable local economy. LED is important in that it offers local governments, the private and non-profit sector, and local communities the opportunity to work together to improve the local economy. It focuses on enhancing competitiveness, increasing sustainable development and ensuring that development is inclusive. LED is also about communities’ continually improving their investment climate and business enabling environment to enhance their competitiveness, retain jobs and improve incomes using local resources.

#### **2.1.3.6 Local Economic Development Strategic Planning Process**

Good practices indicate the local economic development should always be guided by a strategy. The LED strategy provides a focus on strengthening the local economy and building local capacity. LED strategic planning process has typically five stages/sequences:

Organizing the Effort; Local Economy Assessment; Developing LED Strategy; Strategy Implementation; and LED Strategy Review (World Bank, 2004).

**Stage One:** Organizing the Effort: Successful local economic development requires the collaborative effort of public/government, private/ business and non government (NGOs, Trade Unions, social, civil, religious) sectors. The strategic planning process begin with the identification of people, public institutions, businesses, industries, civil organizations, professional organizations, think-tankers, training institutions and other groups that comprise and/or impact the local economy.

**Stage Two:** Local Economy Assessment:

Knowing the characteristics of local economy is critical if stakeholders are to identify and agree on a realistic, practical and achievable LED strategy. An effective local economy assessment start with a review of the existing economic, social/demographic, investment climate, infrastructure and other national and regional context. Local economy assessment is used to identify public, private and nongovernmental resources. The most widely used tool in local economy assessment is SOWT (Strengths, Opportunities, Weaknesses and Threats) analysis.

**Stage Three:** Developing the LED Strategy: The intent of developing LED strategy is to achieve an integrated approach to LED strategic planning. It is to develop a shared economic vision for the community and LED goals, objectives, programs, project and action plans. This process ensures that all major stakeholder groups (public, private, the community and civil society organizations) are given the opportunity to define what is to be achieved, how it is to be achieved, who will be responsible, the timeframes and budgetary requirements associated with the implementation of the LED strategy. Most importantly, the LED strategy and action plans must be finally assessed against the staff source capacity to carry them out as well as the budgetary constraints. Ultimately, the strategy's action plans should be incorporated in to the work and budgetary program of the local authority and appropriate elements should be taken on by other stakeholders (business associations, utilities, educational institutions and training centers). The primary aim of developing the LED strategy is to leverage strengths, overcome weaknesses, exploit opportunities and deal with threats.

**Stage Four:** LED Strategy Implementation: LED strategy is an overall plan that has short, medium or long term aims and action plans and set out what is going to be achieved. It will

establish an agenda to promote and develop local communities' economic, physical, social and environmental strength and will address both challenges and opportunities. Strategy implementation is driven by LED action plans. In undertaking strategy implementation, it is important to identify and establish the appropriate institutions, time frame and budgetary requirements.

**Stage Five: Reviewing LED Strategy:** A review of LED strategy (usually done annually) should use established monitoring and evaluation indicators of local economy and of the resource available for the strategy effort. The review need to cover not only inputs, output, out comes, and impacts but the implementation process, level of participation, the dynamic of internal and external environments. Good monitoring and evaluation techniques help to quantify outcomes, justify expenditures, determine enhancements and adjustments, and develop good practices.

#### **2.1.3.7 Relationships between Good Governance and Local Economic Development**

The activity of development includes an all round efforts. To start with, there are many actors in development activities. These are governments at different levels, private or business sectors, non-governmental organizations, associations and individuals in the local community. An organized and integrated efforts of all these actors, as many scholars and institutions agreed up on, can bring about rapid, sustainable and inclusive development. As indicated earlier, the concern of governance is organizing of these efforts in such a way that it could bring about holistic development by promoting good governance (Ministry of Works and Urban Development, 2006: 11).

Governance as envisioned by international development agencies including the World Bank is the power, influence and relationship between governments and citizens that is utilized to implement social and economic programs. These agencies argue that without good governance sustainable economic development is not possible (Bhatta, Joaquin & Gonzelez, 1998:53).

Almost all scholars agree that the spectacular economic performance of countries such as Japan, Hong Kong, South Korea, Taiwan, and Singapore since 1960s has been nothing short of miracle especially when one consider from where some of these countries were started. The empirical studies indicated that the high performing of these countries is their application of the concept of good governance, according to their context, in their policy formulation and implementation (ibid.).

Theoretically speaking, local economic development without the application of good governance principles is impossible (Tomlio, 2007: 19).

## **2.2 Empirical Literature**

### **2.2.1 The Local Economic Development Experience in Ireland.**

In Ireland several local economic development programmes were employed. They have been piloted at different locations throughout the state. A Pilot Area Programme for Local Development (1988-1990) was one of these programmes (Alden and Boland, 1996:165).

The general objective of the programme was to improve employment opportunities, unleashing local potentials, earning potential quality of life and sense of community identity among people. The emphasis was on encouraging viable private and community sector enterprises based on full utilization of the abilities and talents of local people.

The programme was put into operation on a pilot bases in twelve sub-country areas, each of which had between 6000 to 15,000 inhabitants. A development coordinator was appointed for each area. The role of the coordinators was to stimulate, assist and facilitate the initiatives of members of the local community. They were not intended to be leaders or initiators. The first task of each coordinator was to organize a 'core group' of local leaders. Each core group had responsibility of deciding on local development priorities and ensuring their implementation (ibid.).

An assessment of the programme conducted by O'Malley (1992) identified a number of positive outcomes that are relevant to the local development processes. The programme did facilitate the development of almost 400 projects of particular importance. The assessment also shows that many of the projects require coordination or linking up of individuals. Thus, the programme was able to demonstrate the benefits of an integrated approach. A structural approach to networking between groups was also found to be very beneficial in relation to sharing of experiences as it enabled groups to learn from one another.

The small size of each of the area and the selection of the core group members (most of whom were already involved in local development) contributed to a strong sense of identity between the groups and the larger communities which in turn helped the group in their efforts to promote an integrated approach.



Generally, the assessment of the programme demonstrated that it has succeeded in the improvement of localities in terms of job opportunities, sense of ownership creation and improving the quality of life, particularly of women.

Following the success of pilot integrated local development programme, the government of Ireland indicated that it intended to extend the bottom-up integrated approach in a nationwide programme through the LEADER initiative programme (1991-1994) (Alden and Boland, 1996:165).

The objective of the initiative was to find innovative solutions which will serve as a model for all areas and ensure maximum integration between sectoral measures.

After the publication of the initiative in 1991, the DAFF (the Department of Agriculture, Food and Forestry), a body with responsibility for the implementation of the initiative in the Republic of Ireland, invited local groups to prepare and submit integrated business plans for their areas. After consideration of the submission 17 groups were selected for the inclusion in the initiative (ibid.).

The implementation of the initiative in Ireland has been evaluated by Kearney et al. (1995). Much of the evaluation focused on the processes involved. In general terms the evaluation was very positive, claiming that there had been a considerable degree of successes in relation to the achievements of the objectives set for the initiative. Even though there were a lot of variations between the groups in the manner in which they implement the initiative, a number of lessons can be drawn from the diversity of experiences.

By the end of 1993 the total number of projects that has been approved was over 2350 and by a year later the total exceeded 3100 (ibid.).

### **2.2.2 The Local Economic Development in South Africa**

South Africa was under Apartheid for several years. The Apartheid created separate local structures, which were unable to deliver services for their communities effectively. There were inequalities in ownership of resources between different towns and individuals. There were backlogs in service infrastructure in historically disadvantaged areas. Majority of the people were poor and have insufficient income and often have limited access to basic services to satisfy their basic needs (Davis, J. and C. Rylance, 2005:100).

South Africa, after liberation from the Apartheid system, has started to democratized local governments and municipalities redress massive inequalities of service provisions and gear services towards overcoming poverty through growth and economic development.

Even though the concept of local economic development was new to the 1994 ANC-Led South Africa government, following the international trends, as mentioned earlier, has realized the importance of decentralization of political and economic functions to the local governments. Thus, the government of South Africa realized that the promotions of social and economic developments are central concern of local governments. As a result, municipalities have given the mandate to practice local economic development. In other words, local authorities have entitled to manage their administration, budgeting and planning processes by giving priority to the basic needs of their local community. By doing this, the South African government has comparatively changed the living standards of previously disadvantaged areas and citizen (ibid.).

## **CHAPTER THREE**

### **3. RESEARCH METHODOLOGY**

#### **3.1 Research Design**

The research was designed in such a way that it would describe the significance of good governance in the context of accelerating local economic development. Thus, the study is a descriptive type of research because it describes the existing situations that either encourage or discourage local economic development in Lideta Sub-City. The appropriateness of this type is justified using the definition given by Best and Khan (1986). According to these authors:

*A descriptive study describes and interprets what is. It is concerned with conditions or realities that exist; opinions that are held; processes that are going on; effects that are evident or trends that are developing. It is primarily concerned with the present although it often considers past trends and inferences (p.150).*

The study was conducted by using variables such as participation, transparency, rule of law and accountability.

Both qualitative and quantitative were the methodological foundation of the research. A mixed approach was used because, as Creswell (2003) notes, it helps to capture the advantage of both approaches. It is also applied with the believe that a combination of these approaches contributes to the validity and reliability of the study and has far reaching advantages to better understand and investigate the significance of good governance to bring accelerated and sustainable local economic development in the study area.

#### **3.2 Types and Sources of Data**

In this study both primary as well as secondary data were used. They were extracted from different sources. Primary data were primarily obtained from primary sources such as

government officials and staff, civil society organization, private sector, people's representative councilors, religious institutions and individual residents. The sources of secondary data were books, recognized journals and articles, federal and regional governments' policy documents, proclamations, directives, reports, brochures, and World-Wide-Webs/internet. These sources were found from different libraries and offices.

### **3.3 Population and Sampling Techniques**

#### **3.3.1 Population**

The targeted population for the study was inhabitants found in the Lideta Sub-City

#### **3.3.2 Sampling Techniques**

Due to time, money and human power constraints it was too difficult to deal with the whole population, therefore the study used a sample survey method.

To select the samples from the population a probability sampling particularly a multi-stage cluster sampling techniques, where a sample of units is taken from each selected cluster, was employed. In the first stage the whole population were classified into six major and non-overlapping sectors; they were classified as government officials and staff, civil societies (NGOs, CBOs, and associations), private sector (investors, cooperatives, micro and small enterprises ), Sub-City's people representative councilors, religious institutions and individual residents (local elders ,women and youths).

The next stage was selecting the sample units. From each cluster, the sample units were selected purposely based on their prior knowledge about their area. They were also selected purposefully because they represent their respective cluster. Accordingly, 201 respondents from government officials, the Sub-City's people representative councilors and staff, from civil societies, from private sector, and from individual residents were selected as a sample unit.

### **3.4 Justification for the Sampling Technique**

Some people argue that cluster sampling technique is less precise and/or exposed to larger sampling error. However, this study is intended to apply the technique because of the following advantages. A cluster sampling technique was used to select sample units (individuals) who are scattered over a large area, i.e., over the whole Woredas in the Sub-City. Second it was applied due to lack of accurate number of individuals in each sector and

comprehensive sampling frame, i.e., a compiled and complete list of individuals living in the Sub-City. It was also used to focus, identify and select individuals who are either actually participating in the process of local economic development or have idea about local economic development rather than searching for their list on papers or construct the sample frame. Therefore, this technique was applied to compensate for the lack sampling frame and to deal with what actually exists on the ground.

### **3.5 Data Collection Instrument, Procedures and the Response Rate**

#### **3.5.1 Data Collection Instruments**

Primary data were collected through questionnaire. With regard to the questionnaire close-ended questions were developed on the basis of literature review and prior knowledge of the study area and the topic under the study. Close-ended questions were primarily developed to collect numerical data.

The questionnaire was prepared in English language. After checking the accuracy of the sentences, a pre-test (pilot test) of fifty questionnaires on fifty individuals were carried out. The aim was to reveal any further unanticipated problems with the questionnaire before committing time and effort to the field work. It was also to test the clarity, consistency and simplicity of the questionnaire and correction was made accordingly. Contents as well as formatting problems were identified during the pilot survey. Hence, the final draft of the questionnaire was developed, printed, photocopied and distributed to the respondents.

#### **3.5.2 Data Collection Procedure**

Apart from the researcher 5 other persons were recruited as an enumerator during the field work. They have recruited on the basis of their prior knowledge of the study area, their experience in data collection and their educational background.

Before actually beginning the survey the enumerators were giving orientation on the purpose of the research in general and the questionnaire in particular and how to contact the respondents. The collection of data was carried in the following manner, i.e., after clearly explaining the purpose of the survey to the respondents the questionnaires were either filled by the enumerator or by the respondents themselves depending of the preference of the respondent.

#### **3.5.3 Response Rate**

As stated above the questionnaires were filled in two ways: one way was by the enumerators and the researcher, and the other was by the respondents themselves. This was done primarily to increase the response rate or to reduce the number of non-responses. In addition, it was to save time and energy.

Many efforts have been made to reduce the number of non-responses to zero. However, it was only possible to collect 201 questionnaires at the end of the survey. This indicates a 75% achievement.

In practical terms, it is unlikely to achieve a 100% response rate but as Hall, D. and Hall I. (1996) note, in a social science research, what researchers are looking for is to achieve a reasonable response rate, i.e., more than 50%, which does not contain any obvious source of bias. Therefore, the presentations, discussions and generalization in this study depend on the returned questionnaires.

### **3.6 Data Analysis**

Collected raw data were systematically organized, tallied, verified and tabulated. In view of a mixed type of the research, the data were analyzed both in qualitative and quantitative terms. Some data were presented and described through narrative description depending on the type of data, percentages, tables and ratio.

## **CHAPTER FOUR**

### **4. ANALYSIS AND INTERPRETATION OF DATA**

#### **4.1 Good Governance from the View Point of Local Economic Development**

Local economic development is a programme that can play a great role in improving the areas where low income inhabitants live and help the dwellers benefit accordingly. To bring fast, sustainable and inclusive local economic development, ensuring the applicability of principles of good governance is a pre-requisite. With regard to principles of good governance and their relation to local economic development, a survey was conducted. The result of the survey will be analyzed, discussed and interpreted as follows.

##### **4.1.1 Level of Participation and Consensus Building in relation to Local Economic Development (LED)**

Participation is the central element of good governance. Participation in all of its aspects including participation in decision making, in planning processes, in implementation, in evaluation and enjoying the outcomes, is perhaps the most important feature for successful local economic development.

This study has employed several variables/indicators to measure the level of participation and reaching upon consensus of different actors.

These variables are: existing policies and programmes of local governments to encourage participation of private sector and civil societies in LED processes; situation of local government, civil societies and private sector partnerships; the extent of local community mobilization for LED; the extent of civil societies and private sector involvement in maintenance and conservation of local infrastructure; frequency of consultation with different stakeholders; and use of mass media for public awareness, support and consensus building.

201 Respondents were asked to rate the grades/levels of these indicators using a scale of 1-5; where 1 is very poor, 2 is poor, 3 is moderate, 4 is good and 5 is very good. Table 4.1 summarizes the responses.

**Table 4.1: Respondents' response to the indicators of Participation and Consensus Building in relation to LED**

Indicators to measure the level of Participation and Consensus Building		Grades				
		Very Good (5)	Good (4)	Moderate (3)	Poor (2)	Very poor (1)
1.Existing policies and programmes of local governments to encourage participation of private sector and the civil societies in LED	No. of respondents	60	66	27	18	30
	Percentage	29.85	32.83	13.43	8.95	14.92
2.Situation of local governments and civil society/private sector partnership programmes for LED	No. of respondents	54	72	27	30	18
	Percentage	26.86	35.8	13.43	14.92	8.95
3.The extent of local community mobilization for LED	No. of respondents	66	63	54	12	6
	Percentage	32.83	31.34	26.86	5.97	2.98
4.The extent of civil society and private sector involvement in the maintenance and conservation of local infrastructure	No .of respondents	12	60	57	30	42
	Percentage	5.97	29.85	28.36	14.92	20.89
5.Use of mass media for public awareness, support and consensus building	No. of respondents	27	39	60	51	24
	Percentage	13.43	19.4	29.85	25.37	11.94
6.frequency of consultation with different stakeholders	No. of respondents	21	39	18	60	63
	Percentage	10.44	19.4	8.95	29.85	31.34

**Source:** Field survey data, 2012



As it is indicated in table 4.1, while the existing policies and programmes of local governments to encourage participation of private sector and civil societies in LED is rated as “good”, the frequency of consultation with these different stakeholders is rated as “very poor”. Instead of consulting with different stakeholders, as the survey indicates, local governments prefer to use mass media, which is rated as “moderate”, for public awareness, support and consensus building. Respondents were also asked to rate the level of participation of different stakeholders in maintenance and conservation of local infrastructure. Majority of respondents rated it as “good”. In spite of the above statements, the interest, commitment and extent of local community need to participate in their LED is rated as “very good”.

#### **4.1.2 Level of Transparency in Relation to LED**

One of the basic principles for ensuring good governance is the requirement that the local administrators are transparent to inhabitants. This principle shows a transparent working system and flow of information. Transparency is built on free flow of information. This principle basically promotes openness of operations through reporting and feedback, clear processes and procedures. It also makes information understandable and keeps clear standards accessible to local communities.

In this study, a survey was conducted to see the level of transparency in relation to LED in the study area. The survey used transparency indicators/variables such as: transparency on resource mobilization and revenue collection; transparency on the expenditures made on projects; accessibility of information and clear processes and procedures; transparency on bidding system, project supervision and payment; and frequency of communication in view of sharing information with the residents.

A total of 201 respondents were contacted through questionnaire to assess the level of these variables. Respondents were asked to rate the variables using a scale of 1-5; where 1 is very poor, 2 is poor, 3 is moderate, 4 is good and 5 is very good. Table 4.2 summarizes the responses.

**Table 4.2: Respondents' response to the indicators of Transparency in relation to LED**

Indicators to measure the level of Transparency		Grades				
		Very Good (5)	Good (4)	Moderate (3)	Poor (2)	Very poor (1)
1. Transparency on the resource mobilization and revenue collection	No. of respondents	54	42	30	33	42
	Percentage	26.86	21	15	16.4	21
2. Transparency on the expenditure on projects	No. of respondents	39	33	36	57	36
	Percentage	19.4	16.4	18	28.35	16
3. Access to information and processes related to projects starting from planning to evaluation	No. of respondents	42	30	27	78	24
	Percentage	21	15	13.43	38.8	123
4. Transparency on bidding system, project supervision and payment	No. of respondents	33	45	48	51	24
	Percentage	16.4	22.4	23.9	25.37	12
5. Frequency of communication and information sharing with the residents	No. of Respondents	36	48	15	42	60
	Percentage	16	23.9	7.46	21	30

**Source:** Field survey data, 2012

As the table 4.2 indicates the transparency on the resource mobilization, including revenue collection, by the local administration is rated as “very good”. This is because that the financial and material contributions made by the people to carry out local development activities is collected by using appropriate/legal receipts and collect these contributions in a group, i.e., no individuals collect these contributions alone rather they are doing the work as a committee. However, transparency on expenditures on projects, including transparency on bidding system, project supervision and payment preparation is rated as “poor”. Another important variable is accessibility of information, particularly information related to

projects. The respondents were asked to rate the accessibility of information or the free flow of information regarding processes and procedures related projects starting from planning to project evaluation. Majority of them rated it as “poor”. This is because as the table 4.2 indicates, the frequency of communication and information sharing with the local residents is “very poor”.

#### **4.1.3 Level of Accountability in relation to LED**

Accountability is one of the pillars of good governance that compels the local governments, the private sector, and civil societies to focus on results, seek clear objectives, develop effective strategies, and monitor and evaluate reports on performance measured as objectively as possible. Within the context of local governments, accountability is the extent to which local authorities can justify their actions and/or inactions and accept penalties if their justification found insufficient. Accountability has the quality of answerability, i.e., the right to receive relevant information and explanation for actions and /or inactions. It has also a quality of enforceability, i.e., the right to impose sanction if the information or explanation is deemed inappropriate or irrelevant.

This study has used several indicators to assess the level of accountability in relation to LED. These indicators include, to what extent the sub-city’s elected officials, councilors and staffs realize that they are accountable for the consequences of what they do and/or do not do; to what extent the grievances and complains are entertained by the local authorities; legal provisions for compensation for damage of private or public properties due to third party negligence; the level of awareness of local authorities on LED; and the level of awareness of the residents on importance of LED.

Respondents were asked to rate these indicators using a scale of 1-5; where 1 is very poor, 2 is poor, 3 is moderate, 4 is good and 5 is very good. Table 4.3 summarizes the responses.

**Table 4.3: Respondents’ response to the indicators of Accountability in relation to LED**

Indicators to measure the level of Accountability		Grades				
		Very Good (5)	Good (4)	Moderate (3)	Poor (2)	Very poor (1)
1. To what extent the Sub-City elected officials, staffs and councilors realize that they are accountable for the consequences of what they do and/or do not do?	No. of respondents	33	27	57	42	42
	Percentage	16.4	13.4	28.35	20.9	20.9
2.To what extent the grievances and complains are entertained by the local authorities	No. of respondents	24	45	36	72	24
	Percentage	12	22.4	18	35.8	12
3.Legal provisions for compensation for damage of private and public property due to third party negligence	No. of respondents	9	27	69	63	33
	Percentage	5.97	13.4	34.3	31.34	16.4
4.The level of awareness of the councilors, elected officials and staff on LED	No. of respondents	21	33	63	60	24
	Percentage	10.4	16.4	31.34	29.8	12
5.The level of awareness of the residents on the importance of LED	No. of respondents	21	42	54	42	42
	Percentage	10.4	20.9	26.86	20.9	20.9

**Source:** Field survey data, 2012

The evidence from the respondents, as table 4.3 shows that the realization of the Sub-City’s elected official, councilors and staffs the extent their accountability for the consequences of their doings and or/un doings is rated as “moderate”. In spite of their realization that they are accountable for their actions and/ or inactions are “moderate”, the extent they entertain the grievances and complains of the local community is “poor”. This is clearly seen from

the table above. The local authorities and the residents are moderately aware of the importance of LED.

#### 4.1.4 Rule of Law with regard to LED

The supremacy of law is one of the basic principles of good governance. The indicators of rule of law which has to be considered are: the existence and adequacy of rules and regulations related to LED; fair and impartial enforcement of the existing rules and regulations; situation of adherence to rules and regulations by concerned institutions, local authorities and individuals; and actions on public grievances within the framework of existing laws, by laws, rules and regulations.

Specifically, with regard to LED issues to be considered are that the money and non-monitory contributions made is based on the willingness of the people and not imposed on them; that the payments are properly done and the money collected is devoted to the right purpose and to ensure that there is accountability in case if there is abuse of resources; that the local development committees work following regulations and directives set; and that attention is given to the local priorities identified by the local community.

Respondents were asked to rate some of the indicators of rule of law using scale of 1-5; where, 5 is very good, 4 is good, 3 is moderate, 2 is poor and 1 is very poor. Table 4.4 summarizes the responses.

**Table 4.4: Respondents’ response to the indicators of Rule of Law in relation to LED**

Indicators to measure the level of Rule of Law		Grades				
		Very Good (5)	Good (4)	Moderate (3)	Poor (2)	Very poor (1)
1.Existence and adequacy of rules and regulations related to LED	No. of respondents	51	57	51	18	24
	Percentage	25.37	28.35	25.37	8.9	12
2.Fair and impartial enforcement of the existing rules and regulations related LED	No. of respondents	39	72	24	54	12
	Percentage	19.4	35.8	12	26.86	5.97
3.Situations of adherence to the rules and regulations by the concerned institutions	No. of respondents	36	57	72	30	6
	Percentage	17.9	28.35	35.8	14.9	2.98

4.Situations of adherence to rules and regulations by the concerned individuals	No. of respondents	60	57	42	12	30
	Percentage	29.85	28.35	20.9	5.97	14.9
5. Action taken on public grievances within the framework of existing laws, by laws, rules and regulations	No. of respondents	3	57	42	60	39
	Percentage	1.49	28.35	20.9	29.85	19.4

**Source:** Field survey data, 2012

The evidences from table 4.4 confirm that the existence and adequacy of rules and regulations related to LED is “good”. The same table also indicates fair and impartial enforcement of the existing rules and regulations is rated as “good”. Concerning the adherence to rules and regulations, the table shows individuals are more adherent to rules and regulations than the local authorities, because it is rated as “very good” for individuals and “moderate” for concerned institutions, i.e. local government institutions. Respondents were also asked to rate the level of actions taken on public grievances within the framework of existing laws, by laws, rules and regulations. Majority of the respondents rated the level as “poor”.

## **CHAPTER FIVE**

### **5. CONCLUSION AND RECOMMENDATION**

#### **5.1 Conclusion**

Addis Ababa is a primer city in the country. In spite of being a primer city, it is characterized by poor socio-economic development. This is particularly evident when one observes the inner sub-cities like Lideta Sub-City. As a result of rapid urbanization, without negating other factors including poor urban governance, these inner cities are under acute shortage of socio-economic needs such as housing, inner roads, public toilets, ... etc. The shortage of these infrastructures in turn affects an overall economic development of the local community. In view of this background information this study has drawn several conclusions.

Local economic development is a programme that plays a great role in improving the socio-economic well being of local community. It has a “power” to unleash local potentials and enable the local communities benefit directly from these developments. LED is about local actors such as local community, local authorities, private business sectors and civil society organizations working together to bring rapid and sustainable local economic development which directly bring economic benefits and improve quality of life for the local community.

This study found that local economic development cannot be imagined without good governance. There is a direct relationship between local economic development and good governance. The study has used several principles of good governance to investigate the significances of good governance on local economic development. These principles include participation and consensus building, transparency, accountability and rule of law.

The study disclosed that where there is active and direct participation of local residents, private sector and civil society organizations in their local affairs starting from planning to evaluation of projects, the local infrastructure development is fast, acceptable, maintained and conserved well. And where there is no participation of the local community, the reverse is true. This study also found that the willingness of the local community to participate in their local economic development activities and the existing policies and programs of the government that encourage participation is good. However, the problem is regarding the activities and initiatives of different actors. All actors are acting according to their own interest aiming on achieving a specific area of benefit.

Transparency and accountability are among the principles of good governance considered in relation to local economic development in this study. The study found that where there is free flow of information, which develops transparency, concerning all activities conducted by the public, the level of community willingness to participate in their locality development is high. However, the problem is, there is very poor communication and information sharing between the local authorities and local residents. This less communication in turn put shadow over the issue of accountability. It is identified by the study that the extent that local authorities entertain the grievances and complains of the local community is poor. This indicates the issue of accountability is under question.

Generally, the study concludes that there is a direct relationship between good governance and local economic development. Without good governance institutionalized through participation, accountability, transparency and rule of law, LED cannot be expected to take firm root and last long.

## **5.2 Recommendation**

In order to reduce poverty and bring fast and sustainable local economic development, ensuring good governance is one of the preconditions. With respect to the local economic development dimension of good governance the following dimensions can be made.

First, since addressing local problems in a meaning full manner calls for holistic and joined efforts as well as resources at local governments, the business community, civil society organizations, individual residents and the local authorities are increasingly expected to play significant role in organizing and integrating the activities and resources of these actors.



Second, since participation plays central role in local economic development, successful creation of conducive environment for community participation is required. Local authorities had to have the capacity and ability to engage wide stakeholders. During the first stage of LED strategy, it is important to consider the number of stakeholders involved, their degree of participation and the diversity of representation.

Thirdly, since transparency and accountability plays a great role in local economic development, a free flow of information, and frequency of consultation with the local community with a view of sharing information and building consensus is highly recommended.

Fourthly, in view of ensuring supremacy of law and hence facilitate the local economic development, the willingness of the community concerned must be given priority, i.e. any forceful act or obligation has to be minimized to a reasonable acceptance. In addition, peace and security has to be ensured. Last, but not list capacity building for local authorities is highly recommended.

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## **Annex-1**

### **Survey Questionnaire to Study the Significance of Good Governance on Local Economic Development in Lideta Sub-City (Addis Ababa)**

The purpose of this questionnaire is to study the significance of good governance on local economic development, major factors that negatively affect the development of local areas and the lacked principles of good governance which would play great role in the economic development of the study area.

Your answer in this questionnaire has a great value for the successfulness of the study. Therefore, we kindly ask your cooperation to respond the following questions based on your perceptions.

Thank you in advance for your cooperation!

PLEASE PUT "X" ON YOUR ANSWER

1. Your age \_\_\_\_\_ occupation \_\_\_\_\_

**QUESTIONNAIRE TO BE FILLED BY THE RESPONDENTS**

Principle of Good Governance	Indicator to measure the level of the principle	Grades				
		Very good(5)	Good (4)	Moderate (3)	Poor(2)	Very poor (1)
1. Participation and Consensus Building	1. Existing Policies and programmes of local governments to encourage participation of private sector and the civil societies in LED					
	2. Situation of local governments and civil society/ private sector partnership programmes for LED					
	3. The extent of community mobilization for LED					
	4. The extent of civil society and private sector involvement in the maintenance and conservation of local infrastructure					
	5. Use of mass media for public awareness, support and consensus building					
	6. Frequency of consultation with					

	different stake holders					
2. Transparency	1. Transparency on the resource mobilization and revenue collection					
	2. Transparency on the expenditure on projects					
	3. Access to information and processes related to projects starting from planning, implementation to evaluation					
	4. Transparency on bidding system, project supervision and payment					
	5. Frequency of communication and information sharing with the residents					

3. Rule of Law	1. Existence and adequacy of rules and regulations related to LED					
	2. Fair and impartial enforcement of the existing rules and regulations related LED					
	3. Situation of adherence to the rules and regulations by the concerned institutions					
	4. Situation of adherence to the rules and regulation by the concerned individuals					
	5. Action taken on public grievances within the framework of existing laws, by laws, rules and regulations					
	1. To what extent the sub-city elected officials, staffs and councilors realize that they are accountable for the consequences of what they and/or do not do?					
	2. To what extent the grievances					

4. Accountability	and complains are entertained by the local authorities.					
	3. Legal provision for compensation for damage of private and public property due to third party negligence					
	4. The level of awareness of the councilors, elected officials and staff on LED					
	5. The level of awareness of the residents on the importance of LED					