

**THEMATIC EVALUATION**

**IFAD's Performance and Impact in Decentralizing Environments:  
Experiences from Ethiopia, Tanzania and Uganda**

**EVALUATION REPORT**

Office of Evaluation

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## Abbreviations and Acronyms

AAMP	Area-Based Agricultural Modernisation Programme
AIDS	Acquired Immune Deficiency Syndrome
ACP	Agreement at Completion Point
ARRI	Annual Report on Results and Impact
AMSDP	Agricultural Marketing Systems Development Programme
ARTP	Agricultural Research and Training Project
BSF	Belgian Survival Fund
CAO	Chief Administrative Officer
CAS	Country Assistance Strategy
CBO	Community Based Organization
CCM	Chama Cha Mapinduzi
COSOP	Country Strategic Opportunities Paper
CPE	Country Programme Evaluation
DDSP	District Development Support Programme
DTPC	District Technical Planning Committee
EPRDF	Ethiopian People's Revolutionary Democratic Front
GDP	Gross Domestic Product
HDI	Human Development Index
HIV	Human Immunodeficiency Virus
HKDICDP	Hoima/Kibaale Districts Integrated Community Development Project
IDA	International Development Agency
IEE	Independent External Evaluation
IFAD	International Fund for Agricultural Development
KAEMP	Kagera Agricultural and Environmental Management Project
LC	Local Council
LGDP	Local Government Development Programme
LGPA	Local Governance and Poverty Alleviation
LGRP	Local Government Reform Programme
MFE	Methodological Framework for Project Evaluation
M&R	Maintenance and Repair
NAADS	National Agricultural Advisory Services Programme
NGO	Non-governmental Organization
NRM	National Resistance Movement
OE	Office of Evaluation
O&M	Operation and Maintenance
PCDP	Pastoral Community Development Project
PIDP	Participatory Irrigation Development Programme
PMA	Plan for the Modernization of Agriculture
SCP II	Special Country Programme Phase II
SDPRP	Sustainable Development and Poverty Reduction Programme
SGA	Seed Growers Association
SNNPRS	Southern Nations, Nationalities and Peoples Regional State
SWAps	Sector Wide Approaches
TANU	Tangayika African National Union
UNOPS	United Nations Office for Project Services
USD	United States Dollars
WUA	Water Users Association
WDC	Ward Development Committee
WFP	World Food Programme

## EXECUTIVE SUMMARY

### I. OBJECTIVES, APPROACH AND METHODOLOGY

#### A. Evaluation Objectives and Key Questions

1. This evaluation is intended to examine IFAD's performance and impact in decentralizing environments with reference to Ethiopia, Tanzania and Uganda, and reflect on decentralization issues and the design and implementation of relevant rural development programmes in the three countries. These objectives are addressed by aiming to answer four sets of key questions:

- (a) What is the framework of decentralization policies and programmes within which IFAD works in each country? What opportunities and challenges did it create for rural development in general, and for IFAD in particular, since the introduction of decentralization?
- (b) What strategies and interventions did IFAD introduce in its Country Strategic Opportunities Papers (COSOPs) and projects to address the opportunities and challenges presented by decentralization? What was the purpose of these strategies and interventions, and what means did IFAD provide to implement them?
- (c) What has been the institutional impact of IFAD's strategies and interventions on the project institutions at which these were aimed? In what ways have these institutions enhanced their capacity for rural poverty alleviation and utilized it to this end?
- (d) Were IFAD's strategies and interventions relevant, and did they enhance the efficiency, effectiveness, impact and sustainability of IFAD's strategic and project objectives in each country? What outcomes did IFAD help achieve through advocacy and policy dialogue?

#### B. Evaluation Approach and Methodology

2. As would be apparent from the key questions, the evaluation methodology used in this report is an adaptation of the Office of Evaluation (OE) *Methodological Framework for Project Evaluation* (or MFE, for short). The MFE, however, is a methodology for project evaluation and is not applicable in a straightforward manner to this thematic evaluation. The subject of this evaluation—decentralization—has been defined (Rondinelli 1981) as “the transfer of responsibility for planning, management, and resource raising and allocation from the central government to: (a) fields units of central government ministries or agencies, (b) subordinate units or levels of government, (c) semi-autonomous public authorities or corporations, (d) area-wide regional or functional authorities, or (e) organizations of the private and voluntary sector”<sup>1</sup>. Thus, decentralization, in the first instance, is about institutional change, which may then generate changes that influence the main evaluation criteria used in the MFE. The evaluation approach, therefore, focuses on the institutional impact of decentralization with key question number 3, before focusing on the MFE type of questions in key question number 4<sup>2</sup>. While the evaluation missions fielded in the three countries focused on all four key questions, OE commissioned desk reviews prior to the missions that addressed the first two questions<sup>3</sup>. OE also invited five selected projects to contribute self-assessment reports.

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<sup>1</sup> Within this broad definition three main forms of decentralization can be identified: (i) *de-concentration*: the transfer of some authority to lower bureaucratic levels within central government agencies; (ii) *delegation*: responsibility and resources for implementing specific tasks and delivering specific services are transferred to a public agency, a local government, a private enterprise, etc; (iii) *devolution*: local institutions have both high autonomy from the central government and high accountability to local service users.

<sup>2</sup> The methodology was developed with the participation of two external experts, namely, Mr Roger Slade, former Senior Manager at the World Bank Operations Evaluation Department, and Professor James Manor of the Institute of Development Studies, Sussex. Professor Manor also participated as an external reviewer at various stages of the evaluation, including the preparation of the final evaluation report.

<sup>3</sup> The evaluation was supervised by Mr Ashwani Muthoo, Senior Evaluator, and Mr Fabrizio Felloni, Evaluator. Dr Tariq Husain was the Evaluation Team Leader, and the Mission Leaders were Mr Abdul Rashid Khan for

3. The desk review part of the evaluation included all those IFAD-assisted projects that have been approved since the mid-1990s and are not confined to a single commodity (e.g., a crop) or input (e.g., seed)<sup>4</sup>. This gave a total of 12 projects in the three countries that are listed below, out of which five projects (identified by an asterisk) were selected for the fieldwork:

Ethiopia	Tanzania	Uganda
* Special Country Programme, Phase II	* Kagera Ag. and Environmental Management Project	* District Development Support Programme
Agricultural Research and Training Project	* Participatory Irrigation Development Programme	Area-Based Agricultural Modernisation Programme
Rural Financial Intermediation Programme	Rural Financial Services Programme	* National Agricultural Advisory Services Programme
Pastoral Community Development Project	Agricultural Marketing Systems Development Programme	Rural Financial Services Programme

4. The criteria for project selection for fieldwork are explained in section I.B of the main report. Fieldwork in Tanzania and Uganda revolved mainly around a two-week mission to each country, which held meetings in the capital city with government officials and donor representatives, and visited parts of the project areas of selected projects to meet beneficiaries, project officials and elected representatives. In Ethiopia, OE conducted an interim evaluation of the selected project, and the preliminary results from that evaluation have been used in the preparation of this report in lieu of a separate decentralization evaluation mission<sup>5</sup>. In addition, OE fielded missions in all three countries for purposes of reconnaissance, discussion of country context and facilitating self-assessment, which focused on consultations with partners in the capital city.

## II. COUNTRY CONTEXT OF EVALUATION

### A. The Socio-economic Context

5. The three countries included in this evaluation have experienced faster economic growth than the average for low-income countries, and Tanzania and Uganda fare better than low-income countries as a whole in terms of their literacy. All three countries, however, confront challenges that few among the developing countries face with such severity. Notable among these are the following:

- (a) The people, societies and economies of Ethiopia and Uganda have been devastated by many years of dictatorship and civil war, while Tanzania has suffered from the economic, environmental and social consequences of conflict in neighbouring countries. Insurgency and conflict retain a potential in or around these countries for creating significant disruption.
- (b) Poverty is a serious and widespread problem that both stems from and contributes to other socio-economic problems. In Ethiopia, 44% of the people live below the basic needs poverty line. In Tanzania and Uganda, 39% of the rural people are considered poor.
- (c) The effects of the HIV/AIDS epidemic have been debilitating not only for human life and health but also in terms of economic growth and long-term social costs. For Ethiopia, the World Bank estimates that the epidemic is costing the country one percentage point of economic growth, each year, “and unless reversed, could erode the recent development gains.” In Uganda, IFAD counts the cost in terms of “loss of time and resources among the

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Tanzania and Dr Ramson Mbetu for Uganda. The desk reviews were undertaken by the Team Leader, three national experts (Mr Justin Maeda for Tanzania, Dr Ramson Mbetu for Ethiopia and Mr Daniel Mulumba for Uganda), and a junior consultant (Mr Bruno Cozzari).

<sup>4</sup> As elaborated later in this report, IFAD’s strategy conceives decentralization as a framework for poverty alleviation. Single-commodity and single-input projects are not as closely aligned with IFAD’s poverty reduction focus as the multi-sectoral or area-based projects that represent the norm at IFAD in recent years.

<sup>5</sup> The Ethiopia evaluation mission was led by Professor Richard Carter and included four other members.

many families that care for the ill and the children orphaned by the disease; reduced supply of labour and investment resources; and a rising number of orphaned children.”

- (d) As in many other countries of Africa, women’s lives represent a harsher reality than men’s, whether viewed in economic or any other terms. Wide gender disparities persist in terms of almost all economic and human development indicators, as well as in relation to social and legal status and participation in politics and development.

## **B. The Driving Forces for Decentralization: An Overview**

6. Ethiopia stands out because of years of civil war, the end-result of which was the overthrow of a military regime in 1991, the creation of two countries—Ethiopia and Eritrea—out of one, and the adoption, in 1995, of a constitution that established a federation of nine ethnicity-based regions. Along the way, Ethiopia experienced, first, a quasi-feudal monarchy and then, from 1974 to 1991, a Marxist-socialist state dominated by central planning, state ownership and control under the Mengistu dictatorship. Together with Nigeria and Pakistan, Ethiopia is unique in that it adopted federalism so emphatically only after a civil war, which, in Ethiopia and Pakistan, led to the break up of the original state. The country subsequently initiated a second phase of decentralization, starting in 2002, which saw a massive devolution of finances and staff from the regional executives to *woredas* (districts).

7. Political forces of the kind that have propelled Ethiopia towards federalism and devolution have been largely absent from Tanzania’s long and varied experience with decentralization. Indeed, Tanzania appears unique because of its cohesion, the variety of its experiences with decentralization, and the long timeframe it has set for achieving its decentralization objectives. As in many other former British colonies, Tanzania’s modern experience with decentralization includes a long period of what was called “indirect rule” through traditional leaders. But Tanzania embarked upon the path of devolution with renewed vigour during the mid-1990s. And in 1999 it launched an ambitious and wide-ranging Local Government Reform Programme (LGRP) to address the challenges of decentralization comprehensively over a period of about 12 years

8. Unlike Tanzania, and even more than Ethiopia, Uganda has moved rapidly from an extremely centralized state to a comprehensive decentralized system in recent years. After 15 years of political strife, economic mismanagement, civil wars, mass emigration and mass murder (1971 - 1986) left the country devastated, the National Resistance Movement (NRM) captured Kampala and formed a government that remains in power to this day. The NRM, initially a military grouping, drew its strength from local Resistance Councils. In 1987 the Government enacted the Resistance Councils and Committees Statute, which transferred authority to plan, make decisions and provide services to the local levels, under the leadership of the Resistance Councils. The 1995 Constitution consolidated and extended the decentralization process and established five tiers of elected local councils.

## **C. Country Goals and Objectives for Decentralization**

9. In Ethiopia, “The explicit goals of decentralization are to bring government closer to the people, give political representation and voice to the diverse ethnic groups, and make governance and resource allocation sensitive to local needs and preferences” (World Bank 2003a). Decentralization is linked explicitly to the government’s Sustainable Development and Poverty Reduction Programme (SDPRP), the overarching objective of which is to reduce poverty by enhancing rapid economic growth while at the same time maintaining macro-economic stability<sup>6</sup>. A national umbrella programme called the Public Service Delivery Capacity Building Programme aims to support institutional transformation at the federal, regional, and local levels.

10. The goal that leads the decentralization initiative in Tanzania is to “improve the quality of and access to public services provided through or facilitated by local government authorities”. The LGRP

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<sup>6</sup> However, as pointed out by James Manor, external reviewer for this evaluation, decentralization seldom does much to promote rapid economic growth.

elaborates “that the goal will be achieved through the reorganization programme and will have two components: (i) a shift of responsibility for managing and providing services from central to local authorities (districts); and, (ii) increase efficiency by reorganizing the district administration and allowing the councils greater freedom in organization their activities and managing their personnel.” Policy makers have also mentioned the idea of inclusive governance as an expectation associated with decentralization. Moreover, decentralization is linked, directly or indirectly, to a number of broad poverty reduction initiatives as well as the Tanzania Development Vision 2025.

11. Uganda also offers a broad official rationale for decentralization, “defined as the transfer of planning, decision-making and administrative authority from the central government to regional branch offices, local governments, and/or non-governmental organizations” (Mulumba 2004). The intentions include: giving people a greater chance to participate in development planning, decision-making and implementation; improving the efficiency and co-ordination of services at the local level; enabling voters get to know and challenge policy makers as well as corrupt and inefficient officials; encouraging localities to come up with innovative means of resource mobilization and management; and encouraging a mutual and equitable approach to solving local problems. Related objectives are found in official plans for poverty eradication and agricultural modernization.

12. Empowerment of women is an explicit objective of decentralization in Tanzania and Uganda. Tanzania allocates 25% of the local council seats to women, and Uganda guarantees at least 33%. In Ethiopia, however, out of the 1,755 seats in the Regional Parliaments only 218, or 12%, are occupied by women. The ratio ranges from just over 1% in the Somali Region to 28% in Tigray. Women’s representation at the *woreda* level appears to be at least as low.

13. The international donor community has been highly supportive of decentralization in all three countries, and the general assessment is that it will take many years for decentralization to attain its potential. Most of the donors have been extending project assistance as well as engaging in policy dialogue. While the World Bank is the major player in most respects, other multilateral agencies as well as the bilateral ones have also played key roles in capacity building and policy reform (and in the latter, most have been more active than IFAD). Increasingly, donors are pooling resources and coordinating their programmes through Sector Wide Approaches (SWAs), and IFAD is also part of this trend. Some donors, however, have taken the position that a high percentage of their support would be channelled through SWAs, but bilateral projects and NGOs would also be funded side by side. In one variant of this (Ireland, in Uganda), projects are important for working out and testing new approaches that can then be upscaled and mainstreamed through SWAs. Bilateral support is also emerging for associations of local governments, which represent a platform for lobbying, sharing experiences and strengthening decentralization.

### **III. DECENTRALIZATION IN IFAD STRATEGY AND PROJECT DESIGN**

#### **A. Overall IFAD and Regional Strategy in Relation to Decentralization**

14. The country context of this evaluation represents one important point of departure for this evaluation, and the way IFAD approaches decentralization represents another. Unlike some other donors and governments, IFAD views decentralization not as an objective in itself but as a means to an end that is defined by its overall mandate. *The Strategic Framework for IFAD 2002 – 2006* is an exceptionally perceptive example of international literature that seeks to identify the conditions under which decentralization could help the rural poor. Its assessment of rural poverty recognizes that decentralization could provide opportunities for the rural poor *if— and only if—*the rural poor can influence the institutions, policies and decisions that affect their lives (emphasis and “only if” added). This emerges from the very first page of the *The Strategic Framework*.

15. *The Strategic Framework* views decentralization as a framework within which governments can respond more effectively to the needs of the rural poor, in particular, by increasing the accountability and transparency of rural service delivery. It also suggests, however, that this

expectation can be met only if poor people are organized, if they participate in the project cycle, if they have the means to influence institutions and if governments assist them actively in these endeavours. Generating catalytic impact through field operations, policy dialogue and advocacy on behalf of the rural poor is an important part of the strategy that is expected to support decentralization.

16. The IFAD *Regional Strategy Paper for Eastern and Southern Africa*, finalized in March 2002, is built around three crosscutting principles, four means for addressing its catalytic role and four strategic thrusts for programming. These over-arching elements of the strategy are summarized in Box 1 of the main report. Decentralization is not a main objective in this strategy, but support for decentralization is invoked as part of the third principle, which states, “... the best guarantee that public policy and institutions will effectively facilitate the efforts of rural poor people to work themselves out of poverty is to ensure democratic **accountability** of governments.” The strategy also suggests that identifying the poor in rural communities would be one of the steps leading to their empowerment, welfare and voice in the process of accountability.

## **B. Decentralization and Related Concerns in the IFAD Country Strategies**

17. To varying degrees, the strategic directions outlined above are also reflected in the IFAD COSOPs for the three countries, in all of which decentralization is recognised fairly early in the process as an issue of importance for IFAD. More specifically, the 1999 Ethiopia COSOP draws the lesson that “early and full integration of project co-ordination, management and implementation arrangements into the decentralized federal and regional institutional framework is critical for success and sustainability.” In support of decentralization, this COSOP calls for institutional capacity building particularly at the grassroots, district (*woreda*) and zonal levels. The 1998 Uganda COSOP signals the mainstreaming of IFAD assistance within decentralized structures. Support for strengthening decentralization and promoting beneficiary participation constitutes an important strategic thrust in this COSOP. The 1998 Tanzania COSOP addresses policy dialogue and also includes short and incisive analyses of centralization and decentralization

18. Given the different country contexts, it may not be surprising that the five COSOPs written during the timeframe selected for this evaluation differ in the importance they assign to decentralization and what IFAD might do for strengthening it. Differences in context, however, do not explain why only the Tanzania COSOPs (of 1998 and 2003) identify decentralization broadly as an area for policy dialogue, or why only one COSOP (Uganda 2004) highlights the need to strengthen the poverty orientation of local governments and initiate policy dialogue on mobilizing resources through service users and local governments<sup>7</sup>.

19. Gender concerns are also treated unevenly in the five COSOPs. The two Tanzania COSOPs are particularly sensitive to gender concerns and present specific analyses and directions for addressing these. The 1998 COSOP is unique in its attention to criteria for targeting women headed households. The other COSOPs also chart out approaches for the development of women.

20. In relation to targeting the poor, the COSOPs for Tanzania as well as the 1998 Uganda COSOP draw upon statistics to help identify geographical areas for a targeted approach to poverty. However, none of the five COSOPs elaborate upon the need or techniques for identifying the poor within rural communities.

## **C. Relevant Aspects of the Design of Selected Projects**

21. The strongest feature of project design in the three countries is the inclusion of community organizations in implementation and the funding that IFAD provides for working with these

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<sup>7</sup> The 1999 COSOP responded to regionalization and decentralization by emphasizing that implementation will be through the new structures, but it omitted any mention of policy dialogue. This was a critical time when the 1995 constitution was already in force and local governance was in a state of flux.

organizations. Implementation through existing decentralized structures is also a particularly strong feature of these projects, most of which provide funds not only for service delivery but also for strengthening the capacity of new or emerging government structures. There is little evidence, however, that IFAD assistance was aimed at developing the capacity of the elected institutions of local government, as opposed to the civil service.

22. The empowerment of the poor is highlighted as a specific objective in only two projects<sup>8</sup>, neither of which is aimed at decentralization or local governance. Moreover, project design also lacks attention to targeting, as defined in the regional strategy: none of the 12 project designs appears to have mechanisms in place for “identifying the poor in rural communities.” Only one project lists policy dialogue or policy reform as an objective, and only two provide funds for this purpose<sup>9</sup>. None of the IFAD-assisted projects provide funds for policy dialogue in Uganda, where decentralization is, by all accounts, proceeding more rapidly than in the other two countries.

#### IV. INSTITUTIONAL CHANGE AND IMPACTS

##### A. Decentralized Structures in the Three Countries

23. As indicated earlier, Ethiopia is structured as a federation. Its nine regions and two administrative areas are divided into 66 zones and 556 *woredas*; each *woreda* is divided into a number of *kebele*. At the local level, there are elected *Woreda* and *Kebele* Councils. Above the *woreda* there is the regional state, which has two councils, namely, the elected Regional Council (or Parliament) and a cabinet body called the Regional Administrative Council. Many of the regions have decentralized sector programmes to the *woreda* level, and there are sector-specific agencies within the executive branches of the regional and *woreda* administrations<sup>10</sup>.

24. The highest sub-national level of administration in Tanzania is also called a region. This is not, however, a separate tier of government but an extension of the central government. The sector ministries are represented at the regional level by technical officers who oversee the work of the sector ministries, in addition to providing policy guidelines and technical advice to the districts within the regions. There are 26 regions and 124 rural or urban districts in the country. The districts are subdivided into divisions and wards. At the district level, local government authority is vested in the District Council elected from the wards in the district. Public servants working in the district are answerable for their work to the District Council through the District Executive Officer<sup>11</sup>. At the sub-district level, there exists a Ward Development Committee.

25. Unlike Ethiopia and Tanzania, the sub-national institutional landscape in Uganda exists exclusively within the district: there is neither a political unit nor an administrative level between the centre and the district. There are currently 56 districts. In each district, there are five tiers of local government, and each of these carries a Local Council (or LC) appellation, together with a number from one to five. Thus, LC 1 is the village, LC 2 the parish, LC 3 and LC 4 are the sub-county and county, respectively, and LC 5 is the district. The LC 5 (district) and LC 3 (sub-county) are elected local councils and also the main implementing bodies, with significant staff and budgets. The district is the main planning authority, policy review and approval body. The district administration is headed by a Chief Administrative Officer (CAO) and includes the heads of line departments. The CAO is

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<sup>8</sup> Rural Financial Services Programme and Agricultural Marketing Systems Development Programme, both in Tanzania.

<sup>9</sup> Pastoral Community Development Project in Ethiopia and Agricultural Marketing Systems Development Programme in Tanzania; the latter includes policy reform as a project objective.

<sup>10</sup> In the regions of Amhara, Tigray, Oromiya and the Southern Nations, Nationalities and Peoples Regional State (SNNPRS), the *woreda* administrations have offices for the following sectors: agriculture, health, education, rural primary roads, domestic water supplies and local administration.

<sup>11</sup> District government is responsible for service delivery in five sectors, namely, primary health care, basic/primary education, safe drinking water, feeder roads and agricultural extension.

responsible to the District Council for the discipline and performance of administrative staff. At the sub-county level, the Sub-county Chief heads the local government and an Administrative Officer is in charge of the administration, which includes representatives of some of the line departments<sup>12</sup>.

### **B. Similarities and Differences in the Directions of Change**

26. Desk reviews and fieldwork show, unsurprisingly, that the three countries included in the evaluation have some striking similarities as well as perhaps equally striking differences. The most relevant of the broad similarities include the following:

- (a) The recent and ongoing emphasis on decentralization entails a focus on the district level (called *woreda* in Ethiopia) for development planning and implementation. A tier below the district level is also important for decentralization, albeit, in varying degrees: in Ethiopia it is the *kebele*, in Tanzania the ward and in Uganda the sub-county level.
- (b) The capacity for planning, implementing and monitoring decentralized development programmes is generally weak and evolving. Central authorities and their international partners are supporting decentralization through large-scale initiatives for capacity building.
- (c) Decentralization is linked to countrywide initiatives for service delivery and poverty alleviation. Most of these as well as similar smaller initiatives are donor-supported.
- (d) There are well-defined processes in all three countries for local-level planning. Local governments, however, do not have anything resembling a poverty alleviation strategy.
- (e) Local government finances depend almost entirely on transfers from senior governments, which, in turn, are financed mainly by international donors.

27. There are also, however, significant differences in governance arrangements among the three countries, including the following:

- (a) By virtue of their constitutions, Tanzania and Uganda have a unitary form of government, whereas Ethiopia is a federation. In Ethiopia, the regions are federating units, while Tanzania's regions are extensions of the central government and Uganda has no regions at all.
- (b) Power is concentrated at two levels in Uganda—the centre and the district—and is more diffused along the hierarchy in Ethiopia and Tanzania. Uganda, however, has a more extensive set of institutions for accountability within and outside the government, including institutions for personnel recruitment and anti-corruption, and private local radio stations.
- (c) Tanzania has adopted a gradual approach to decentralization, whereas change in Ethiopia and Uganda has been more decisive and abrupt. At this time, elected councils at the lower levels have more influence in Uganda than Tanzania, and they are weakest in Ethiopia.
- (d) In Uganda the local government contracts district administration employees. In Ethiopia and Tanzania, employees of senior governments staff the executive branch of district government.
- (e) Ethiopia and Tanzania use formula-based grants for transferring funds from senior to local governments. Uganda employs three kinds of grants, each of which has a different purpose in relation to local administration and service delivery.

### **C. Staffing, Planning and Financing Issues**

28. In Ethiopia, in many of the decentralized sectors, specific components have actually been decentralized in terms of organization and implementation as well as operation and maintenance. There is still centralization in terms of resource allocation for equity purposes as well as in terms of policy making and partially in terms of planning. Day-to-day rules and regulations for planning and implementation rest with the Regional Administrative Councils and the respective bureaux. To a large extent, the rules and regulations seem to be supportive of capacity building and responsibilities being devolved to the local or *woreda* levels.

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<sup>12</sup> These officials include the Agricultural, Veterinary, Clinical and Community Development Officers.

29. The planning process at the regional level is a relatively complicated one, involving the identification of priority development activities at the sub-*kebele* (or *got*) level and building up to final approval by the Regional Council. The initial identification at the *got* level is expected to broaden the direct participation of communities in the identification of their priority development needs. This results in a draft prioritized plan proposal by the *gots* that is submitted to the *kebele* for consideration. After review by the *kebele* development committee, the draft sectoral development proposals are submitted to the *Kebele* Council for review and subsequent submission to the *Woreda* Council for approval. The *Woreda* Council consolidates the *kebele* plans and budget proposals and then submits the approved budget and revenue plans to the region or zone, as appropriate.

30. In Tanzania, sector policies are initiated and developed by the respective sector ministries of the central government. Operational strategy and budgets for projects that are to be implemented within the framework of decentralization are normally prepared by the implementing bodies—in this case, the local government authorities—in consultation with the Ministry responsible for local government and the relevant coordinating and/or sector ministries. Consultations with prospective and other relevant institutions at the district and sub-district levels (including relevant non-governmental organizations, community-based organizations and village council leaders) do also take place. The law requires that the District Plan must be prepared through a bottom-up participatory process, starting from the village and coming up to the ward and then the district. The District Plan consists of various sector plans and is the guiding document for the allocation of development funds.

31. In Uganda, the District Technical Planning Committee (DTPC) in each of the districts of the Programme Area is responsible for the implementation of Programme components in that district. This is normally done through the line departments. The DTPC is chaired by the CAO, who is also the ultimate authority for the management of Programme affairs and is accountable to the government for Programme performance. The DTPC reports to the District Executive Committee of the District Council. The latter is expected to receive, review and submit planning proposals, and the annual work programmes and budgets of all departments involved in implementation. The Committee is also expected to receive and review all reports, supervise expenditures, receive and submit for audit all financial accounts and review all procurement and generally supervise implementation.

32. Ethiopia and Uganda have developed transfer programmes that account for around 30% of central revenues in Uganda and over 40% in Ethiopia. In Ethiopia, financial transfers to the regions are made on the basis of a formula that uses criteria and weights approved annually by the lower house of parliament. The formula is based on: (a) a region's population; (b) its level of development; and (c) its revenue generation capacity. In Uganda, the government supplements local revenues for service delivery with three types of grants, namely, unconditional, conditional and equalization grants, which are described as follows: (a) unconditional grant is the minimum grant that is paid to a local government to run its services; (b) conditional grants are given to finance programmes agreed upon between the central and local governments; (c) equalization grant is paid to local governments that are lagging behind the national average standard for a particular service. In Tanzania, there has been limited progress on the devolution of financial, fiscal and administrative authorities to the local governments. With regard to the development budget, fund allocation is based on: population (70%); regional poverty levels (20%); and the size of the area (10%).

33. All three countries have experienced large-scale changes in staffing patterns, and these are most visible in Ethiopia and Tanzania, and less so in Uganda, which went through this transition earlier. In Ethiopia, there is a serious problem of positions lying vacant at the *woreda* level: field investigations in three regions showed that only 20-44% of the positions had been filled. Large-scale retrenchment and repositioning of human resources has also impacted service delivery in Tanzania. It goes without saying that this has affected the implementation of IFAD-assisted projects.

#### **D. IFAD Contributions to Local Governance**

34. A greater sense of local ownership of development programmes is evident in all three countries as a result of decentralization, and IFAD-assisted projects have both benefited from and contributed to this development<sup>13</sup>. In Ethiopia and Uganda, in particular, local officials and communities report a pronounced positive effect in terms of service delivery in some sectors.

35. Although all three governments have initiated large-scale programmes for capacity building, it could take several years for decentralized structures to perform as expected. Lack of financial resources is affecting even basic aspects of service delivery. And the paucity of resources for operation and maintenance in all three countries makes it highly unlikely that the infrastructure entrusted to the care of local governments will be sustained as designed.

36. Under the circumstances, IFAD assistance for staffing, logistics and capacity building generally has been a timely and valuable contribution to the strengthening of decentralized structures. This is particularly true for the two projects—the DDSP in Uganda (which is cofinanced by the BSF) and PIDP (cofinanced by Ireland) in Tanzania—in which lessons were available from earlier experiences, and the projects appeared at a time when there was an immediate need for strengthening emerging decentralized structures. Moreover, true to its signature approach to rural development, IFAD has also invested in a considerable amount of social capital formation in all three countries.

#### **E. Omissions and Challenges in Capacity Building**

37. IFAD has done much to assist the three countries with decentralization, but five main omissions and challenges emerge when its approach is compared with the IFAD strategies and country needs. First, as mentioned earlier, IFAD assistance for capacity building is aimed largely at the civil service part of local governments and does not extend directly to elected officials.

38. Second, apart from organizing the beneficiaries and introducing the logical framework analysis, there is little capacity building in IFAD-assisted projects to enhance the pro-poor orientation of local government. At the strategic level, only one COSOP (namely, Uganda 2004) highlights the need to strengthen the poverty orientation of local governments. At the project level, there is no evidence of assisting local governments to: (a) develop local poverty alleviation strategies; (b) adopt techniques (such as wealth ranking) for identifying who the poor are in each community<sup>14</sup>; or (c) introduce flexibility in plans and budgets for responding with pro-poor interventions for identifiable groups of poor.

39. Third, the articulation of voice is also inhibited by the weak participatory orientation of projects in relation to the challenges they face, particularly for infrastructure development and promoting inclusiveness and accountability in service delivery. Examples of this are given from all three countries in the main report.

40. The above-mentioned examples also point to a fourth important problem in capacity building, and this may be described as the challenge of dealing with technicalism, that is, an approach that is driven by official technical specifications and procedural requirements rather than the human, social and financial capital of communities and relevant institutions. The consequences of this approach include weak community ownership of project-sponsored interventions and institutions, lack of community contribution to scheme implementation and maintenance, limited and unsustainable project impacts, and ambiguous poverty impact. Examples are given in the main report.

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<sup>13</sup> The main findings of the evaluation missions, focusing on five selected projects, are given in Appendix 3.

<sup>14</sup> The only reported exception is the Kibaale District in Uganda, which is one of the five districts in the DDSP project area.

41. Finally, these and other observations point to policy issues that require discussion with the governments concerned, and this is another major challenge. As indicated earlier, however, only two of the 12 projects included in this evaluation have allocated funds specifically for policy dialogue.

## **F. Issues in Accountability**

42. *The Strategic Framework* and regional strategy emphasize accountability, but neither the COSOPs nor the project documents propose how IFAD would assist with this important aspect of local governance and service delivery. Perhaps the perception is that this is a sensitive subject that is best avoided in the context of IFAD-assisted projects. The sensitivities may be understandable if accountability is equated with certain instruments and attitudes, but many instruments are available (see Box 2 in the main report) from which IFAD-assisted projects could select appropriate ones.

## **V. CONCLUSIONS AND RECOMMENDATIONS**

### **A. Relevance of IFAD Strategies and Project Designs**

43. Of the 12 projects reviewed during this evaluation, three are rural microfinance projects aimed more at setting up and supporting the architecture required for microfinance than at decentralization. Another project—the AMSDP in Tanzania—focuses on agricultural marketing, whereas a fifth—the ARTP in Ethiopia—aims to support central and regional agricultural research organizations. The remaining seven projects are implemented through local and regional governments and aim broadly at rural and agricultural development through community participation. The broad implementation approach of these seven projects is, therefore, relevant to the decentralizing environments in which they operate, as well as the IFAD strategy of supporting decentralized service delivery and grass roots institutions. These projects are also relevant to several of the capacity building needs of decentralized structures. The assistance they provided strengthened institutions that lacked human and financial resources, and sometimes even the basic requirements for running an organization, and were then shaken up by the large-scale changes brought about by decentralization.

44. Neither IFAD strategies nor the projects, however, have established direct relevance to the capacity building needs of the elected institutions of local government. This could be a serious omission to the extent that the voice of the poor is better articulated through elected rather than bureaucratic institutions: depending on the latter, with or without the introduction of participatory approaches, is considered insufficient for promoting the interests of the poor.

45. Moreover, the idea of empowering the poor is reflected as an objective in only two projects. And none of the five COSOPs and 12 projects designs propose to establish mechanisms for “identifying the poor in rural communities” as required by the regional strategy, or by effective initiatives for poverty alleviation. Only the 2004 Uganda COSOP highlights the need to strengthen the poverty orientation of local governments, and participate in a policy dialogue on mobilizing local resources through service users and local governments. Only one project lists policy dialogue or policy reform as an objective, and only two provide funds for this purpose. Only the Tanzania COSOPs identify decentralization broadly as an area for policy dialogue. Finally, neither the COSOPs nor the project documents propose how IFAD could assist with accountability and transparency in service delivery.

### **B. Implications for Efficiency and Effectiveness**

46. As the opposite of centralization, decentralization is often supported on the grounds that it promotes efficient and effective service delivery. The evidence from the three countries, however, is mixed: it suggests that the disruption caused by the administrative and financial changes introduced for decentralization initially has negative effects for both efficiency and effectiveness. Matters improve, first, when the essential human resources required by local authorities are in place, and, subsequently, when new responsibilities for the flow of funds have been worked out. Without the

kind of assistance that IFAD has brought to bear in support of decentralized structures, there is little doubt that project efficiency and effectiveness would have been even lower during critical stages of the reform process.

### **C. Implications for Impact and Sustainability**

47. As elaborated in Appendix 3, there is no doubt that IFAD-assisted projects have generated impact in terms of a wide range of impact domains associated with rural and agricultural development. This is not, however, a major issue in this evaluation. The major impact issue is whether projects and other interventions generated the impacts that IFAD strategies and projects expected to achieve from and through support for decentralization. Thus, poverty alleviation is the main over-arching concern, accountability is considered important insofar as institutional impact is concerned, and sustainability is a key expectation associated with decentralization and community empowerment in the COSOPs and projects.

48. International evidence supports the view that decentralization rarely leads to successful poverty alleviation, and never by itself. Some of this evidence is cited in section V.C of the main report and includes assessments published in the *IFAD Update* in 1999 by IFAD's two Africa divisions. Viewed in the context of the IFAD and regional strategies, and the 1999 assessment, this points towards some of the interventions that IFAD-assisted projects logically should have made for assisting local governments through appropriate capacity building and pro-poor policy positions and advocacy. These aspects of IFAD assistance have been discussed in section IV.E.

49. As explained in the main report, the problems and challenges listed above also have implications for sustainability. This is important because the main expectation in the COSOPs and projects is that decentralized structures and grass roots organizations would lead to greater sustainability (quite apart from any other benefits in terms of efficiency and effectiveness). The evaluation highlights the fact that the combination of local government and community resources is not working satisfactorily as far as the sustainability of IFAD-assisted interventions is concerned.

50. While it is only natural to associate the lack of sustainability with lack of resources, this may simply be a roundabout way of avoiding a hard look at the root causes of the problem, and focusing on its symptoms. If lack of resources is a given—an obvious fact of life in the countries concerned—then the logical conclusion is that many if not most project interventions are unaffordable and unsustainable by the nature of their design or delivery. When there are widespread reports of lack of maintenance of infrastructure and the inability of communities to sustain IFAD-sponsored grass roots institutions, an invitation to seriously reconsider the way these important interventions are designed and delivered can only be considered overdue<sup>15</sup>.

51. It is impossible to state with any conviction that decentralization has enhanced the impact and sustainability of IFAD-assisted interventions, or made them more pro-poor or more accountable to the poor. Part of the problem lies in the wide range of capacity problems facing local governments and grass roots organizations at this time. This recalls an observation in *IFAD Update* (1999) that decentralization remains by and large work in progress. This is reflected, in the first instance, in low levels of efficiency and project effectiveness. Another part of the problem, however, is that projects are operationalized with little enthusiasm for some of the concerns that are stated to be priorities for IFAD. While the projects have unquestionably had an impact in terms of rural and agricultural development, evidence of the impact on identifiable groups of rural poor has not been forthcoming, enhanced accountability is reported only occasionally, if at all, and the sustainability of infrastructure and institutional arrangements has remained an unresolved issue for a long time.

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<sup>15</sup> The Independent External Evaluation (IEE) of IFAD, the IFAD Annual Report on Results and Impact and previous evaluations by OE have also flagged sustainability as a major issue. The sustainability problems observed by the IEE (ITAD 2004) in various sectors are very similar to those identified here and elaborated in Appendix 3 of this report.

## D. Recommendations

52. IFAD's approach to decentralization focuses not only on government structures but also on grass roots and non-governmental organizations (NGOs) that may be engaged for promoting grass roots development. It aims not only at improvement, accountability, transparency and sustainability in service delivery but also the more challenging goals of poverty alleviation and the empowerment of the poor. And it encompasses not only project assistance but also policy dialogue in some measure. International experience and the findings of this evaluation show that this is a combination of elements that would test the limits of most if not all implementers and policy makers.

53. But IFAD now has a wealth of relevant experience in decentralizing environments, including operational experience and reviews, and project and thematic evaluation reports, which it could utilize more systematically for meeting challenges. A distinctive feature of this experience is the degree to which IFAD emphasizes the symbiotic relationship between decentralization and grass roots organizations, in strategy as well as operations. The term "local governance" would be an appropriate way of describing the space that includes not only local government but also traditional rural institutions and the grass roots organizations sponsored by IFAD-assisted and other initiatives. At present, however, attention to local governance as a complete and useful concept is observed only rarely<sup>16</sup> in IFAD documents. **Policy dialogue** that is adequately resourced and conducted in partnership with other stakeholders in a country is one way of sharing the depth and breadth of IFAD's experience in local governance. Systematic attention to policy dialogue would be ensured if it the idea is injected into country programmes through regional strategies and COSOPs, and realized through grant- and loan-funded projects.

54. This is not likely to happen, however, if the point of departure is provided by existing high-level strategies, COSOPs and project design documents. At present, the high-level strategies set up challenges that draw a wide range of responses from the COSOPs and the projects, ranging from ignoring the difficult challenges to addressing them selectively or incompletely<sup>17</sup>. Moreover, project design and implementation are driven more often than not by the imperatives of technicalism. An alternative point of departure, and one that would utilize IFAD's knowledge in the process, is to **prepare a Local Governance and Poverty Alleviation (LGPA) strategy**. The LGPA would be an operational strategy, and its main rationale would be to provide guidelines to help translate the overall IFAD and regional strategies into operational policies and procedures that are as free as possible from the limitations of technicalism. In other words, the LGPA would be a tool for circumscribing the permissiveness of strategic statements, helping the rural poor to find realistic ways out of technicalism, and encouraging project level innovations in these directions.

55. The main report provides some food for thought regarding elements of the LGPA, as they have emerged during this evaluation. The evaluation suggests that IFAD-assisted interventions can be better attuned to the needs and circumstances of the poor if: (a) COSOPs and projects actually implement what they are expected to do by the regional strategy in terms of targeting the poor within their communities; (b) the poor are actually consulted by the technical experts and their knowledge and priorities reflected in the design of activities; (c) the design of interventions is driven not by technical blueprints but by the social, human and financial capital of the communities and local governments; (d) the poor are offered broad choices rather than menu-driven solutions; (e) procedures for organizing communities and delivering services are simplified to the point of being accessible to the poor, instead of insisting that the poor must be educated and trained to comply with unrealistic requirements; (f) projects are required to practice full disclosure of information to the beneficiaries and the mass media; (g) accountability is strengthened by strengthening elected institutions to play

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<sup>16</sup> For example, in the Tanzania CPE of 2003 and the project design of the Pastoral Community Development Programme in Ethiopia.

<sup>17</sup> As the IEE observes, "IFAD's strategic statements are highly permissive and sufficiently imprecise to make almost any work with the rural poor seem to be relevant."

their role more effectively; and (h) IFAD is willing to invest in the autonomy of the poor from state actors<sup>18</sup>.

56. The evaluation suggests that focusing on the organization and voice of the rural poor becomes particularly difficult in a context of rapid change and wide-ranging reform, when aspects of reform such as decentralization, privatization, downsizing and resource mobilization tend to pre-occupy implementers and policy makers. In these as well as more settled conditions, IFAD needs to be proactive in “identifying the poor in rural communities” so as to ensure that they are included in project activities. This implies that **every COSOP and project should include cost-effective mechanisms (such as wealth ranking) for identifying the poor within their communities and monitoring their participation in IFAD-assisted activities**. This is a general recommendation, however, and is not limited by the context of this discussion on the proposed operational strategy for LGPA.

57. Even this operational strategy, however, would need to be reconciled with national and local priorities, operationalized as required and tested for its newness, and, if appropriate, upscaled and replicated in the given context. This suggests the need to approach local governance and poverty alleviation through a combination of instruments. Perhaps the first step would be to **use grant funds to develop innovations and test local poverty alleviation strategies in selected areas**, in partnership with local and senior governments and relevant donors.

58. The next steps would be aimed at **upscaling and replicating appropriate lessons from grant-funded initiatives**, and these could entail the use of loan funds for Sector Wide Approaches (SWAs) or more traditional projects. IFAD has begun to move in the direction of supporting SWAs in some of the countries of the region, including Tanzania and Uganda, most of which have emerged from national poverty reduction strategies. This offers the opportunity of taking crosscutting or sector-relevant innovations from grant-funded experimental projects into relevant sectors. The more traditional multi-sectoral projects offer the space for a broader set of lessons but within more limited geographical areas. Both types of projects offer the possibility of engaging partners whose support could be vital for IFAD to play a more effective role in policy dialogue.

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<sup>18</sup> A recommendation for autonomous support organizations that perform as “honest brokers” between rural communities and service delivery organizations, including government agencies and NGOs, is explained in the 2002 Sri Lanka CPE. As explained in the *Insight* associated with this evaluation, such an organization would be “a self-governing, not-for-profit body to help organize the poor, promote participation, and ultimately strive for their empowerment and for rural poverty alleviation. Management would be strictly professional, its board to include some government officials (as a minority) and others known to be politically neutral and committed to development.” An endowment fund contributed by the government and donors would cover recurrent costs. Where British law is in use, the organization may be established as a private company limited by guarantee.

## **AGREEMENT AT COMPLETION POINT**

[To be developed]



## I. OBJECTIVES, APPROACH AND METHODOLOGY

### A. Evaluation Objectives and Key Questions

1. The overall objective of this evaluation is to examine IFAD's performance and impact in decentralizing environments with reference to Ethiopia, Tanzania and Uganda. The evaluation will provide IFAD with an opportunity to reflect, together with its partners in the field, on decentralization issues and the design and implementation of relevant rural development programmes in the three countries. These objectives are addressed by aiming to answer four sets of key questions:

- (a) What is the framework of decentralization policies and programmes within which IFAD works in each country? What opportunities and challenges did it create for rural development in general, and for IFAD in particular, since the introduction of decentralization?
- (b) What strategies and interventions did IFAD introduce in its Country Strategic Opportunities Papers (COSOPs) and projects to address the opportunities and challenges presented by decentralization? What was the purpose of these strategies and interventions, and what means did IFAD provide to implement them?
- (c) What has been the institutional impact of IFAD's strategies and interventions on the project institutions at which these were aimed? In what ways have these institutions enhanced their capacity for rural poverty alleviation and utilized it to this end? What types of resource/capacity constraints did they face?
- (d) Were IFAD's strategies and interventions relevant, and did they enhance the efficiency, effectiveness, impact and sustainability of IFAD's strategic and project objectives in each country? What outcomes did IFAD help achieve through advocacy and policy dialogue?

### B. Evaluation Approach and Methodology

2. Each set of key questions was further elaborated in the Approach Paper, and this led to four clusters of key questions that are reproduced in Appendix 1. The Approach Paper, prepared in consultation with the stakeholders, was based on: (a) a preliminary review of the literature on decentralization; (b) a review of IFAD strategies and the IFAD portfolios in Ethiopia, Tanzania and Uganda; (c) a reconnaissance mission to the three countries in January 2004; and, (d) a one-day brainstorming workshop organized by the Office of Evaluation (OE). The brainstorming included two external reviewers<sup>1</sup> and helped initiate the preparation of the paper.

3. The subsequent steps of the evaluation process are outlined as follows:

- (a) In association with a junior consultant, the Evaluation Team Leader<sup>2</sup> conducted a desk review of IFAD strategies, project design and implementation covering the years since decentralization was initiated. The resulting output describes the intentions of IFAD in relation to decentralization, as articulated in the IFAD, regional and country strategies and the project design documents of the 12 selected IFAD-assisted projects mentioned below.
- (b) In consultation with the Evaluation Team Leader, and based mainly on desk research and interviews with relevant officials, three experts from the region<sup>3</sup> prepared background papers on the framework of decentralization in the three countries<sup>4</sup>. These papers describe the overall as well as rural development context of decentralization within which IFAD operations have been taking place.

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<sup>1</sup> Namely, Mr Roger Slade, former Senior Manager at the World Bank Operations Evaluation Department, and Professor James Manor of the Institute of Development Studies, Sussex. Professor Manor also participated as an external reviewer at various stages of the evaluation, including the preparation of the final evaluation report.

<sup>2</sup> Dr Tariq Husain was the Evaluation Team Leader and Mr Bruno Cozzari the junior consultant.

<sup>3</sup> The three experts were Mr Justin Maeda, Dr Ramson Mbetu and Mr Daniel Mulumba.

<sup>4</sup> In Ethiopia and Tanzania, the authors were also able to make short field visits to IFAD-assisted projects.

- (c) Led by the Evaluation Team Leader, OE fielded a mission to the three countries to develop and introduce a methodology for the preparation of self-assessment reports by each of the five projects (introduced below) that was selected for field investigation. These reports systematically introduce the perspective of government partners to the evaluators and are taken into consideration accordingly<sup>5</sup>.
- (d) Finally, OE fielded two-week evaluation missions to Tanzania and Uganda in order to evaluate IFAD's performance and impact through independent fieldwork. Each such mission consisted of a Mission Leader<sup>6</sup> (full-time) and the Evaluation Team Leader (half-time). In addition, OE conducted an interim evaluation of the project selected in Ethiopia, and the preliminary results of that evaluation have been used in the preparation of this report in lieu of a separate decentralization evaluation mission<sup>7</sup>.
- (e) The approach also included the preparation of two synthesis reports, one based on the desk reviews mentioned above and the other, the final evaluation report, that takes into account all of the preceding steps<sup>8</sup>.

4. As would be apparent from the key questions introduced above, the evaluation methodology used in this report is an adaptation of OE's *Methodological Framework for Project Evaluation* (or MFE, for short)<sup>9</sup>. The MFE, however, is a methodology for project evaluation and is not applicable in a straightforward manner to a thematic evaluation such as this. The subject of this evaluation—decentralization—has been defined (Rondinelli 1981) as “the transfer of responsibility for planning, management, and resource raising and allocation from the central government to: (a) fields units of central government ministries or agencies, (b) subordinate units or levels of government, (c) semi-autonomous public authorities or corporations, (d) area-wide regional or functional authorities, or (e) organizations of the private and voluntary sector”<sup>10</sup>.

5. Thus, decentralization, in the first instance, is about institutional change, which may then generate changes that influence the main evaluation criteria used in the MFE. What is particularly challenging in this connection is the fact that decentralization is an arrangement for service delivery and governance rather than an indicator of the welfare of beneficiaries and society. Any impact that IFAD has on decentralization would be observed, in the first instance, as an impact on the institutions engaged in service delivery. This institutional change may then generate changes in the project that could influence all of the main evaluation criteria that are normally used in the MFE (namely, relevance, efficiency, effectiveness, impact and sustainability). It is with this line of thinking that the evaluation approach focuses on the institutional impact of decentralization with key question number 3, before focusing on the MFE type of questions in key question number 4.

6. The desk review part of the evaluation included all those IFAD-assisted projects that have been approved since the mid-1990s and are not confined to a single commodity (e.g., a crop) or input

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<sup>5</sup> The projects selected from Ethiopia and Tanzania provided self-assessment reports to OE, while the projects from Uganda did not. The Ethiopia self-assessment report, however, was not in line with the methodology proposed by OE.

<sup>6</sup> The Mission Leaders were Mr Abdul Rashid Khan for Tanzania and Dr Ramson Mbetu for Uganda.

<sup>7</sup> The Ethiopia evaluation mission was led by Professor Richard Carter and included four other members.

<sup>8</sup> The final report is the responsibility of Mr Ashwani Muthoo, Senior Evaluation Officer, and Mr Fabrizio Felloni, Evaluation Officer, OE.

<sup>9</sup> “A Methodological Framework for Project Evaluation: Main Criteria and Key Questions for Project Evaluation,” EC 2003/34/W.P.3, 13 August 2003. A simplified version of the MFE was used as the methodology for the self-assessment reports.

<sup>10</sup> Within this broad definition three main forms of decentralization can be identified: (i) *de-concentration*: the transfer of some authority to lower bureaucratic levels within central government agencies; (ii) *delegation*: responsibility and resources for implementing specific tasks and delivering specific services are transferred to a public agency, a local government, a private enterprise, etc; (iii) *devolution*: local institutions have both high autonomy from the central government and high accountability to local service users.

(e.g., seed)<sup>11</sup>. This gave a total of 12 projects in the three countries that are listed below in Table 1 (together with the dates of approval). Thus, operations in the three countries consist of projects that focus typically on rural infrastructure, agricultural services and inputs, microfinance, institutional development and the development of beneficiary organizations. Cofinancing from the Belgian Survival Fund (BSF) has helped IFAD to expand beyond its traditional sectors to primary health, education and drinking water. Unlike some of the other donor agencies, IFAD has not funded dedicated technical assistance or loan programmes that would enable it to participate in national policy development and reform processes.

7. For field work, given the scope of this evaluation and the need to concentrate on key issues, five projects, including at least one in each country, were selected that met as many as possible of the following criteria:

- (a) The project should have been designed after decentralization initiatives began to emerge in the three countries, that is to say, in the period since the mid-1990s.
- (b) It is highly desirable that a project should have been on the ground for at least two or three years, so that changes envisaged to be brought about through the project could be observed.
- (c) The goal, purpose, vision or objectives should include an explicit reference to decentralization; and/or (ii) the design should assign significant responsibility for decision-making to decentralized structures.
- (d) The involvement of beneficiary organizations and/or grass-roots institutions in planning and implementation is highly desirable.
- (e) The selected projects should, as a whole, represent a diverse group of projects in terms of: (i) sectors; (ii) sources of co-financing; and, (iii) supervision arrangements.

Table 1: List of Projects Included in Desk Review Phase of Evaluation		
Ethiopia	Tanzania	Uganda
□ * Special Country Programme, Phase II (SCP II) (Dec. 1996)	□ * Kagera Agricultural and Environmental Management Project (KAEMP) (Dec. 1996)	□ * The District Development Support Programme (DDSP) (Sep. 1998)
□ The Agricultural Research and Training Project (ARTP) (Sep. 1998)	□ * Participatory Irrigation Development Programme (PIDP) (Sep. 1999)	□ Area-Based Agricultural Modernisation Programme (AAMP) (Dec. 1999)
□ Rural Financial Intermediation Programme (RFIP) (Dec. 2001)	□ Rural Financial Services Programme (RFSP) (Dec. 2000)	□ * National Agricultural Advisory Services Programme (NAADS) (Dec. 2000)
□ Pastoral Community Development Project (PCDP) (Sep. 2003)	□ Ag. Marketing Systems Development Programme (AMSDP) (Dec. 2001)	□ Rural Financial Services Programme (RFSP) (Sep. 2002)
The asterisk (*) identifies projects that were also selected for field investigation.		

8. The main features of the five projects selected for field investigation are summarized in Table 2, which also identifies aspects of particular interest to this evaluation. It should be noted that the SCP II in Ethiopia is the second phase of SCP I, which was approved in 1986 and seriously affected by the civil war; and that the DDSP in Uganda represents an expansion and consolidation of the Hoima/Kibaale Districts Integrated Community Development Project (HKDICDP), which was approved in 1990 and implemented during a period of wide-ranging reforms.

<sup>11</sup> It is recalled that IFAD's strategy conceives decentralization as a framework for poverty alleviation. Single-commodity and single-input projects are not as closely aligned with IFAD's poverty reduction focus as the multi-sectoral or area-based projects that represent the norm at IFAD in recent years.

Table 2: Highlights of Projects Selected for Field Investigation

<b>Project</b>	<b>Administrative Information</b>		<b>Sectors</b>	<b>Significance for Thematic Evaluation</b>
<b>Ethiopia:</b> Second Country Programme, Phase II	<i>Approval:</i>	<i>Dec 1996</i>	<ol style="list-style-type: none"> <li>1. Small-scale irrigation (representing almost half the project investment)</li> <li>2. Agricultural support including support services, soil conservation, seed production and women's vegetable gardens</li> <li>3. Institutional support, including a small community development fund</li> </ol>	<ol style="list-style-type: none"> <li>1. Emphasis on WUAs for planning, managing and sustaining irrigation infrastructure.</li> <li>2. Implementation is through regional and lower tiers of administration.</li> </ol>
	<i>Completion:</i>	<i>2005</i>		
	<i>Cofinancing:</i>	<i>Ireland</i>		
	<i>Supervision:</i>	<i>UNOPS</i>		
<b>Tanzania:</b> Kagera Agricultural and Environmental Management Project	<i>Approval:</i>	<i>Dec 1996</i>	<ol style="list-style-type: none"> <li>1. Agricultural development, including seed, planting material and input supply</li> <li>2. Environmental management</li> <li>3. Rural infrastructure including water supply, health facilities and access roads</li> </ol>	<ol style="list-style-type: none"> <li>1. Implementation is through government departments at the district level and involves private sector, NGOs and villagers.</li> <li>2. Technical and specialist staff at the regional level provide implementation support.</li> <li>3. Overall responsibility for project management is with the Regional Administrative Secretary.</li> </ol>
	<i>Completion:</i>	<i>2003</i>		
	<i>Cofinancing:</i>	<i>BSF</i>		
	<i>Supervision:</i>	<i>UNOPS</i>		
<b>Tanzania:</b> Participatory Irrigation Development Programme	<i>Approval:</i>	<i>Sep 1999</i>	<ol style="list-style-type: none"> <li>1. Small-scale irrigation</li> <li>2. Agricultural extension</li> <li>3. Market access roads</li> <li>4. Some marketing, savings and credit</li> </ol>	<ol style="list-style-type: none"> <li>1. District Steering Committees are in charge of coordination at district level.</li> <li>2. District Councils are given 13% of project budget and training.</li> <li>3. Involvement of WUAs, marketing, savings and credit groups.</li> </ol>
	<i>Completion:</i>	<i>2005</i>		
	<i>Cofinancing:</i>	<i>Ireland, WFP</i>		
	<i>Supervision:</i>	<i>UNOPS</i>		
<b>Uganda:</b> District Development Support Programme	<i>Approval:</i>	<i>Sep 1998</i>	<ol style="list-style-type: none"> <li>1. Rural finance</li> <li>2. Health and nutrition</li> <li>3. Water and sanitation</li> <li>4. Rural roads</li> <li>5. Agricultural development</li> </ol>	<ol style="list-style-type: none"> <li>1. Enhanced local governance is one of the project objectives.</li> <li>2. Implementation through Ministry of Local Government and 5 district governments.</li> <li>3. NGO involvement in some sectors.</li> </ol>
	<i>Completion:</i>	<i>30 June 2004</i>		
	<i>Cofinancing:</i>	<i>BSF</i>		
	<i>Supervision:</i>	<i>IFAD</i>		
<b>Uganda:</b> National Agricultural Advisory Services Programme	<i>Approval:</i>	<i>Dec 2000</i>	<ol style="list-style-type: none"> <li>1. Agriculture and livestock</li> <li>2. Advisory and information services</li> <li>3. Technology testing and market-linkage development</li> <li>4. Community development, institutional management and capacity building</li> <li>5. Private sector institutional development and technical auditing of service providers</li> </ol>	<ol style="list-style-type: none"> <li>1. Implementation is through Ministry of Agriculture, Animal Industries and Fisheries and has national coverage</li> <li>2. Involvement of Inter-Ministerial Policy Committee for matters relating to project.</li> <li>3. Significant component for community mobilization.</li> </ol>
	<i>Completion:</i>	<i>31 Dec 2008</i>		
	<i>Cofinancing:</i>	<i>IDA, others</i>		
	<i>Supervision:</i>	<i>IFAD</i>		

## II. COUNTRY CONTEXT OF EVALUATION

### A. The Socio-economic Context

9. The three countries included in this evaluation represent markedly different contexts for IFAD's operations, even though rural poverty is a serious and common problem among them. They have a combined population of more than 125 million, out of which Ethiopia accounts for more than 50% (Table 3 presents selected comparative data for the three countries). The annual per capita incomes vary from USD 100 in Ethiopia to USD 280 in Tanzania. Uganda has had the fastest growing economy among the three countries and made the greatest progress in relation to the MDG of eliminating extreme poverty and hunger. All three countries, however, have experienced faster economic growth than the average for low-income countries as a whole.

10. Uganda's relatively superior economic performance is matched by its overall human development situation: it has the highest Human Development Index (HDI) value among the three countries. (This and other human development indicators for the three countries are presented in Table 4). Uganda leads the table in terms of the health indicators, while Tanzania leads in literacy. Both Tanzania and Uganda fare better than low-income countries as a whole in terms of their literacy rates.

11. All three countries, however, are confronting challenges that few among the developing countries face with such severity. Notable among these are the following:

- (a) The people, societies and economies of Ethiopia and Uganda have been devastated by many years of dictatorship and civil war, while Tanzania has suffered from the economic, environmental and social consequences of conflict in neighbouring countries. Insurgency and conflict retain a potential in or around these countries for creating large-scale disruption.
- (b) Poverty continues to be a serious and widespread problem that both stems from and contributes to other socio-economic problems. In Ethiopia, 44% of the people live below the basic needs poverty line (World Bank CAS for Ethiopia, 2003). In Tanzania and Uganda, 39% of the rural people are considered poor (2003 Tanzania COSOP and 2004 Uganda COSOP).
- (c) The effects of the HIV/AIDS epidemic have been debilitating not only for human life and health but also in terms of economic growth and long-term social costs. The 2003 World Bank CAS for Ethiopia estimates that the epidemic is costing the country one percentage point of economic growth, each year, "and unless reversed, could erode the recent development gains." The 2004 Uganda COSOP counts the cost in terms of "loss of time and resources among the many families that care for the ill and the children orphaned by the disease; reduced supply of labour and investment resources; and a rising number of orphaned children."
- (d) As in many other countries of Africa, women's lives represent a harsher reality than men's, whether viewed in economic or any other terms. Wide gender disparities persist in terms of almost all economic and human development indicators, as well as in relation to social and legal status and participation in politics and development.
- (e) Given the background described above, it is not surprising that extending the rule of law adequately to human rights and corruption continues to challenge the people and governments of these countries, as well as the countries and international organizations that have to relate to them from time to time.

12. Similarities and differences in the socio-economic domain mean that this evaluation is particularly challenged by its cross-country nature. And it is challenged, in the final analysis, because it has to consider three different countries through the lens of decentralization and what it means to IFAD. It is in this context perhaps that the three countries appear so different from each other, as the following section illustrates.

	Population in millions	Annual growth rate (%) of Gross Domestic Product	Annual per capita income in USD	Purchasing power parity per capita income in USD	Share of poorest quintile in national income or consumption	Prevalence of child malnutrition, % of children under five
	2002	2001-2002	2002	2002	1987-2001	2001
Ethiopia	67 <sup>1</sup>	5.0 <sup>1</sup>	100 <sup>1</sup>	720	2.4	47
Tanzania	35 <sup>2</sup>	5.8	280 <sup>2</sup>	550	6.8	29
Uganda	23 <sup>3</sup>	6.3	250 <sup>3</sup>	1,320	7.1	23
World		1.7	5,080	7,570	n.a.	n.a.
Low income		4.1	430	2,040	n.a.	n.a.
<i>Source: World Bank, World Development Report 2004.</i>						
Notes:						
<sup>1</sup>	The World Bank Country Assistance Strategy (CAS) for Ethiopia, 2003, observes that: (a) population is growing at the rate of 2.4% per annum; (b) the current drought will push growth significantly below the 10-year average of 5.8%; and (c) the per capita income is one-fifth the average for Sub-Saharan Africa.					
<sup>2</sup>	The 2003 Tanzania COSOP reports that: (a) the population is growing at the rate of 3.1% per annum; and, (b) the per capita income is USD 270.					
<sup>3</sup>	According to the 2004 Uganda COSOP: (a) "The 2002 census estimated the population at 24.7 million" with an annual growth rate of 3.4%; and (b) "The per capita gross domestic product (GDP) stands at USD 239."					

	Life expectancy at birth (years)	Adults living with HIV/AIDS (%age 15-49 years)	Infant mortality rate (per 1,000 live births)	Maternal mortality ratio (per 100,000 live births)	Adult literacy rate (%age 15 years and above)	Youth literacy rate (%age 15 – 24 years)	HDI value out of 1.000	HDI rank out of 175
	2001	2001	2001	1985-2001	2001	2001	2001	
Ethiopia	45.7 <sup>1</sup>	6.41 <sup>1</sup>	116	870	40.3	56.2	0.359	169
Tanzania	44.0	7.83	104 <sup>2</sup>	530	76.0	91.1	0.400	160
Uganda	44.7 <sup>3</sup>	5.00 <sup>3</sup>	79 <sup>3</sup>	510	68.0	79.4	0.489	147
World	66.7	1.20	56	n.a.	n.a.	n.a.	0.722	
Low income	59.1	2.10	80	n.a.	63.0	75.9	0.561	
<i>Source: UNDP, Human Development Report 2003.</i>								
Notes:								
<sup>1</sup>	According to the World Bank CAS for Ethiopia, 2003: (a) life expectancy was 42 years in 2000 and could drop by 10 years by 2014 if the infection rate continues unchecked; and (b) Ethiopia ranks third (after India and South Africa) in terms of absolute numbers infected.							
<sup>2</sup>	The 2003 Tanzania COSOP reports an infant mortality rate of 93 in the year 2000.							
<sup>3</sup>	According to the 2004 Uganda COSOP: (a) life expectancy was 49 years in 1988 and had gone down to 40 years by 1996; (b) the HIV/AIDS adult prevalence rate was 30% in 1986; and (c) the infant mortality rate is 97 per 1,000 live births.							

## B. The Driving Forces for Decentralization: An Overview

13. Ethiopia stands out because it experienced years of civil war, the end-result of which was the overthrow of a military regime (*Derg*) in 1991, the creation of two countries out of one, and the adoption, in 1995, of a constitution that established a federation of nine ethnicity-based regions and two administrative areas (Addis Ababa and Dire Dawa). Along the way, Ethiopia experienced, first, a quasi-feudal monarchy and then, from 1974 to 1991, a Marxist-socialist state dominated by central planning, state ownership and control under the Mengistu dictatorship<sup>1</sup>. Together with Nigeria and Pakistan, Ethiopia is unique in that it adopted federalism so emphatically only after a civil war, which, in Ethiopia and Pakistan, led to the break up of the original state.

14. Ethnicity and regional autonomy were central to the struggle against dictatorship, and the Ethiopian People's Revolutionary Democratic Front (EPRDF) that defeated the *Derg* regime responded with the creation of a federal state structure through the 1995 constitution. Observers consider this to be the first wave of decentralization in Ethiopia. The government acted decisively to transfer vast service delivery responsibilities to the regional states, institute a system of formula-driven, equity-based subsidies to the regions, and redeploy over 300,000 personnel to the regional executives<sup>2</sup>. If the experience of other countries is any guide, however, it will take a long time before legislative, administrative and financial measures such as these culminate in a well-functioning federation.

15. Meanwhile, Ethiopia has pressed on with a second wave of decentralization that emerged after the EPRDF coalition was re-elected in 2000 and faced "vigorous political dissent centred around criticism of the Government's policies on liberalization and globalization and its conciliatory attitude towards Eritrea"<sup>3</sup>. In response, "One of the most decisive and significant actions of the Government has been to embark on a programme of rapid devolution. The explicit goals of decentralization are to bring government closer to the people, give political representation and voice to the diverse ethnic groups, and make governance and resource allocation sensitive to local needs and preferences"<sup>4</sup>. Thus, in the second phase of decentralization, starting in 2002, there has been massive devolution of finances and staff from the regional executives to *woredas* (districts). A large proportion of the regional subsidies (in some cases, 60-80%) have been transferred to *woredas* in the form of formula-based "block" grants (which are predominantly equity-driven)<sup>5</sup>. And the regions have amended their own constitutions in order to "give more power to *woredas* for greater democratic decentralization" (Mbetu 2004)<sup>6</sup>.

16. Political forces of the kind that have propelled Ethiopia towards federalism and devolution have been largely absent from Tanzania's long and varied experience with decentralization. Indeed, Tanzania appears unique because of its cohesion, the variety of its experiences with decentralization, and the long timeframe it has set for achieving its decentralization objectives. As in many other former British colonies, Tanzania's modern experience with decentralization includes a long period of what was called "indirect rule." According to a team of Tanzanian lawyers, this meant that "the colonial bureaucracy acted politically but pretended to give power to the indigenous people to control their localities" (Mniwasa and Shauri 2001). Landmark legislation during the colonial period included the Native Authority Ordinance of 1926, the African Chiefs' Ordinance of 1953 and the Local Government Ordinance of 1953. The latter introduced an electoral process at the local level.

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<sup>1</sup> Ethiopia COSOP, 1999.

<sup>2</sup> World Bank CAS for Ethiopia, 2003.

<sup>3</sup> *ibid.*

<sup>4</sup> *ibid.*

<sup>5</sup> *ibid.*

<sup>6</sup> The regional states are divided into 66 zones, which, prior to the recent reorganization, had their own administrative councils and strong coordination roles *vis-à-vis* the districts. They now stand abolished as tiers of government and are only branches of the regional executive administration, with the exception only of special zones for specific ethnic groups in certain regions (Mbetu 2004).

17. After independence in 1961, the country's ruling party—the Tanganyika African National Union (TANU)—integrated the local government system into the government and the party<sup>7</sup>. It repealed the African Chiefs' Ordinance of 1953 and abolished the roles and functions of the chiefs. In 1965, it decreed that all local councilors had to be members of TANU. Starting in 1969, village development committees were replaced by Ward Development Committees (WDCs), and division executive officers were replaced by division secretaries of TANU, who then became party and government heads in their areas. The absence of competitive politics and the centralization of power dominated the first decade after independence and influenced the government's approach to local institutions.

18. These influences continued during the decade starting 1972, when the central government delegated decision-making over local-level planning to its district organs. This was a period of deconcentration, when “District plans were developed based on national planning and funding guidelines set by the central government every year. [These plans] were consolidated at the Regional/Provincial level before being forwarded to the Prime Minister's Office for national consolidation and funding by the Parliament” (Maeda 2004). At the same time, the Decentralization of Government Administration (Interim Provisions) Act of 1972 “abolished local government authorities. Much larger District Development Councils and Regional Councils<sup>8</sup> were formed ... The said law also removed local representative councils and increased the ruling party's power by providing over-riding power to TANU leadership and government bureaucrats” (Mniwasa and Shauri 2001).

19. Following up on its 1980 elections promise, the ruling party, namely, Chama Cha Mapinduzi (CCM), re-introduced local governments in 1982 and gave them constitutional coverage (through Act No. 15) in 1984. Moreover, “The introduction of the Bill of Rights (in 1985) and multi-party democracy (in 1992) in the Constitution of the United Republic of Tanzania of 1977 expanded the potential space for the respect of human rights, basic freedoms, rule of law, political transparency and good governance” (Mniwasa and Shauri 2001). Another incentive for change undoubtedly came from the popular perception of local governments being corrupt and inefficient<sup>9</sup>. Building on these gains and perceptions, Tanzania embarked upon the path of devolution with renewed vigour during the mid-1990s. The policy was enacted through the Regional Administration Act of 1997, which provided the legal basis for decentralization; initiated a process of transferring the roles, functions and employees of regional administrations to local authorities; and allowed for local government councils to be elected democratically through universal adult suffrage. An ambitious and wide-ranging Local Government Reform Programme (LGRP) was launched in 1999 to address the challenges of decentralization comprehensively over a period of about 12 years<sup>10</sup>.

20. Unlike Tanzania, and even more than Ethiopia, Uganda has moved rapidly from an extremely centralized state to a comprehensive decentralized system in recent years. Before this turnaround, administration was relatively decentralized at the time of independence in 1962, but the 1967 constitution and the Local Administrations Act of 1967 centralized powers and weakened local government (Mulumba 2004). Subsequently, 15 years of political strife, economic mismanagement, civil wars, mass emigration and mass murder (1971 - 1986) left the country devastated. In 1986 the National Resistance Movement (NRM) captured Kampala and formed a government that remains in power to this day.

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<sup>7</sup> This paragraph is based on Mniwasa and Shauri 2001.

<sup>8</sup> There are 26 regions in Tanzania, 21 in the Mainland and five in Zanzibar.

<sup>9</sup> Quoting Therkildsen 1993, Ribot 2002 reports, “In Tanzania, local governments are widely viewed as ‘corrupt, inefficient, and a waste of time—and ‘foreign’. At that time, local political leaders had no control over their top executives, who were appointed by central government.

<sup>10</sup> The LGRP probably did not foresee a 12-year time span when it was initiated in 1999. The evaluation mission, however, was informed that the programme is slated for completion by 2011 (meeting with Alfred Kabagire, Programme Manager, LGRP, President's Office, United Republic of Tanzania, 5 April 2004).

21. The NRM, initially a military grouping, drew its strength from local Resistance Councils. On taking power as a political government, the NRM began to evolve and so did the Resistance Councils. In 1987 the Government enacted the Resistance Councils and Committees Statute, which transferred authority to plan, make decisions and provide services to the local levels, albeit, under the leadership of the Resistance Councils. The 1995 Constitution consolidated and extended the decentralization process and, at the same time, enhanced its democratic credentials. It states (in Article 176(2)(b) and (c)) that "... decentralization shall be a principle applying to all levels of Local Government and in particular, from higher to lower local government units to ensure people's participation and democratic control in decision-making; the system shall be such as to ensure the full realization of democratic governance at all local government levels ... " Following the promulgation of the Constitution, a new Local Governments Act was enacted in 1997; it is now the guiding law for implementing decentralization (Mulumba 2004).

22. By all accounts, local government reform has proceeded faster in Uganda than in other developing countries, including Ethiopia and Tanzania. As in other settings, however, the devolution of power to local levels in Uganda may not to be an inexorable process, mainly because the compulsions for centralization remain strong. The strongest compulsion, ironically, is that of nation building in a country populated by diverse ethno-linguistic groups, where the question of federalism has been resolved in constitutional terms but remains, nevertheless, a potent issue among certain segments of the population and the political leadership. The irony is most vivid when seen in comparison with Ethiopia, where federalism became entrenched as part of the constitution only after the issue was resolved through civil war: in Uganda, civil war has led to the point of view that the combination of powerful central and local governments can resolve competing ethnic claims better than a loose federation<sup>11</sup>. From the point of view of Ethiopia, the irony is that federating units in developing country states seek autonomy only or mainly for themselves, and the development of local government is invariably slowed down or stifled in the process.

### **C. Country Goals and Objectives for Decentralization**

23. Put simply, decentralization with all its variants is a function of the vision and confidence with which a government approaches nation building. As Crook 2003 observes, "Different governments have different political purposes and motives for introducing decentralization. These intentions are embodied in the structure and form of decentralization, or, more subtly, are revealed in how the system functions after it is introduced." Thus, a government's intentions can be seen in a number of ways, including its stated objectives or goals, the interpretation of policy by government officials at different levels, the assignment of the rights and responsibilities of governance, the operational policies and procedures governing decision-making, and the structure and resources placed at the disposal of local authorities.

24. The point of departure is goals and objectives. This section outlines government goals and objectives for decentralization as responses to the compulsions of statecraft and nation building. There are, in addition, stated objectives that are found either in published documents or in the interpretations articulated verbally by policy makers. Objectives for decentralization are also often related to development objectives such as service delivery, poverty alleviation, area development and so on. These objectives and relevant plans are mentioned wherever relevant.

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<sup>11</sup> Crook 2003 observes: "In Uganda, decentralization was not intended to assuage ethnic nationalisms, but on the contrary to cut across and fragment important geo-political areas. Combined with a powerful Presidency and a 'no-party' ruling national 'movement', decentralization has been a device for consolidating central power by enabling the President to manipulate and fragment rival ethnic claims, and head off demands for a multi-party system. It is no accident that the trend for minorities at the district level to demand creation of new sub-districts has been encouraged by central government."

25. In Ethiopia, “The explicit goals of decentralization are to bring government closer to the people, give political representation and voice to the diverse ethnic groups, and make governance and resource allocation sensitive to local needs and preferences” (World Bank CAS for Ethiopia, 2003). Decentralization is linked explicitly to the government’s Sustainable Development and Poverty Reduction Programme (SDPRP), the overarching objective of which is to reduce poverty by enhancing rapid economic growth while at the same time maintaining macro-economic stability<sup>12</sup>. The four pillars of SDPRP are: Agricultural Development Led Industrialization and food security; governance, decentralization, and empowerment; reform of the justice system and the civil service; and capacity building. Moreover, a national umbrella programme called the Public Service Delivery Capacity Building Programme aims to support institutional transformation at the federal, regional, and local levels.

26. According to Mniwasa and Shauri 2001 (quoting the LGRP Report of 1999), a very different policy statement leads the decentralization initiative in Tanzania, where the stated goal is to “improve the quality of and access to public services provided through or facilitated by local government authorities”. The afore-mentioned LGRP report elaborates “that the goal will be achieved through the reorganization programme and will have two components: (i) a shift of responsibility for managing and providing services from central to local authorities (districts); and, (ii) increase efficiency by reorganizing the district administration and allowing the councils greater freedom in organization their activities and managing their personnel.” Policy makers have also mentioned the idea of inclusive governance as an expectation associated with decentralization<sup>13</sup>. Moreover, decentralization is linked, directly or indirectly, to a number of broad poverty reduction initiatives as well as the Tanzania Development Vision 2025<sup>14</sup>.

27. In Uganda too there is a broad official rationale for decentralization, “defined as the transfer of planning, decision-making and administrative authority from the central government to regional branch offices, local governments, and/or non-governmental organizations” (Mulumba 2004). The goals and objectives of decentralization include: giving people a greater chance to participate in development planning, decision-making and implementation; improving the efficiency and co-ordination of services at the local level; enabling voters get to know and challenge policy makers as well as corrupt and inefficient officials; encouraging localities to come up with innovative means of resource mobilization and management; and encouraging a mutual and equitable approach to solving local problems. Objectives linked to decentralization are found in the Poverty Eradication Action Plan, the Plan for the Modernisation of Agriculture and the Poverty Action Plan. Not surprisingly, as districts are now responsible for the entire range of local development services, government functionaries perceive the benefits of decentralization in terms of their own operational interests, which are sectoral as well as cross-cutting<sup>15</sup>. Unlike many other countries, however, Uganda has also sought to address the gender balance in representation by guaranteeing at least one-third of the local council seats to women (while the proportion in Tanzania is 25%, which is also high by developing country standards)<sup>16</sup>.

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<sup>12</sup> However, as pointed out by James Manor, external reviewer for this evaluation, decentralization seldom does much to promote rapid economic growth.

<sup>13</sup> Evaluation mission meeting of 5 April 2004 with Ben Kasege, Outcome Manager (Governance), and Habraham Shamumoyo, Outcome Manager (Legal), President’s Office, United Republic of Tanzania.

<sup>14</sup> This vision calls for Tanzania’s graduation from a least-developed country to a middle-income country by 2025 with a high level of human development. It provides the foundations for a whole series of reforms (including the LGRP) that are currently underway in Tanzania.

<sup>15</sup> For example, harmonizing donor assistance with government priorities; targeting and empowering the poor, women and youth; introducing participatory planning, contracting and monitoring; improving farm productivity; and managing natural resources.

<sup>16</sup> In Ethiopia, out of the 1,755 seats in the Regional Parliaments only 218, or 12%, are occupied by women. The ratio ranges from just over 1% in the Somali Region to 28% in Tigray. Women’s representation at the *woreda* level appears to be at least as low.

28. The international donor community has been highly supportive of decentralization in all three countries, and the general assessment is that it will take many years for decentralization to attain its potential. Most of the donors have been extending project assistance as well as engaging in policy dialogue. While the World Bank is the major player in most respects, other multilateral agencies as well as the bilateral ones have also played key roles in capacity building and policy reform (and in the latter, most have been more active than IFAD). Increasingly, donors are pooling resources and coordinating their programmes through Sector Wide Approaches (SWAs), and IFAD is also part of this trend. Some donors, however, have taken the position that a high percentage of their support would be channelled through SWAs, but bilateral projects and NGOs would also be funded side by side. In one variant of this (Ireland, in Uganda), projects are important for working out and testing new approaches that can then be upscaled and mainstreamed through SWAs. Bilateral support is also emerging for associations of local governments, which represent a platform for lobbying, sharing experiences and strengthening decentralization.

### III. DECENTRALIZATION IN IFAD STRATEGY AND PROJECT DESIGN

#### A. Overall IFAD and Regional Strategy in Relation to Decentralization

29. The country context described in this report represents one important point of departure for this evaluation, and the way IFAD approaches decentralization (described in this chapter) represents another. While IFAD works within a strategic framework that devolves from its mandate for rural poverty alleviation, national governments pursue decentralization for broader political and socio-economic objectives. Many of the governments attract support from members of the international development community for whom decentralization is a development objective. Unlike these donors, however, IFAD views decentralization not as an objective in itself but as a means to an end<sup>17</sup>.

30. More specifically, IFAD's assessment of rural poverty recognizes that decentralization could, under certain conditions, provide opportunities for the rural poor. This emerges from the very first page of the *The Strategic Framework for IFAD 2002 – 2006*, in the following words: “Global interdependence, decentralization and rapid development of civil-society organizations present many opportunities, ***provided the rural poor can influence the institutions, policies and decisions that affect their lives.***” It is the second (emphasis-added) part of this statement that presents IFAD and its partners with a monumental challenge. *The Strategic Framework* acknowledges this challenge in a number of ways in elaborating IFAD's three strategic objectives and the two domains through which it aims to generate catalytic impact.

31. IFAD's strategic objectives are stated to be: (i) strengthening the capacity of the rural poor and their organizations; (ii) improving equitable access to productive natural resources and technology; and, (iii) increasing access to financial services and markets. While the second and third objectives relate directly to the assets and incomes of the poor, the first objective is more or less a prerequisite for addressing the other two objectives successfully. *The Strategic Framework* calls for supporting these objectives by generating catalytic impact through field operations as well as policy dialogue and advocacy on behalf of the rural poor. The following statements in *The Strategic Framework* help understand the emphasis that IFAD places on organizing the poor, and the way this relates to decentralization and service delivery:

- IFAD works with many different types of poor people's organizations (e.g., traditional village and sub-village work groups, small self-help groups, water users' associations and farmer cooperatives). Building their capacities ... is critical for effective poverty reduction: in its absence, investments in social and economic infrastructure will invariably fail to deliver

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<sup>17</sup> Although this statement is correct in relation to all the relevant strategy documents, a very small number of IFAD-assisted projects present decentralization as an objective or a goal.

sustainable benefits. Investment programmes ... need to maximize the participation of poor women and men and other stakeholders in the planning, implementation and monitoring.

- IFAD will also work to strengthen the capacity of local and national governments so they can be more effective in responding to the needs of the rural poor. This will involve developing and promoting processes that increase the accountability and transparency of rural service delivery within decentralized decision-making frameworks.
- IFAD's goal is to enable the rural poor and their organizations to influence institutions (including policies, laws and regulations) of relevance to rural poverty reduction.

32. Clearly, *The Strategic Framework* views decentralization as a framework within which governments can respond more effectively to the needs of the rural poor, in particular, by increasing the accountability and transparency of rural service delivery. It also suggests, however, that this expectation can be met only if poor people are organized, if they participate in the project cycle, if they have the means to influence institutions and if governments assist them actively in these endeavours.

33. The IFAD *Regional Strategy Paper for Eastern and Southern Africa*, finalized in March 2002, is built around three cross-cutting principles, four means for addressing its catalytic role and four strategic thrusts for programming. Box 1 summarizes these over-arching elements of the strategy for ease of reference. Support for decentralization is invoked as part of the third principle, which states, "... the best guarantee that public policy and institutions will effectively facilitate the efforts of rural poor people to work themselves out of poverty is to ensure democratic **accountability** of governments."<sup>18</sup>

<p><b>Box 1:</b> <b>Over-arching Elements of IFAD Regional Strategy</b></p> <p><i>Cross-cutting principles:</i></p> <ul style="list-style-type: none"> <li>▫ Targeting: (a) focus where the greatest numbers of poor people live and farm; (b) within rural communities, identify who are the poor.</li> <li>▫ Invest in empowerment of rural poor to increase their productivity and assets.</li> <li>▫ Ensure the democratic accountability of governments. Support decentralization.</li> </ul> <p><i>Means for playing a catalytic role:</i></p> <ul style="list-style-type: none"> <li>▫ direct investment through projects, programmes and grants for innovation</li> <li>▫ building partnerships</li> <li>▫ policy dialogue</li> <li>▫ knowledge-sharing</li> </ul> <p><i>Strategic thrusts:</i></p> <ul style="list-style-type: none"> <li>▫ promoting efficient and equitable market linkages</li> <li>▫ developing rural financial systems</li> <li>▫ improving access to and management of land and water</li> <li>▫ creating a better knowledge, information and technology system</li> </ul>
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34. In furtherance of this principle, "Decentralization ... offers the poor the potential to exercise more direct influence over the factors that shape their lives. The Fund's contribution here will be twofold: supporting decentralized public structures to ensure they have the human and material resources to handle local demands; and supporting the rural poor by building their capacity to exercise greater influence over local and national public institutions." In addition, Box 1 as well as *The Strategic Framework for IFAD* implies that IFAD's support for decentralization would be provided through some combination of what it takes to embrace a catalytic role, including policy dialogue. It also suggests that identifying the poor in rural communities would be one of the steps leading to their empowerment, welfare and voice in the process of accountability.

## B. Decentralization and Related Concerns in the IFAD Country Strategies

35. To varying degrees, the strategic directions outlined above are also reflected in the IFAD COSOPs for the three countries, in all of which decentralization is recognised as an issue of

<sup>18</sup> But a 1999 review of IFAD experiences with decentralization in Eastern and Southern Africa (G. Howe in *IFAD Update*, No. 6, September 1999) appears to use the words "accountability" and "answerability" interchangeably. Quoting Brinkerhoff 2001, Ribot 2002 differentiates between two aspects of accountability, namely, answerability and enforcement, noting that the latter "is the ability to oversee actors and apply sanctions when they give unsatisfactory answers."

importance for IFAD. More specifically, the 1998 Uganda COSOP signals the mainstreaming of IFAD assistance within decentralized structures by noting, “To the extent possible project activities supported by IFAD would continue to be integrated into the development plans and programmes of District Local Governments.” Support for strengthening decentralization and promoting beneficiary participation constitutes an important strategic thrust in this COSOP.

36. Similarly, but within a different context, the 1999 Ethiopia COSOP draws the lesson that “early and full integration of project co-ordination, management and implementation arrangements into the decentralized federal and regional institutional framework is critical for success and sustainability.” In support of decentralization, this COSOP “calls for institutional capacity building particularly at the grassroots, district (*woreda*) and zonal levels with a view to ensure effective programme planning, co-ordination, management and implementation.” The 2004 Uganda COSOP, however, takes a more focused aim at capacity building: it highlights the need to “raise the ability of decentralized systems of governance and public services to identify and respond to constraints on rural poverty reduction” as one of the four major thrusts for IFAD.

37. The 1998 Tanzania COSOP addresses policy dialogue and also includes short and incisive analyses of centralization and decentralization that are particularly important from IFAD’s perspective. It notes, on the one hand, that centralized decision-making was responsible for inordinately long implementation delays, and offers, on the other hand, a broad rationale for decentralization as an aid to development. The subsequent (2003) COSOP comments on the “limited progress made on decentralization and devolution of financial, fiscal and administrative responsibilities to local authorities” and identifies decentralization as an area for continuing policy dialogue. The 2004 Uganda COSOP includes a local government taxation issue as well as other issues in the agenda for policy dialogue. And it notes that IFAD will mobilize a full-time, local representative in Kampala as part of the Field-Presence Pilot Programme approved by IFAD’s Executive Board in December 2003, in order to “enhance the Fund’s in-country effectiveness and especially its contribution to policy dialogue, partnership development, knowledge management and institutional development” in areas related to the Plan for the Modernization of Agriculture (PMA).

38. Given the different country contexts, it may not be surprising that the COSOPs differ in the importance they assign to decentralization and what IFAD might do for strengthening it. Differences in country context, however, do not explain why only the Tanzania COSOPs identify decentralization broadly as an area for policy dialogue, or why only one COSOP (namely, Uganda 2004) highlights the need to strengthen the poverty orientation of local governments and participate in a policy dialogue on mobilizing local resources through service users and local governments<sup>19</sup>.

39. Gender concerns are also treated unevenly in the five COSOPs. The two Tanzania COSOPs are particularly sensitive to gender concerns and present specific analyses and directions for addressing these. The 1998 COSOP is unique in its attention to criteria for targeting women headed households. The other COSOPs also chart out strategies or approaches for the development of women, though the Ethiopia COSOP is set apart by the fact that it does not use the word “gender” anywhere.

40. The issue of targeting the poor, as stated in the principles of the regional strategy, has at least two dimensions, namely, targeting the most appropriate geographical areas and identifying the poor within rural communities. Both the COSOPs for Tanzania as well as the 1998 Uganda COSOP draw upon nation-wide statistics that help identify geographical areas for a targeted approach to poverty reduction. The Uganda COSOP considers district-level human poverty indicators for this purpose, while the Tanzania COSOPs use rural household data for comparisons across farming systems. The Tanzania COSOPs also benefit from data on the gender dimension of poverty. Reflecting perhaps the

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<sup>19</sup> The 1999 COSOP responded to regionalization and decentralization by emphasizing that implementation will be through the new structures, but it omitted any mention of policy dialogue. This was a critical time when the 1995 constitution was already in force and local governance was in a state of flux.

absence of similar data, the 1999 Ethiopia COSOP calls for “comprehensive baseline surveys or socio-economic and production systems studies” that would help “enhance targeting, empower rural communities, and develop performance monitoring systems.”

41. Lack of attention to identifying the poor within rural communities is perhaps the most surprising omission from the COSOPs: none of the five COSOPs elaborate upon this aspect of targeting. Only oblique references are found, and the most relevant of these include the following:

- “Targeting would be carried out using appropriate NGOs contracted under the project” (this is stated in one of the project profiles appended to the Tanzania COSOP of 1998).
- A specific IFAD objective, within support for Uganda’s general development objectives, will be to assist in the development of national and local-level capacities to respond to concrete requirements of active, poor men and women<sup>20</sup> (Uganda COSOP, 2004).
- “... certain essential instruments need to be embedded in the institutional structure of local government [for] ... establishing proper mechanisms such as targeting, empowerment and governance” (Tanzania COSOP, 2003).

42. The 2003 Tanzania COSOP is unique in that it includes an appendix (Appendix VI) that reproduces the entire Agreement at Completion Point (ACP) that was reached at the conclusion of the Country Programme Evaluation (CPE). The ACP included two sets of recommendations for identifying and reaching the poor, and these are reproduced here in Appendix II. The main part of the COSOP, however, completely ignores these recommendations, while acknowledging the CPE contributions to other issues.

### **C. Relevant Aspects of the Design of Selected Projects**

43. The strongest feature of project design in the three countries is the inclusion of community organizations in implementation and the funding that IFAD provides for working with these organizations (see Table 5, which is a checklist based overview of relevance of the 12 projects under review). Implementation through existing decentralized structures is also a particularly strong feature of these projects, most of which provide funds not only for service delivery but also for strengthening the capacity of new or emerging government structures. There is little evidence, however, that IFAD assistance was aimed at developing the capacity of the elected institutions of local government, as opposed to the civil service.

44. The empowerment of the poor is highlighted as a specific objective in only two projects<sup>21</sup>, neither of which is aimed at decentralization or local governance. Moreover, project design also lacks attention to targeting, as defined in the *Regional Strategy Paper*: none of the 12 project designs appears to have mechanisms in place for “identifying the poor in rural communities” as required by the regional strategy or by effective initiatives for poverty alleviation. Only one project lists policy dialogue or policy reform as an objective, and only two provide funds for this purpose<sup>22</sup>. None of the IFAD-assisted projects provide funds for policy dialogue in Uganda, where decentralization is, by all accounts, proceeding more rapidly than in the other two countries.

45. There can be little doubt that a dialogue on operational policies does take place, mainly during project formulation and loan negotiation, but also during implementation, particularly when a project goes through a mid-term review. In general, however, the advocacy of pro poor interventions and policies is an oblique rather than explicit feature of project design. And policy dialogue at the

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<sup>20</sup> The term “active poor” seems to be unique to Uganda, where project officials explain that those who join project activities are the active poor, while those who are not thus engaged are the inactive poor.

<sup>21</sup> Rural Financial Services Programme and Agricultural Marketing Systems Development Programme, both in Tanzania.

<sup>22</sup> Pastoral Community Development Project in Ethiopia and Agricultural Marketing Systems Development Programme in Tanzania; the latter includes policy reform as a project objective.

Table 5: Decentralization, Empowerment and Policy Dialogue in Project Design

Name of Project	Decentralization listed in:		Empowerment listed in:		Policy dialogue listed in:		Implementation includes:			Funds provided for:		
	Goal or Purpose	Objectives	Goal or Purpose	Objectives	Goal or Purpose	Objectives	Local governments	NGOs	Community organizations	Community organizations	Local governments	Policy dialogue
<b>Ethiopia:</b>												
Special Country Programme, Phase II		✓					✓		✓	✓	✓	
Agricultural Research and Training Project		✓										
Rural Financial Intermediation Programme									✓	✓		
Pastoral Community Development Project		✓					✓		✓	✓	✓	✓
<b>Tanzania:</b>												
Agricultural & Environmental Management Proj							✓	✓	✓	✓	✓	
Participatory Irrigation Development Programme							✓		✓	✓	✓	
Rural Financial Services Programme				✓				✓	✓	✓		
Agric Marketing Systems Development Prog				✓		✓	✓	✓	✓	✓	✓	✓
<b>Uganda:</b>												
District Development Support Programme		✓					✓		✓	✓	✓	
Area-Based Agricultural Modernisation Prog							✓		✓	✓	✓	
National Agricultural Advisory Services Prog							✓		✓	✓	✓	
Rural Financial Services Programme								✓	✓	✓		

national level is not a visible activity in most of IFAD's operations in Ethiopia, Tanzania and Uganda. Additional, country-specific aspects of project design are summarized below.

46. In Ethiopia, federal project co-ordination units continue to be a standard feature of IFAD-assisted projects, and projects are required to use donor-provided procurement manuals. Except for these points, project design is consistent with the strategy of integrating project management within existing structures. Support (including training) for strengthening institutional capacities at lower levels of administration is another common feature of these projects. But project designs continue to stress the involvement of beneficiaries in planning and implementing local development initiatives through grass roots institutions. One project, namely, the Pastoral Community Development Project (PCDP) specifically recognizes the limitations of decentralization and seeks to promote community involvement as an instrument for more effective local governance. This is one of only two projects in the sample that mention local governance as a development objective.

47. In Tanzania, project design appears to give about equal importance to strengthening two sets of institutions, namely, decentralized administrative structures and organizations of the rural poor. Among the former, IFAD assistance has been designed mainly to develop the capacity of the civil service—or the executive branch of local government—rather than elected local councils. Project design also gives a great deal more emphasis to the participation of beneficiaries than that of elected local officials. Whereas decentralization is often identified as a risk to project implementation in the design documents, stronger participation by beneficiaries is viewed as a risk mitigation strategy. The 2003 Country Programme Evaluation (CPE) for Tanzania tends to support this line of thinking and links it implicitly to transparency and accountability at the lower levels of government. The CPE also introduces the notion of local governance for consideration by IFAD and the government in the years ahead.

48. In Uganda, there is a strong thrust towards decentralization in the design of IFAD-assisted projects. The government's strong commitment to decentralization is recognized in project design in a number of ways, including: (a) the level of detail in which operational arrangements are spelled out; and (b) the confidence shown in the government's ability to deal with project risks. Although these aspects of project design are not tangible in the same sense that support for physical, financial and human resources is, they are, nevertheless, important contributions to promoting national ownership at all levels. Support (including training) for strengthening institutional capacities at lower levels of administration is a common feature of IFAD-assisted projects and the current regional strategy. On balance, however, project design appears to give considerably more weight to decentralization than to the mobilization of the poor and their empowerment.

#### **IV. INSTITUTIONAL CHANGE AND IMPACTS**

##### **A. Decentralized Structures in the Three Countries**

49. The country context, goals and objectives help clarify to some extent how a government intends to approach decentralization, while IFAD strategies and project designs signify how IFAD intended to approach the subject. Paraphrasing Crook 2003, however, understanding an approach also requires an understanding of several of the operational aspects that define a decentralizing environment. The most visible of these is the structure, the various levels of government and their political and administrative leadership. The senior governments often play a major role in governance, either facilitating decentralization or constraining it within specific limits, and this too reflects the government's approach. The essence of the system, however, lies in its human and financial resources and the way governments plan to use them for the development of the people. All these aspects of a decentralizing environment are discussed below with reference to the three countries included in the evaluation<sup>1</sup>.

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<sup>1</sup> Unless otherwise indicated, this chapter is based on the desk reviews and field investigations undertaken for this evaluation.

50. As indicated earlier, Ethiopia is the only one of the three countries that is structured as a federation. It has a bicameral legislature, with the lower house consisting of directly elected members and the upper one constituted by representatives elected by the legislatures of the federating units. The nine regions and two administrative areas of the federation are divided into 66 zones and 556 *woredas*; each *woreda* is divided into a number of *kebele*. Each tier of government has a legislative body, an executive branch and a judicial forum. At the local level, there are elected *Woreda* and *Kebele* Councils headed by the *Woreda* and *Kebele* Administrator, respectively, who is an elected member appointed to this office by the council. Above the *woreda* there is the regional state, which has two councils, namely, the elected Regional Council (or Parliament) and a cabinet body called the Regional Administrative Council. The latter is chaired by the President of the regional state.

51. Many of the regions have decentralized sector programmes to the *woreda* level, and there are sector-specific agencies within the executive branches of the regional and *woreda* administrations<sup>2</sup>. These agencies are headed by politically appointed and Council-approved Bureau heads who are cabinet members accountable to the President and the Councils and not necessarily professionals in the area they head. A cabinet office may be responsible for a number of bureaux as, for example, in Oromiya, where the Rural and Agricultural Development Supreme Office includes the following bureaux: Agriculture, Rural Development, Water Resources, Co-operatives, etc. A politically appointed Bureau Head is in charge of the Supreme Office and reports to the President and Council of the Regional State of Oromiya. The majority of the Regional Council members in Oromiya are civil servants.

52. As mentioned earlier, the highest sub-national level of administration in Tanzania is also called a region. This is not, however, a separate tier of government but an extension of the central government that used to manage local administration and development prior to the current decentralization initiative. Now the sector ministries are represented at the regional level by technical officers who oversee the work of the sector ministries, in addition to providing policy guidelines and technical advice to the districts within the regions. Co-ordination of government functions at the regional level is undertaken by a committee whose membership is made up of people who are members by virtue of their political, civil society or professional positions in the region.

53. There are 26 regions and 124 rural or urban districts in the country, including five regions and 10 districts in Zanzibar. The districts are sub-divided into divisions (2-5 per district) and wards (an average of 20 per district). At the district level, local government authority is vested in the District Council constituted by councillors elected from the wards in the district. Public servants (professional or otherwise) working for and at the district and sub-district levels are answerable for their work to the District Council through the District Executive Officer<sup>3</sup>. At the sub-district level, there exists a Ward Development Committee that is composed of: chairpersons of villages that are located within the ward; the District Councillor representing the ward; representatives of key civil society groups operating within the ward; and key public servants (such as head teachers, health providers and extension staff) who work in institutions that are located in the ward.

54. Below the ward structure there is a village structure that is owned and operated by the villagers. The village structure is a form of association of small-scale agricultural and/or animal herders/keepers who live and work within a relatively small geographic community. It is often registered as a body corporate, and has its own elected council as well as several functional committees. The number of such villages in each district ranges from 20 to 35. Grassroots development plans normally start at this level before they are forwarded to the Ward Development

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<sup>2</sup> In the regions of Amhara, Tigray, Oromiya and the Southern Nations, Nationalities and Peoples Regional State (SNNPRS), the *woreda* administrations have offices for the following sectors: agriculture, health, education, rural primary roads, domestic water supplies and local administration.

<sup>3</sup> District government is responsible for service delivery in five sectors, namely, primary health care, basic/primary education, safe drinking water, feeder roads and agricultural extension.

Committee for review and onward transmission to higher organs of the government. Some extension officers such as those for agriculture are normally stationed in the larger villages.

55. Unlike Ethiopia and Tanzania, the sub-national institutional landscape in Uganda exists exclusively within the district: there is neither a political unit nor an administrative level between the centre and the district. There are currently 56 districts, including Kampala municipality, which is twice the number that existed in 1986<sup>4</sup>. In each district, there are five tiers of local government, and each of these carries a Local Council (or LC) appellation, together with a number from one to five. Thus, LC 1 is the village, LC 2 the parish, LC 3 and LC 4 are the sub-county and county, respectively, and LC 5 is the district. Of these, the county is a non-functional level.

56. The LC 5 (district) and LC 3 (sub-county) are elected local councils, each with a council chairperson and speaker. These are also the main implementing bodies, with significant staff and budgets. The district is the main planning authority, policy review and approval body (2003 Tanzania COSOP). The district administration is headed by a Chief Administrative Officer (CAO) and includes the heads of line departments. The CAO is responsible to the District Council and its Chairperson for the discipline and performance of administrative staff. At the sub-county level, the Sub-county Chief heads the local government and an Administrative Officer is in charge of the administrative branch, which includes representatives of some of the line departments<sup>5</sup>. The Parish Chiefs also report to the Sub-County Chief and are responsible for local revenue collection; the Parish Chief is the only government official at the LC 2 level. S/he is elected by the Parish Development Committee, which consists of two representatives each from all the LC 1s (village committees) in the parish.

## **B. Similarities and Differences in the Directions of Change**

57. Desk reviews and fieldwork show, unsurprisingly, that the three countries included in the evaluation have some striking similarities as well as perhaps equally striking differences. The broad similarities include the following:

- (a) Unlike earlier phases, election on the basis of universal adult franchise is the norm rather than the exception in the current shift towards decentralization.
- (b) Relative to its own history, the decentralization initiative in each country represents a clear paradigm shift (though not an obvious quantum leap) in terms of political and economic development.
- (c) The recent and ongoing emphasis on decentralization entails a focus on the district level (called *woreda* in Ethiopia) for development planning and implementation.
- (d) A tier below the district level is also important for decentralization, albeit, in varying degrees: in Ethiopia it is the *kebele*, in Tanzania the ward and in Uganda the sub-county level.
- (e) Villages in the project areas of IFAD-assisted projects have a combination of traditional local institutions and community-based organizations (CBOs) sponsored by IFAD or other agencies. In Tanzania and Uganda, there is also a local government institution in the village.
- (f) The system in Tanzania and Uganda allows local governments to work with non-governmental organizations, and the system in Ethiopia is also expected to benefit from civil society initiatives in due course of time<sup>6</sup>.

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<sup>4</sup> According to Crook 2003, "Popularly supported campaigns have resulted in the doubling of the number of districts in Uganda since 1986 ... Such actions are easy to understand as yet another version of the pursuit of centrally funded patronage." But see also footnote 21.

<sup>5</sup> These officials include the Agricultural, Veterinary, Clinical and Community Development Officers.

<sup>6</sup> According to the World Bank CAS for Ethiopia, 2003, "It is expected that the ongoing second wave efforts to decentralize decisions and management further down to the *woreda* level will enable civil society to participate in public decisions, including decisions over the most suitable local investments, a better management of public assets, an improved management of the environment, and a more integrated cost effective service delivery."

- (g) In all three countries, central authorities and their international partners are supporting the decentralization process through large-scale initiatives for capacity building.
- (h) At least at the conceptual and strategic levels, and sometimes more concretely, decentralization is linked to countrywide initiatives for service delivery and poverty alleviation. Most of these as well as similar smaller initiatives are donor-supported.
- (i) The senior governments are responsible for making the sector policies that influence service delivery at the local level. Local governments are expected to formulate bottom-up plans within the scope and parameters of these policies.
- (j) There are well-defined processes in all three countries for local-level planning. Local governments, however, do not have anything resembling a poverty alleviation strategy that could demonstrate how they aim to translate national objectives at the local level<sup>7</sup>.
- (k) Senior governments have retained for themselves the authority to establish and monitor the standards of service delivery.
- (l) By design, the executive rather than the elected branch of local government dominates decision-making in all three countries. The executive branch, in turn, is controlled by a political party or coalition that has been in power at the centre for 12 years in Ethiopia, 33 years in Tanzania and 18 years in Uganda.
- (m) The capacity for planning, implementing and monitoring decentralized development programmes is generally weak and evolving. Lack of capacity is sometimes used as a justification for not decentralizing rather than facilitating capacity building.
- (n) Local capacity for mobilizing revenues is minimal: local government finances depend almost entirely on transfers from senior governments, which, in turn, are financed mainly by international donors.
- (o) Although financial audits are mandatory for the local bodies, it is not, as a rule, incumbent upon them to publicize their income and expenditures for service delivery.
- (p) Indeed, there is little or no emphasis in either national programmes or donor-assisted initiatives for using information to promote transparency and accountability. (See Box 3, however, for an instructive example from Uganda.)

58. There are also, however, significant differences in governance arrangements among the three countries, including the following:

- (a) By virtue of their constitutions, Tanzania and Uganda have a unitary form of government, whereas Ethiopia is a federation.
- (b) Ethiopia's federating units have the right to opt out of the federation following a mandated majority vote. There is no such provision for opting out in Tanzania and Uganda.
- (c) In Ethiopia, the regions are federating units, while Tanzania's regions are extensions of the central government and Uganda has no regions at all.
- (d) Clearly, power is concentrated at two levels in Uganda—the centre and the district—and is more diffused along the hierarchy in Ethiopia and Tanzania.
- (e) Uganda, however, has a more extensive set of institutions for accountability within and outside the government, including institutions for personnel recruitment and anti-corruption, and local radio stations in the private sector.
- (f) Tanzania has adopted a gradual approach to decentralization, whereas change in Ethiopia and Uganda has been more decisive and abrupt.
- (g) At present, elected councils at the lower levels have more influence in Uganda than Tanzania, and they are weakest in Ethiopia.
- (h) Only in Uganda are officials of district administration employees of the local government: in Ethiopia and Tanzania, employees of senior governments staff the executive branch of district government.

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<sup>7</sup> Crook 2003 concludes that "The difficulty in finding local governments with any systematic 'poverty strategy' is ... hardly surprising." Given, however, that all three countries and all their donor partners have high-profile poverty alleviation strategies and objectives, it is surprising that they have not facilitated local governments in moving more decisively in this direction.

- (i) Ethiopia and Tanzania use formula-based grants for transferring funds from senior to local governments. Uganda employs three kinds of grants, each of which has a different purpose in relation to local administration and service delivery.

59. The fact that all three countries are encouraging the transfer of funds to local government appears to augur well for the development of the people. In a comprehensive study linking fiscal decentralization to basic human needs (as described by the HDI index), Lindaman and Thurmaier 2002 found “that fiscal decentralization affects achievements in meeting basic human needs.” They also found, however, that “revenue decentralization in the form of central government transfers or grants does not affect [the HDI] as much as own-source revenues.” This finding must serve as a caveat for all three countries included in this evaluation<sup>8</sup>.

### C. Staffing, Planning and Financing Issues

60. It is generally with reference to the planning, staffing and financial aspects of decentralization that discussion of local capacity is motivated. Before getting into country-specific details, however, it would be pertinent to point out that only in Uganda are the staff of local governments actually local government employees<sup>9</sup>. In Tanzania, as indicated earlier, central government employees staff the local governments and, in the future, will be called “Council Employees.” In Ethiopia, *woreda* staff are the employees of the regional governments.

61. Massive redeployment of staff and reallocation of financial resources has recently taken place in Ethiopia. In many of the decentralized sectors, specific components have actually been decentralized in terms of organization and implementation as well as operation and maintenance. There is still centralization in terms of resource access and allocation for equity purposes as well as in terms of policy making and partially in terms of planning<sup>10</sup>. Day-to-day rules and regulations for planning and implementation rest with the Regional Administrative Councils and the respective bureaux. To a large extent, the rules and regulations seem to be supportive of capacity building and responsibilities being devolved to the local or *woreda* levels.

62. The planning process at the regional level is a relatively complicated one, involving the identification of priority development activities at the sub-*kebele* (or *got*) level and building up to final approval by the Regional Council. The initial identification at the *got* level is expected to broaden the direct participation of communities in the identification of their priority development needs. This results in a draft prioritized plan proposal by the *gots* that is submitted to the *kebele* for consideration. After review by the *kebele* development committee, the draft sectoral development proposals are submitted to the *Kebele* Council for review and subsequent submission to the *Woreda* Council for approval. The *Woreda* Council consolidates the *kebele* plans and budget proposals and then submits the approved budget and revenue plans to the region or zone, as appropriate.

63. In Tanzania, sector policies are initiated and developed by the respective sector ministries of the central government. Drafts of the policies are normally shared with other sectors for review, comments or suggestions before they are presented to the Cabinet for review and adoption. The policy implementation plan (including costing and a proposal on sources of funding) is further developed by the relevant sector ministry in consultation with the Ministries of Finance and of Planning and Economic Affairs as well as other ministries and the regions that could have a stake in

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<sup>8</sup> In comparing Francophone and Anglophone developing countries, Lindaman and Thurmaier found that “the legacy of colonialism matters in producing better-educated and healthier populations,” with the former French colonies tending to have lower HDI scores than their British colonial counterparts.

<sup>9</sup> Local government staff are recruited competitively through the District Public Service Commission.

<sup>10</sup> For example, in the SCP II, day-to-day implementation remains the responsibility of the respective Bureaux of Water Resources and Agriculture in each of the participating regions. Responsibility for the IFAD-assisted Pastoral Community Development Project also rests with the regional government. Implementation of both projects, however, is subject to Project Implementation Manuals.

the proposed policy. In a few cases, some interested development partner organizations are invited to participate in the programme formulation consultations.

64. Implementation strategy and budgets for projects that are to be implemented within the framework of decentralization are normally prepared by the implementing bodies—in this case, the local government authorities—in consultation with the Ministry responsible for local government and the relevant coordinating and/or sector ministries. Consultations with prospective and other relevant institutions at the district and sub-district levels (including relevant non-governmental organizations, community-based organizations and village council leaders) do also take place. The law requires that the District Plan must be prepared through a bottom-up participatory process, starting from the village and coming up to the ward and then the district. The District Plan, consisting of various sector plans, is the main guiding document for the allocation of development funds.

65. In Uganda, the District Technical Planning Committee (DTPC) in each of the districts of the Programme Area is responsible for the implementation of Programme components in that district. This is normally done through the line departments. The DTPC is chaired by the CAO, who is also the ultimate authority for the management of Programme affairs and is accountable to the government for Programme performance. The DTPC reports to the District Executive Committee of the District Council. The latter is the main organ of day-to-day management and is expected to receive, review and submit planning proposals, and the annual work programmes and budgets of all departments involved in Programme implementation. The Committee is also expected to receive and review all reports, supervise expenditures, receive and submit for audit all financial accounts and review all procurement for the Programme and generally supervise implementation.

66. A Programme review and programming workshop is held toward the end of each calendar year during the implementation of the Programme. These workshops aim at providing a policy and operational framework for planning and budgeting for the following financial year. The workshop output ensures that the work plans for the coming year are in consonance with the expressed needs and aspirations of target communities and beneficiaries and in harmony with Programme costs as foreseen at appraisal. The conclusions and recommendations of each workshop are submitted to the concerned ministries, participating departments, other public and private agencies and NGOs for information and decisions on policy as well as institutional and financial issues. Biannual progress reports on implementation are submitted to the Ministry of Local Government to enable it to review performance and to consult on consonance with national policies and plans, particularly as regards issues of cost-recovery, cost sharing and sustainability of services and facilities.

67. Even more than in planning and staffing, it is widely recognized that the real strength of decentralization lies in its financial aspects, including: (a) the powers of local government for raising their own resources; (b) the transfer of resources from senior to local governments; and (c) the flexibility to use transferred funds according to local needs and priorities. In a survey of decentralization in Africa, Ribot 2002 observes that local governments can rarely raise sufficient revenues to execute the functions they are legally entitled to perform. He adds that this problem could be overcome with the help of transfers from the central government, but most governments in Africa are reluctant to decentralize fiscal revenues ... One basic principle that is evoked in the decentralization literature is that decentralized fiscal resources must be sufficient to cover the cost of decentralized responsibilities. Ethiopia and Uganda have recognized the importance of this and have accordingly developed transfer programmes that account for around 30% of central revenues in

Uganda and over 40% in Ethiopia<sup>11</sup>.” These countries, therefore, appear to give much of the required “muscle” to local government and are discussed first<sup>12</sup>.

68. In Ethiopia, financial transfers to the regions are made on the basis of a formula that uses criteria and weights determined on an annual basis and approved by the lower house of parliament. The formula is based on: (a) a region’s population; (b) its level of development; and (c) its revenue generation capacity. This formula has been revised several times based on the weights attached to these criteria that at present stand at 70%, 20% and 10% respectively. There is also, however, a budget preparation process at the regional level. In March of each year, the Bureau of Finance and Economic Development makes a number of announcements to trigger the budgeting process: it prepares the resource allocation formula; announces budget pre-ceiling to zones and *woredas* and *woreda* sector organization; and announces budget pre-ceiling to the regional bureaux. In May the federal government notifies regions of the subsidies from the federal government. The Regional Cabinet also approves ceilings for the regional bureaux, zones and *woredas*. This process culminates in final approval of budgets by the Regional Cabinets for the Regional Bureaux, *woredas* and zones.

69. In Uganda, the government under a constitutional arrangement supplements local revenues for service delivery with three types of grants, namely, unconditional, conditional and equalization grants, which are described as follows:

- Unconditional grant is the minimum grant that is paid to a local government to run its decentralized services.
- Conditional grants are monies given to local governments to finance programmes agreed upon between the central and local governments.
- Equalization grant is the money paid to local governments that are lagging behind the national average standard for a particular service.

70. Currently, local governments derive up to 90% of their revenues from the centre. “A large proportion of total public spending (45-50%) is financed by external assistance” (2004 Uganda COSOP). In the current financial year, local governments will receive a little over 11% and 88% of their transfers in the shape of unconditional and conditional grants, respectively. Equalization grants will amount to only 0.5%.

71. In Tanzania, there has been limited progress on the devolution of financial, fiscal and administrative authorities to the local governments. With regard to the development budget, fund allocation is based on: population (70%); regional poverty levels (20%); and the size of the area (10%). With regard to the recurrent budget, the criteria for allocating funds for education is based on the population of pupils in schools, while for health it is based on: population (70%); poverty (10%); under-five mortality (10%); and size of area (10%). Financial contribution from Tanzania’s bilateral donors that is given under “basket funding” is normally covered under the same procedures. It is envisaged that at least 50% of the national funds would be allocated to the sub-national levels.

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<sup>11</sup> The 40% figure for Ethiopia appears to refer to regions and *woredas* as a whole, and not only the *woredas*, which are the equivalent of districts in Uganda and Tanzania. The World Bank CAS for Ethiopia, 2003, reports that “A large proportion of the regional subsidies (in some cases, 60-80%) have been transferred to *woredas*.” This would imply that the share for local governments in Ethiopia is roughly comparable with the proportion they receive in Uganda.

<sup>12</sup> For other comparisons, HDC 1999 reports, “In the Philippines, local governments receive as much as 40% of central revenue and play a large part in social expenditures. In South Asia, they normally receive less than 10% of total revenue.” World Bank 2003:185 estimates that “even in developed countries the average sub-national share of expenditures was just above 30% in recent years.”

#### D. IFAD Contributions to Local Governance

72. A greater sense of local ownership of development programmes is evident in all three countries as a result of the decentralization programmes, and IFAD-assisted projects have both benefited from and contributed to this development<sup>13</sup>. In Ethiopia and Uganda, in particular, local officials and communities report a pronounced positive effect in terms of service delivery in some sectors. As a consequence of the reversal of highly centralized administration in Ethiopia, there are more services available such as schools and health posts, more development agents have been posted at the *kebele* level than before and communities report increased outreach by extension services.

73. All three countries have also experienced large-scale changes in staffing patterns, and these are most visible in Ethiopia and Tanzania, and less so in Uganda, which went through this transition earlier. In Ethiopia, there is a serious problem of positions lying vacant at the *woreda* level: field investigations in three regions showed that only 20-44% of the positions had been filled. Large-scale retrenchment and repositioning of human resources has also impacted service delivery in Tanzania. It goes without saying that this has affected the implementation of IFAD-assisted projects.

74. Although all three governments have initiated large-scale programmes for capacity building, it could take several years for decentralized structures to perform as expected. In addition, lack of financial resources is affecting even basic aspects of service delivery such as timely implementation, supervision, monitoring and reporting. Non-availability of funds and facilities for travel and logistics is not uncommon and is particularly acute in Ethiopia. And the paucity of resources for operation and maintenance in all three countries makes it highly unlikely that the infrastructure entrusted to the care of local governments will be sustained as designed.

75. Under the circumstances, IFAD assistance aimed at staff, logistics and capacity building generally can only be considered a timely and valuable contribution to the strengthening of decentralized structures. This is particularly true for the two projects—the DDSP in Uganda (which is cofinanced by the BSF) and PIDP (cofinanced by Ireland) in Tanzania—in which lessons were available from earlier experiences, and the projects appeared at a time when there was an immediate need for strengthening emerging decentralized structures. More specifically:

- The DDSP has had a marked influence on decentralized structures in the five districts of the project area, with exceptional influence on those two where the earlier Hoima-Kibaale District Integrated Community Development Project (HKIDCDP) was implemented during 1992-1998. The DDSP has provided support to the district and sub-county structures in terms of resources, material, and financial and technical assistance for systematic planning and implementation in a decentralized manner. In these and related ways, the DDSP has also laid the groundwork for other IFAD-assisted programmes such as the NAADS and AAMP.
- Although both KAEMP and PIDP were embedded in the local government system by design, the PIDP is more closely aligned with the local government system than projects that were designed earlier. While KAEMP was largely managed by project staff until the very end, in PIDP local government staff are expected to take over from project officials when the project ends, and this offers a better exit strategy.

76. True to its signature approach to rural development, IFAD has also invested in a considerable amount of social capital formation in all three countries. The irrigation projects—SCP II and PIDP—have worked mainly with water users associations (WUAs) whose membership consists of landowning beneficiaries who are expected to contribute to the investment and recurrent costs of the schemes. In Uganda and Tanzania, projects have facilitated the establishment of road user committees that mobilize labour and finances for road maintenance. There are also a variety of farmer groups in both these countries that help projects deliver improvements for specific crops, seed production and credit. Clearly, what is expected from grass roots organizations differs from one

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<sup>13</sup> The main findings of the evaluation missions, focusing on five selected projects, are given in Appendix 3.

project to another, and often from one intervention to another within the same project. NGOs are contracted for mobilizing farmers and communities in some projects, whereas in others, it is the service delivery (technical) departments of the government that are mandated for this task.

### E. Omissions and Challenges in Capacity Building

77. While IFAD has clearly done much to assist the three countries with decentralization, there are at least five major omissions and challenges when the approach as a whole is compared with the relevant IFAD strategies and country needs. First, as mentioned earlier, IFAD assistance for capacity building is aimed largely at the civil service part of local governments and does not extend directly to elected officials. Perhaps the perception is that elected officials change from time to time as a result of elections, while the civil service is permanent. As a matter of fact, however, civil service officials also have a high turnover in rural areas and they cannot, in any case, substitute for the functions (including taxation, resource allocation and accountability) that are vested in elected officials.

78. Second, except for the formation of grass roots organizations and the introduction of logical framework analysis as an aid to participatory planning in Tanzania, there is little capacity building in the IFAD-assisted projects to enhance the pro-poor orientation of local government. At the strategic level, only one COSOP (namely, Uganda 2004) highlights the need to strengthen the poverty orientation of local governments. At the project level, there is no evidence of assisting local governments to: (a) develop local poverty alleviation strategies; (b) adopt techniques (such as wealth ranking) for identifying who the poor are in each community<sup>14</sup>; or (c) introduce flexibility in plans and budgets for responding with pro-poor interventions for identifiable groups of poor. As the poor within a community are not identified, it is simply not evident that they have a voice, even if they are members of user groups, and or that their voice is being heard in ways that matter to the poor.

79. Third, the articulation of voice is also inhibited by the weak participatory orientation of projects in relation to the challenges they face, particularly for infrastructure development and promoting inclusiveness and accountability in service delivery. For example:

- In none of the SCP II irrigation schemes in Dobena, Nadhi Gelan Sadi and Hizaeti Afras were the communities involved in the technical design. In fact, the formal WUAs were created after the infrastructure had already been set up and, reportedly, the *woreda* engineers engaged in little (if any) consultation with the people. Indeed, 83% of the persons interviewed in the three schemes complained about insufficient water supply for irrigation, which suggests that the technical experts did not draw adequately on local factors and local knowledge<sup>15</sup>.
- In the Bukoba District of Tanzania, which is part of the IFAD-assisted KAEMP, a survey by the district council shows that 80% of the households consider the council's activities to be non-transparent, particularly in matters such as budget preparation and access to information<sup>16</sup>. While criteria exist for responding to the spatial differences in poverty, stratified poverty within the communities is not taken into account in any systematic manner.
- In the PIDP (Tanzania) nearly 40% of the irrigation schemes were pre-selected, and the remainder are selected on the basis of technical considerations rather than pro-poor choices for land allotments.
- In Uganda, both DDSP and NAADS focus their activities on what district officials describe as "the economically active poor". The general point of view is that the "inactive poor" are difficult to involve. In other words, the active poor, by definition, are those who are being served, and the inactive poor are those who are excluded. One official explained, "If we

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<sup>14</sup> The only reported exception is the Kibaale District in Uganda, which is one of the five districts in the DDSP project area.

<sup>15</sup> In particular, water flow of rivers and consumption estimates have not been adequately studied. In addition, water extractions by upstream communities have not been taken into account. The data given here relate to three schemes, but similar observations were made by the evaluation mission on a number of other schemes.

<sup>16</sup> Bukoba District Council, "Report on data analysis and people's opinion on service delivery," May 2001.

waited for the inactive poor, we would not have started anything. It was better to start with something, and the others would follow when they saw something happening.” This approach to poverty, however, is neither testable in the absence of techniques for identifying who the poor are, nor entirely plausible in an area where IFAD-assisted projects have operated for more than 12 years.

- The extension approach observed in Uganda is similar to the old “model farmer approach” observed in many developing countries. Even though projects organize a variety of farmers groups (banana groups, vanilla groups, cassava groups, dairy groups, etc.), these groups are formed and tend to revolve around model farmers. IFAD-assisted programmes provide a number of inputs to these farmers for trial purposes, including vanilla plants, *matoke* bananas, apple trees, cassava plants and goats. The model farmers also receive plants and seed for demonstration purposes from the projects, and field days and demonstration sessions are also held at the homes of these farmers.

80. The above-mentioned examples also point to a fourth important problem in capacity building, and this may be described as the challenge of dealing with technicalism, that is, an approach that is driven by official technical specifications and procedural requirements rather than the human, social and financial capital of communities and relevant institutions. The main features of technicalism include: infrastructure specifications that cannot be sustained with local resources; free or highly subsidized service delivery; lack of consultation and community participation in the project cycle; establishment of *pro forma* beneficiary organizations, often dominated by the local elite; and lack of identification of the poor and their priorities. As the following examples illustrate, the consequences include weak community ownership of project-sponsored interventions and institutions, lack of community contribution to scheme implementation and maintenance, limited and unsustainable project impacts, and ambiguous poverty impact.

81. In the SCP II in Ethiopia, the consequences of technicalism are reflected in the performance of WUAs, as evidenced by: the modest results achieved in mobilizing labour from the community for cleaning and upkeep of the schemes; and the negligible amount of money collected through membership fees to finance operation and maintenance costs. Clearly, both these elements represent a serious threat to the sustainability of the irrigation schemes. Moreover, where the poorest households are those that do not own land, as in Dobena and Deder, they are not included in the WUAs and the project does not address their problems. In Dobena, failure to incorporate local knowledge into scheme design has resulted in only a fraction of the foreseen command area (6%) benefiting from irrigation, and only 14% of the target beneficiaries using irrigation.

82. The insistence on formalizing grass roots institutions in a particular form reflects the procedural rigidity of technicalism as evidenced in SCP II. There has been a tendency in this project to ignore traditional social structures and insist on the ubiquitous imposition of officially registered cooperatives. In a few cases where WUAs have been allowed to manage themselves, in the absence of the promotion of cooperatives, lack of legal status does not appear to have posed any significant constraint. Peer pressure and community enforcement has held water users to observation of the by-laws.

83. In Tanzania, the typical PIDP schemes are fairly large and relatively complex by the standards that are common to poor and rural settings in much of the developing world, including Tanzania. Physical observation showed several problems in the maintenance of scheme infrastructure, while the account of the WUA does not support even the bare minimum salary of the treasurer it requires to effectively manage operations. The contributions made by WUA members at the time of the rice harvest are insufficient to meet the O&M expenses of the infrastructure constructed with IFAD assistance. Clearly, infrastructure design is not consistent with the capacity and limitations of villagers, particularly their social and financial capital, and the PIDP is expecting more than what the villagers can currently provide. A review of the roads component in KAEMP also shows maintenance and repair (M&R) to be an unresolved issue. The project’s expectations from the village road committees to support the M&R appear ambitious. Without an M&R regime established

with the active involvement of road users and the local government, road conditions in this high-rainfall project area are likely to deteriorate quickly.

84. In KAEMP, the operations of the Seed Growers Association (SGA) are currently supported through the voluntary work of a few dedicated staff, an arrangement that is clearly not sustainable in the longer term. The cooperatives law requires a paid full-time employee/treasurer, which the SGAs cannot afford. Loan management for the farmers is also at stake, as the SGA fees do not cover the overhead costs to provide even for the transportation costs for regular follow up. The problem has worsened now that the SGA partner banks have raised the annual interest rate to 15% from the prevailing 10% during the time of project implementation. Project staff indicated that the KAEMP had offered a 5% subsidy to the banks, which has now been withdrawn after the project's closure, and this has also impacted the SGAs' ability to borrow and repay new loans on a sustainable basis.

85. In Uganda, the DDSP, AAMP and NAADS programmes promote the formation of farmer groups at the village level based on common interests or common enterprises such as crops and livestock. Under AAMP, farmer groups complain bitterly about the difficult "deadlines" imposed by the programme. For example, one needs to belong to a farmer group for a year before being considered for assistance through AAMP, and on a number of matters the rules of AAMP apparently cannot be changed. This was confirmed by one group that wanted to be supported in growing *maringa* for its medicinal purposes. An argument ensued with representatives from the Production Department. To end the argument, the officials simply stated that they were following official guidelines. Invariably, farmer groups tend to be composed of farmers who are not the poorest of the poor, and even these farmers can choose only within a given menu.

86. Infrastructure maintenance is also a problematic issue in Uganda. In one case visited by the evaluation mission in Kibaale, the reason given by community leaders for the poor maintenance of the access road was that the community had been preoccupied with funerals, etc. In one area in Kibaale, the chairperson of a farmer group declared that those who failed to help maintain the road without justification would be arrested and imprisoned until they complied as a household. In one area visited in Kyenjojo, it was reported that communities had initially agreed to contribute 500 shillings a month per household for the maintenance of a well for drinking water. Many contributions were received the first month but none since that time. There was no clear explanation as to why this was so and many households are reported to have reverted to unprotected wells a longer distance away. The solution recommended by the Department of Water is to provide more training and education to the communities, the assumption being that the people's knowledge and skills are the constraints to local participation. Clearly, there is a divergence between the expectations of technical departments and the circumstances of the intended beneficiaries when it comes to sustainability issues.

87. Several of the above-mentioned raise policy issues for discussion with the governments concerned, and this is another major challenge for IFAD. As indicated earlier (in Table 5), however, only two of the 12 projects included in this evaluation have allocated funds specifically for policy dialogue<sup>17</sup>. The Pastoral Community Development Project in Tanzania, approved in 2003, includes a policy analysis and strategy development sub-component to support necessary policy and institutional reforms to strengthen pastoral livelihoods and reduce risks by focusing mainly on target studies, research, training and outreach activities. In Tanzania, the Agricultural Marketing Systems Development Programme, approved in December 2001, includes a significant Agricultural Marketing Policy Development component (7% of base cost). The interventions proposed will support a locally owned policy formulation and implementation process, which will be supervised and co-ordinated by a national policy co-ordination committee and district-level policy co-ordination committees. The component includes provisions for relevant staff and consultants, in-depth studies, policy dialogue

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<sup>17</sup> In addition, a detailed description of the programme management component of NAADS in Uganda lists policy analysis and formulation as one of the several activities that will be funded in support of executive functions.

workshops and seminars, and the active involvement of local government staff. There have been delays in implementation and limited expenditures have been incurred on this component to date.

88. The DDSP in Uganda, which in many ways can be considered IFAD's flagship project for decentralization in the region, has had surprisingly little to contribute in terms of policy dialogue. Together with its predecessor, the HKDICDP, the DDSP has developed approaches to local government planning and implementation that could have influenced some of the major donor-assisted initiatives in decentralization, e.g., the World Bank-assisted Local Government Development Programme (LGDP). But very little learning from DDSP was transferred to the LGDP, largely due to lack of mechanisms for upscaling and for influencing policy. At the same time, the programme has encountered (and is still trying to deal) with the negative effects of recent policy changes that impinge upon the approach and management of DDSP. The most important of these are:

- Removal of cost-sharing/cost-recovery obligation for basic health care, which is now being interpreted locally as meaning that communities should rely entirely on the government for all health provision and that it would be free, even though the government's budgetary provisions are clearly inadequate for this purpose.
- Reduction of the minimum graduated tax liability from 15,000 to 3,000 shillings, an intervention that has significantly reduced district revenues, with a marked psychological impact on both taxpayers and revenue officers that threatens to undermine future local government viability.
- Revival of supply-driven, free hand-out syndrome for the supply of crop planting materials and improved livestock through the extension services that has been encouraged by the government's Strategic Crops Development initiative and the Uganda Coffee Development Authority replanting activities, a development is not only in direct contradiction of the ethos of the Poverty Eradication Action Programme and Plan for the Modernization of Agriculture (PMA), but also undermines commercial farmer investments and would be wholly unrealistic and unsustainable for districts as decentralization proceeds.

89. As indicated earlier, these issues have been included in the 2004 Uganda COSOP as areas for policy dialogue. The principal instrument identified for policy dialogue in this COSOP is the appointment of a full-time local IFAD representative based in Kampala. The COSOP does not say what resources will be available to the IFAD representative for promoting policy dialogue.

## **F. Issues in Accountability**

90. The essence of accountability, according to a reviewer of African decentralization, "is the exercise of counter power to balance arbitrary action" (Agrawal and Ribot 1999:478, quoted in Ribot 2002). As such, accountability—both downward to the communities and upward to the senior governments—is one of the more complex issues this evaluation has to confront. In principle, downward accountability is explicit in IFAD's approach to decentralization, including its emphasis on mobilizing the poor and helping them gain a voice and access to resources. Upward accountability is explicit in the way senior governments exercise oversight over local governments.

91. *The Strategic Framework for IFAD 2002 – 2006* declares that IFAD will assist in “developing and promoting processes that increase the accountability and transparency of rural service delivery within decentralized decision-making frameworks.” The IFAD regional strategy also emphasizes accountability, but neither the COSOPs nor the project documents propose how IFAD would assist with this important aspect of local governance and service delivery. Perhaps the perception is that this is a sensitive subject that is best avoided in the context of IFAD-assisted projects. The sensitivities may be understandable if accountability is equated with certain instruments and attitudes, but many instruments are available (see Box 2, which is elaborated in the source document) from which IFAD-assisted projects could select appropriate ones.

92. One problem in these projects is that the communities have a high degree of dependence on the very functionaries of the government that they are supposed to hold accountable. In some cases, the service delivery institutions are also directly responsible for organizing the beneficiaries, and in others project officials contract NGOs for this purpose. Under the circumstances, local authorities would have little incentive for promoting their own accountability. At the same time, given the perception of state authority in developing countries and the lack of adequate countervailing institutions, it is doubtful that the beneficiaries would have the confidence to demand accountability through grass roots institutions. What is more realistic for them is to hold the service delivery institutions accountable through their elected representatives. Indeed, there is some evidence that this is beginning to happen, and there are instruments available for facilitating this trend that have not been developed in IFAD-assisted projects.

93. For example, it should be taken for granted in a participatory project that all information on the technical and financial aspects of project interventions would be discussed in open village assemblies, rather than behind closed doors. Participatory dialogue would make it a point to design schemes as required by local circumstances, and explain cost and materials estimates to the beneficiaries and not only the contractors and a few of the local representatives. Such basic requirements for transparent planning and implementation can be easily promoted in IFAD-assisted

**Box 2:  
List of Accountability Mechanisms**

- Legal recourse through courts.
- Separation and balance of powers between judiciary, legislative and executive branches.
- Independent or third-party monitoring.
- Transparency—openness to public scrutiny.
- Provision of information.
- Free media and freedom of speech.
- Open public discussion in the communities.
- Effective participatory processes.
- Civic education and education more generally.
- Discretionary powers rather than conditions on the use of transferred funds.
- Holding people to their reputation.
- Taxes paid by the people to local government.
- Central government oversight.
- Social movements.
- Electoral processes.

*Source: Ribot 2002, Annex C*

**Box 3:  
Promoting Accountability through Information in Uganda**

In 1996 a public expenditure tracking survey of local governments and primary schools revealed that only 13 percent of the per-student capitation grants made it to the schools in 1991-1995. In 1995 for every dollar spent on non-wage education items by the central government, only about 20 cents reached the schools, with local governments capturing most of the funding.

Poor students suffered disproportionately, because schools catering to them received even less than others. Indeed, most poor schools receiving nothing ... Most funds went to purposes unrelated to education or for private gain ...

To respond to the problem, the central government began publishing data on monthly transfers of grants to districts in newspapers and to broadcast them on the radio. It required primary schools and district administrations to post notices on all inflows of funds. This promoted accountability by giving schools and parents access to information needed to understand and monitor the grant programme.

An evaluation of the information campaign reveals a large improvement. Schools are still not receiving the entire grant (and there are delays). But the capture by interests along the way has been reduced from 80 percent in 1995 to 20 percent in 2001.

*Source: World Bank 2003b*

projects. As an example from Uganda (see Box 3) illustrates, responsible central governments have a clear interest in providing information that people can use to hold local service providers accountable.

94. A somewhat different example comes to this evaluation from Tanzania, and this is an example of upward accountability as described in a news report in *The Daily News* of 26 July 2004. According to this report, the Minister for Works has suspended the provision of road funds to seven districts in the Dodoma and Morogoro Regions because of a misappropriation of about USD 275,000. According to the Honourable Minister, the misappropriation was due to ineligible expenditure, outstanding imprests, missing payment vouchers, unvouched expenditures, poor implementation, fictitious payments for unimplemented projects and paying contractors without a contract. The Honourable Minister is himself an engineer and his action reflects not only the intention to look after the public interest but also the knowledge that is required for exercising oversight of a public works programme. His conclusion is that poor supervision on the part of the district council officials was the main reason behind the misuse of funds.

95. There is, however, another point of view, and this is given in the *The Daily News* of 26 July 2004 alongside the report about the Honourable Minister's action. The alternative view is described by the column writer Lucas Lukumbo in his "Letter from Dodoma." It is based on the reply given by the Honourable Member of Parliament (MP) for Kongwa to the Honourable Minister for Works who suspended the road funds earmarked for Kongwa. The Honourable MP argues that "the whole mess was done by the district engineer who had a long history of financial mismanagement in all the stations he has worked. The people had little if any voice in the employment of the bogus engineer." Echoing the Honourable MP, the column writer laments that the engineer is an employee of the central government whose mistakes are now hurting the people of Kongwa. He concludes that transferring a bogus central government employee from one local government to another contradicts good governance. He is alluding, it seems, to downward accountability, to the practice, in particular, of letting the communities and their institutions control the human and financial resources that are meant for them.

## **V. CONCLUSIONS AND RECOMMENDATIONS**

### **A. Relevance of IFAD Strategies and Project Designs**

96. Of the 12 projects reviewed during this evaluation, three are rural microfinance projects aimed more at setting up and supporting the architecture required for microfinance than at decentralization. Another project—the AMSDP in Tanzania—focuses on agricultural marketing, whereas a fifth—the ARTP in Ethiopia—aims to support central and regional agricultural research organizations. The remaining seven projects are implemented through local and regional governments and aim broadly at rural and agricultural development through community participation. The broad implementation approach of these seven projects is, therefore, relevant to the decentralizing environments in which they operate, as well as the IFAD strategy of supporting decentralized service delivery and grass roots institutions.

97. These seven projects are also relevant to several of the capacity building needs of decentralized structures. This is particularly true for the two projects—the DDSP in Uganda (cofinanced by the BSF) and PIDP in Tanzania (cofinanced by Ireland)—in which lessons were available from earlier experiences, and the projects appeared at a time when there was an immediate need for strengthening emerging decentralized structures. But it is also true for the other five projects, insofar as the assistance they provided strengthened service delivery institutions that lacked human and financial resources, and sometimes even the basic requirements for running an organization, and were then shaken up by the large-scale changes brought about by decentralization.

98. Neither IFAD strategies nor the projects, however, have established direct relevance to the capacity building needs of the elected institutions of local government: capacity building has been aimed largely at the civil service part of local governments. This could be a serious omission to the

extent that the voice of the poor is better articulated through elected rather than bureaucratic institutions: depending on the latter, with or without the introduction of participatory approaches, is considered insufficient for promoting the interests of the poor. As Crook 2003 concludes, “Although there are examples of decentralized government in Africa enhancing participation, there is very little evidence that it has resulted in policies that are more responsive to the ‘poor’—or indeed, to citizens generally ... [I]t is not enough to encourage ‘citizen voice’; citizens’ voices must be heard.” Neither the COSOPs nor the project design documents explain convincingly how participation will lead to a greater voice for the poor<sup>18</sup>.

99. Moreover, the idea of empowering the poor, as highlighted in the regional strategy and in IFAD more generally, is reflected as an objective in only two projects<sup>19</sup>, neither of which is aimed at decentralization or local governance. And none of the five COSOPs and 12 projects designs propose to establish mechanisms for “identifying the poor in rural communities” as required by the regional strategy, or by effective initiatives for poverty alleviation. This would seem to be a fundamental omission, not only because it challenges the strategy itself but also because it renders impossible the ability of any project, and eventually of IFAD itself and its partners, to demonstrate in a transparent and systematic manner what it has achieved for the poor. Put simply, if a project cannot show objectively who the poor are, it cannot show what it has done for them.

100. Gender concerns are also treated unevenly in the five COSOPs reviewed for this evaluation. The two Tanzania COSOPs are particularly sensitive to gender concerns and present specific analyses and directions for addressing these. The 1998 COSOP is unique in its attention to criteria for targeting women headed households. The other COSOPs also chart out strategies or approaches for the development of women, though the 1999 Ethiopia COSOP is set apart by the fact that it does not use the word “gender” anywhere.

101. Both the *Strategic Framework for IFAD 2002 – 2006* and the regional strategy emphasize the role of policy dialogue in achieving IFAD’s objectives, but the COSOPs tend to downplay the need for policy dialogue, while the project designs generally steer clear of it entirely. Only one project lists policy dialogue or policy reform as an objective, and only two provide funds for this purpose<sup>20</sup>. Only the Tanzania COSOPs identify decentralization broadly as an area for policy dialogue. And only the 2004 Uganda COSOP highlights the need to strengthen the poverty orientation of local governments, and participate in a policy dialogue on mobilizing local resources through service users and local governments.

102. *The Strategic Framework* declares that IFAD will assist in “developing and promoting processes that increase the accountability and transparency of rural service delivery within decentralized decision-making frameworks.” The regional strategy also emphasizes accountability, but neither the COSOPs nor the project documents propose how IFAD could assist with this important aspect of local governance and service delivery. There may be a presumption that the grass roots organizations sponsored by IFAD-assisted projects would enhance transparency and accountability in service delivery. There could also be a presumption, however, that beneficiaries would not have the confidence to demand accountability from those on whom they depend for service delivery, and the latter would have little incentive for promoting their own accountability to grass roots organizations.

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<sup>18</sup> Indeed, if experience from other developing countries is any guide, then the presumption must be that community participation actually translates into government agencies obtaining contributions of time and cash from rural communities for projects identified and designed by external agencies, a process that would tend to suppress rather than enhance the voice of the poor.

<sup>19</sup> Rural Financial Services Programme and Agricultural Marketing Systems Development Programme, both in Tanzania.

<sup>20</sup> Pastoral Community Development Project in Ethiopia and Agricultural Marketing Systems Development Programme in Tanzania; the latter includes policy reform as a project objective.

## B. Implications for Efficiency and Effectiveness

103. As the opposite of centralization, decentralization is often supported on the grounds that it promotes efficient and effective service delivery. Some of the governments explicitly acknowledge this in their stated goals and objectives for decentralization. Researchers have noted “the assumption that decentralized planning and implementation can achieve effectiveness and efficiency by resolving the implementation problems of rural development” (Ribot 2002). And the 1998 Tanzania COSOP makes the point that centralization was responsible for implementation delays, and decentralizing authority to the regional and district levels was the solution:

The existing centralised procurement procedures have resulted in implementation delays in all IFAD financed projects by at least 18 - 24 months. Based on a tentative understanding with IFAD, the GOT [Government of Tanzania] has now agreed to decentralize this decision making power to the regional level, on a case by case basis so as to expedite the procurement of goods and services needed for the project. Some of IFAD’s second-generation projects, such as Mara and Kagera, are benefiting from this decision. However, this is considered to be an ad hoc and temporary measure as further decentralization to the district levels is necessary to shorten the time lag involved in the procurement of goods and services for its [*sic*] timely utilization in the projects. In this respect IFAD is also engaged in discussions with other donors so that a comprehensive agreement is reached with the Government on this matter.

104. The evidence from the three countries, however, is mixed: it suggests that the disruption caused by the administrative and financial changes introduced for decentralization initially has negative effects for both efficiency and effectiveness. Matters improve, first, when the essential human resources required by local authorities are in place, and, subsequently, when new responsibilities for the flow of funds have been worked out. Even then, however, a considerable amount of streamlining and capacity building may be required before the promise of decentralization is realized in terms of efficiency and effectiveness, and there is no guarantee that vital reforms will not be rolled back.

105. The SCP II in Ethiopia illustrates the consequences for service delivery of the early stages of decentralization. This project has experienced complex and frequently changing institutional arrangements, and even now organizational changes are in process at the regional and federal levels that could affect project performance. There has also been significant turnover of staff at the regional and *woreda* levels. It is only in the last two years that a significant number of irrigation schemes have started to come into production. Even now, however, with only 15 months remaining for project closing, 47% of the funds for civil works remain to be disbursed, and there is a major lag in disbursements for agricultural support services. And the system of settling accounts after disbursement is also found to be cumbersome, time consuming and inefficient.

106. The projects in Tanzania represent a scenario in which massive staff redeployment and retrenchment has taken place and performance in many sectors has suffered as a result. Moreover, while supporting reforms are still underway, most of the local governments are constrained by a variety of factors. These include limited resources, weak technical and management capacities as well as the lack of decision-making authority to facilitate service provision and local governance.

107. In Uganda, much of the legislative, administrative and financial architecture required for decentralization is already in place. But now there are policy reversals in the areas of local taxation, user charges and subsidies (described in section IV.E) that are expected to have serious adverse consequences for service delivery by local governments.

108. Under the circumstances, IFAD assistance to the three countries can be viewed as being both supplementary and complementary to government resources. It has been supplementary in the sense of adding to the resources available to local governments at a time when they were over-stretched in every conceivable direction. And it has been complementary in terms of the investment that IFAD

has made in grass roots institutions in order to shoulder some of the responsibilities for service delivery. Without the kind of assistance that IFAD has brought to bear in support of decentralized structures, there is little doubt that project efficiency and effectiveness would have been even lower during critical stages of the reform process.

109. Moreover, by placing key financial issues on the policy dialogue agenda for Uganda, IFAD has signalled its intention of moving beyond project assistance to facilitate the healthy long-term development of decentralized structures. This is consistent with the conclusion reached by researchers in Uganda that it is “ ‘increasingly clear that Local Government performance is greatly dependent on and is actually being constrained by inability of central government agencies and their donor partners to deliver on their mandated responsibilities’ Onyach-Olaa and Porter 2000. In short, local government performance may be more a function of central government and donor accountability than local capacity per se” (Ribot 2002).

110. Even in the long term, however, decentralization does not necessarily promise better service delivery. A survey of decentralization by Ribot 2002 concludes with the following:

Evidence that decentralization or deconcentration leads to better service provision is thin. This is partly because the assumed causal relations are difficult to demonstrate (Ribot 1999; World Bank 2000:109). ‘Given that claims of service improvement are so central to the arguments of decentralization advocates, it is somewhat surprising that so little research has been conducted to see if decentralization indeed increases the level of services and their quality’ (Smoke 2001:16). The evidence is mixed. A study of decentralization in 10 developing countries shows increased infrastructure expenditures at national and sub-national levels. Where service provision was low, decentralization appears to have increased locally produced services. One large comparative study of service delivery in 75 countries indicates that facilities are better provided by central government, while operation is more effective and less costly when decentralized (Lewis 1998, cited in Smoke p. 17).

Empirical conclusions such as these suggest the need for an increasingly refined and nuanced approach to decentralization.

### C. Implications for Impact and Sustainability

111. There is a distinction between the IFAD and regional strategies on the one hand and the COSOPs and project designs on the other that would guide the discussion of impact and sustainability in this section. The high-level strategies look to decentralization, in tandem with grass roots organizations and other pre-requisites, for poverty alleviation. More specifically, *The Strategic Framework for IFAD* views decentralization as a framework within which governments can respond more effectively to the needs of the rural poor. In the regional strategy, support for decentralization is invoked as part of a principle that states, “ ... the best guarantee that public policy and institutions will effectively facilitate the efforts of rural poor people to work themselves out of poverty is to ensure democratic **accountability** of governments.”

112. The COSOPs and projects, however, are more circumspect in this regard: virtually no relevant document reviewed during this evaluation promotes decentralization as a strategy for poverty alleviation. This is consistent with a review of experiences with decentralization that IFAD conducted in 1999 and reported in the publication *IFAD Update* No. 6 (September 1999). This included an overview of experiences and lessons from both of IFAD’s Africa Divisions. From the Western Africa Division, Kingsbury (Lead Economist) cautioned, “Decentralization is not synonymous with poverty alleviation.” He emphasized that it is “crucial to identify strategies for ensuring that the poor have a voice in local decision-making,” and that “Safeguards may be required to protect vulnerable people, particularly when ethnic, religious or other factors could increase vulnerability.”

113. Summing up experiences from Eastern and Southern Africa, Howe (Regional Director) observed, “In some cases, decentralization has clearly contributed to the improved answerability of services and to a much greater involvement of local people in sustaining activities ... In most cases, however, decentralization remains very much ‘work in progress.’ ” “In Uganda ... IFAD is very active in ensuring that the sub-county level of local government acquires strong capacity to express and respond to local needs—and is investing heavily in the social mobilization necessary for the poor to have an active ‘voice.’ ” Both officials considered it important for the poor to have a voice in governance, and suggested how support for decentralization could to be augmented by IFAD in view of its rural poverty mandate.

114. As elaborated in Appendix 3, there is no doubt that IFAD-assisted projects have generated impact in terms of a wide range of impact domains associated with rural and agricultural development. This is not, however, a major issue in this evaluation. The major impact issue is whether projects and other interventions generated the impacts that IFAD strategies and projects expected to achieve from and through support for decentralization. Thus, poverty alleviation is the main over-arching concern, accountability is considered important insofar as institutional impact is concerned, and sustainability is a key expectation associated with decentralization and community empowerment in the COSOPs and projects.

115. International evidence supports the view that decentralization rarely leads to successful poverty alleviation, and never by itself. In his survey, Ribot 2002 concludes, “Poverty alleviation is often assumed to be one of the outcomes of decentralized governance that is achieved by empowering and serving the poor. There seems to be no evidence of this as yet. On the contrary, in an important comparative study of decentralization and poverty alleviation, Crook and Sverrisson (2000:iii) conclude that ‘responsiveness to the poor is quite a rare outcome, determined mainly by the politics of local-central relations.’ ”

116. Viewed in the context of the IFAD and regional strategies and the 1999 review mentioned above, conclusions such as these point towards some of the interventions that IFAD-assisted projects logically should have made for assisting local governments through appropriate capacity building and pro-poor policy positions and advocacy. These aspects of IFAD assistance have been discussed in section IV.E of this report and only the main conclusions are reproduced below:

- (a) Except for the formation of grass roots organizations and the introduction of logical framework analysis as an aid to participatory planning in Tanzania, there is little capacity building in the IFAD-assisted projects to enhance the pro-poor orientation of local government (paragraph 77).
- (b) Articulation of the voice of the poor is also inhibited by the weak participatory orientation of projects in relation to the challenges they face, particularly for infrastructure development and promoting inclusiveness and accountability in service delivery (paragraph 78).
- (c) The preceding point is related to a specific problem in capacity building, and this may be described as the challenge of dealing with technicalism, that is, an approach that is driven by official technical specifications and procedural requirements rather than the human, social and financial capital of communities and relevant institutions. The consequences of not moving away from technicalism to a pro-poor culture in implementation include weak community ownership of project-sponsored interventions and institutions, lack of community contribution to scheme implementation and maintenance, limited and unsustainable project impacts, and ambiguous poverty impact (paragraphs 79-85).
- (d) The points mentioned above raise policy issues for discussion with the governments concerned, and this is another major challenge that remains to be addressed (paragraphs 86-88).

117. As explained in the referenced paragraphs, the problems and challenges listed above also have implications for sustainability. This is particularly important for this evaluation because the main expectation in the COSOPs and projects is that decentralized structures and grass roots organizations

would lead to greater sustainability (quite apart from any other benefits in terms of efficiency and effectiveness). The earlier discussion of this issue highlights the fact that the combination of local government and community resources is not working satisfactorily as far as the sustainability of IFAD-assisted interventions is concerned.

118. While it is only natural to associate the lack of sustainability with lack of resources, this may simply be a roundabout way of avoiding a hard look at the root causes of the problem, and focusing on its symptoms. If lack of resources is a given—an obvious fact of life in the countries concerned—then the logical conclusion is that many if not most project interventions are unaffordable and unsustainable by the nature of their design or delivery. When there are widespread reports of lack of maintenance of infrastructure and the inability of communities to sustain IFAD-sponsored grass roots institutions, an invitation to seriously reconsider the way these important interventions are designed and delivered can only be considered overdue<sup>21</sup>.

119. In conclusion, it is impossible to state with any conviction that decentralization has enhanced the impact and sustainability of IFAD-assisted interventions, or made them more pro-poor or more accountable to the poor. Part of the problem lies in the wide range of capacity problems facing local governments and grass roots organizations at this time. This recalls Howe's 1999 observation in *IFAD Update* that decentralization remains by and large work in progress. This is reflected, in the first instance, in low levels of efficiency and project effectiveness. Another part of the problem, however, is that projects are operationalized with little enthusiasm for some of the concerns that are stated to be priorities for IFAD. While the projects have unquestionably had an impact in terms of rural and agricultural development, evidence of the impact on identifiable groups of rural poor has not been forthcoming, enhanced accountability is reported only occasionally, if at all, and the sustainability of infrastructure and institutional arrangements has remained an unresolved issue for a long time.

#### **D. Recommendations**

120. IFAD's approach to decentralization focuses not only on government structures but also on grass roots organizations and the NGOs that may be engaged for promoting grass roots development. It aims not only at improvement, accountability, transparency and sustainability in service delivery but also the more challenging goals of poverty alleviation and the empowerment of the poor. And it encompasses not only project assistance but also policy dialogue in some measure. International experience and the findings of this evaluation show that this is a combination of elements that would test the limits of most if not all implementers and policy makers.

121. But IFAD now has a wealth of relevant experience in decentralizing environments, including operational experience and reviews, and project and thematic evaluation reports, which it could utilize more systematically for meeting challenges. A distinctive feature of this experience is the degree to which IFAD emphasizes the symbiotic relationship between decentralization and grass roots organizations, in strategy as well as operations. The term "local governance" would be an appropriate way of describing the space that includes not only local government but also traditional rural institutions and the grass roots organizations sponsored by IFAD-assisted and other initiatives. At present, however, attention to local governance as a complete and useful concept is observed only rarely<sup>22</sup> in IFAD documents. **Policy dialogue** that is adequately resourced and conducted in partnership with other stakeholders in a country is one way of sharing the depth and breadth of IFAD's experience in local governance. Systematic attention to policy dialogue would be ensured if

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<sup>21</sup> The Independent External Evaluation (IEE) of IFAD, the IFAD Annual Report on Results and Impact and previous evaluations by OE have also flagged sustainability as a major issue. The sustainability problems observed by the IEE (ITAD 2004) in various sectors are very similar to those identified here and elaborated in Appendix 3 of this report.

<sup>22</sup> For example, in the Tanzania CPE of 2003 and the project design of the Pastoral Community Development Programme in Ethiopia.

it the idea is injected into country programmes through regional strategies and COSOPs, and realized through grant- and loan-funded projects.

122. This is not likely to happen, however, if the point of departure is provided by existing high-level strategies, COSOPs and project design documents. At present, the high-level strategies set up challenges that draw a wide range of responses from the COSOPs and the projects, ranging from ignoring the difficult challenges to addressing them selectively or incompletely<sup>23</sup>. Moreover, project design and implementation are driven more often than not by the imperatives of technicalism. An alternative point of departure, and one that would utilize IFAD's knowledge in the process, is to **prepare a Local Governance and Poverty Alleviation (LGPA) strategy**. The LGPA would be an operational strategy, and its main rationale would be to provide guidelines to help translate the overall IFAD and regional strategies into operational policies and procedures that are as free as possible from the limitations of technicalism. In other words, the LGPA would be a tool for circumscribing the permissiveness of strategic statements, helping the rural poor to find realistic ways out of technicalism, and encouraging project level innovations in these directions.

123. Clearly, many of the policy and strategic elements required for a LGPA strategy are already in place. This evaluation shows, however, that some of them are not adequately reflected in the COSOPs and project design, and some important ones are not realized in practice. The reasons why this is happening need to be better understood by IFAD and its partners. In addition, selected elements of the IFAD approach need to be revisited in light of recent international surveys and the findings of this evaluation. The following paragraphs introduce some of the issues emerging from this evaluation that need to be revisited or addressed more systematically.

124. The evaluation suggests that focusing on the organization and voice of the rural poor becomes particularly difficult in a context of rapid change and wide-ranging reform, when aspects of reform such as decentralization, privatization, downsizing and resource mobilization tend to pre-occupy implementers and policy makers. In these as well as more settled conditions, IFAD needs to be proactive in "identifying the poor in rural communities" so as to ensure that they are included in project activities. This implies that **every COSOP and project should include cost-effective mechanisms (such as wealth ranking) for identifying the poor within their communities and monitoring their participation in IFAD-assisted activities**. This is a general recommendation, however, and is not limited by the context of this discussion on the proposed LGPA operational strategy.

125. The evaluation also suggests that IFAD-assisted interventions can be better attuned to the needs and circumstances of the poor if: (a) the poor are actually consulted by the technical experts and their knowledge and priorities reflected in the design of activities; (b) the design of interventions is driven not by technical blueprints but by the social, human and financial capital of the communities and local governments; (c) the poor are offered broad choices rather than menu-driven solutions; and, (d) procedures for organizing communities and delivering services are simplified to the point of being accessible to the poor, instead of insisting that the poor must be educated and trained to comply with unrealistic requirements.

126. Notions of better governance, empowerment and accountability also deserve special attention and need to be pursued differently from the past in light of this evaluation. More specifically, there is a distinct lack of balance in the way different kinds of institutions are engaged in IFAD-assisted projects. The central pre-occupation in these projects is with the civil service rather than the representative, participatory and other institutions that are so essential to what IFAD says it is pursuing. There can be little doubt that accountability can be strengthened if representative institutions are strengthened to play their role more effectively, projects practice full disclosure of information to the beneficiaries and the mass media, and a less inhibiting environment for the poor is created by investing in their autonomy from state actors.

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<sup>23</sup> As the IEE observes, "IFAD's strategic statements are highly permissive and sufficiently imprecise to make almost any work with the rural poor seem to be relevant."

127. It would be pertinent in connection with the latter observation to revisit the standard practice of assigning responsibility for social capital formation to official agencies or NGOs serving as contractors to projects. The expectation that official agencies can create and empower civil society institutions is not sound and even appears counter-productive: official agencies view the grass roots organizations they create as extensions of the administration, and use them mainly for assisting with the administrative and financial requirements of the project<sup>24</sup>. In the alternative, organizations that are autonomous but work with government institutions as “honest brokers” may be better suited to facilitate better governance, empowerment and accountability<sup>25</sup>.

128. Additional impetus for promoting transparency and accountability can be generated by means of standard measures for providing relevant information to the stakeholders. At the community level, there is no good reason for not disclosing all activity design and financial information in open assemblies of beneficiaries, rather than limiting it to selected officials, contractors and local committee members. Similarly, all project data can be disclosed to elected officials and the general public at the district level, and more can be done to engage the mass media for this purpose (as illustrated in Box 3).

129. The above-mentioned points are served as food for thought, if IFAD wishes to address and revisit its stated objectives in the shape of the proposed LGPA strategy. Even this operational strategy, however, would need to be reconciled with national and local priorities, operationalized as required and tested for its newness, and, if appropriate, upscaled and replicated in the given context. This suggests the need to approach local governance and poverty alleviation through a combination of instruments. Perhaps the first step would be to **use grant funds to develop innovations and test local poverty alleviation strategies in selected areas**, in partnership with local and senior governments and relevant donors.

130. Considering their absence from the agenda of local governments reviewed in this evaluation, the formulation of local poverty alleviation strategies (at the district or regional levels, as appropriate) would be an innovative contribution to decentralization. It would enable local governments to introduce many of the important crosscutting principles of poverty alleviation and sustainable development that IFAD espouses that are missing from sector-driven local plans. It would help IFAD and its partners modify or develop operational policies and operating procedures in support of agreed objectives and, hopefully, with considerable freedom from the compulsions of technicalism. And the use of grant funds would encourage a certain amount of practical experimentation and risk-taking along the directions mentioned earlier in this section.

131. The next steps would be aimed at **upscaling and replicating appropriate lessons from grant-funded initiatives**, and these could entail the use of loan funds for Sector Wide Approaches (SWAs) or more traditional projects. IFAD has begun to move in the direction of supporting SWAs in some of the countries of the region, including Tanzania and Uganda, most of which have emerged from national poverty reduction strategies. This offers the opportunity of taking crosscutting or sector-relevant innovations from grant-funded experimental projects into relevant sectors. The more traditional multi-sectoral projects offer the space for a broader set of lessons but within more

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<sup>24</sup> The same point is made by the Sri Lanka CPE of 2002, Husain 2000 and Manor 2004, the latter concluding that many user committees are unrepresentative and unresponsive, *especially* when they are appointed by governments and serve as the extensions of government departments.

<sup>25</sup> A recommendation for autonomous support organizations that perform as “honest brokers” between rural communities and service delivery organizations, including government agencies and NGOs, is explained in the 2002 Sri Lanka CPE. As explained in the *Insight* associated with this evaluation, such an organization would be “a self-governing, not-for-profit body to help organize the poor, promote participation, and ultimately strive for their empowerment and for rural poverty alleviation. Management would be strictly professional, its board to include some government officials (as a minority) and others known to be politically neutral and committed to development.” An endowment fund contributed by the government and donors would cover recurrent costs. Where British law is in use, the organization may be established as a private company limited by guarantee.

limited geographical areas. Both types of projects offer the possibility of engaging partners whose support could be vital for IFAD to play a more effective role in policy dialogue.

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#### **Other Documents Reviewed for the Evaluation**

Relevant project documentation, evaluation reports and government documents.

## Appendix 1: Four Clusters of Key Questions for the Evaluation

1. What is the framework of decentralization policies and programmes within which IFAD works in each country? What opportunities and challenges did it create for rural development in general, and for IFAD in particular, since the introduction of decentralization?

In particular:

- |     |                                                                                                                                                                                                                                               |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.a | What are the <u>driving forces</u> behind decentralization (e.g. Structural Adjustment Programmes, fiscal concerns, donors interventions)?                                                                                                    |
| 1.b | What type of (new) political bodies have been created in the periphery (elective / non-elective), what are their powers and financial resources, what is their sectoral specificity and to what level did the decentralization process reach? |
| 1.c | What is the experience of other donor agencies (brief review)?                                                                                                                                                                                |

2. What strategies and interventions did IFAD introduce in its COSOPs and projects to address the opportunities and challenges presented by decentralization? What was the purpose of these strategies and interventions, and what means did IFAD provide to implement them?

In particular:

- |     |                                                                                                                                                                                              |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.a | Changes in strategy: policy dialogue with other donors and the government, modalities of support (area project vs. sectoral support), changes in targeting criteria etc.                     |
| 2.b | Changes in project design and mechanism of support: choice of project institutions, more decentralized planning and decision making, different channelling of funds, decentralized M&E, etc. |

3. What has been the institutional impact of IFAD's strategies and interventions on the project institutions at which these were aimed? In what ways have these institutions enhanced their capacity for poverty alleviation and utilised it to this end? What types of resource / capacity constraints did they face?

In particular:

- |     |                                                                                              |
|-----|----------------------------------------------------------------------------------------------|
| 3.a | Changes in the decision making process (e.g. participation of community-based organizations) |
| 3.b | Changing vision (e.g. poverty alleviation as a stated objective)                             |
| 3.c | Staffing composition, training and human resource capacity                                   |
| 3.d | Changing policies and procedures (administrative, financial, procurement, etc.)              |
| 3.e | Financing mechanisms (for investment and operations)                                         |

4. Were IFAD's strategies and interventions relevant, and did they enhance the efficiency, effectiveness, impact and sustainability of IFAD's strategic and project objectives in each country? What outcomes did IFAD help achieve through advocacy and policy dialogue?

In particular:

- |     |                                                                                                                                                           |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.a | Responsiveness (e.g. did capacity—speed/quantity/quality—of local administration to assess and respond to people's needs and offer public goods improve?) |
| 4.b | Impact on local community-based organizations (e.g. water users associations, village women's groups, etc.)                                               |
| 4.c | Relevance of project design (has there been an improvement in the capacity of projects to address perceived needs at the community level?)                |
| 4.d | Effectiveness of projects (to what extent projects have been enabled to better reach their intended goals?)                                               |
| 4.e | Efficiency (did IFAD's support to decentralization processes generate a reduction of unit costs of service provision?)                                    |
| 4.f | Sustainability (did the new institutional setting promoted by IFAD project/programmes result into better 'exit strategies'?)                              |

## Appendix 2:

### Poverty Alleviation and Targeting Recommendations of the Tanzania Country Programme Evaluation, 2002

*The following issues and recommendations were brought out in the Country Programme Evaluation and have been incorporated by means of an appendix (Appendix VI) in the Tanzania COSOP of 2003.*

**Issue 2: Approaches to Rural Poverty Reduction.** There was a consensus that efforts should be made to include the poorest as beneficiaries of IFAD-assisted projects and programmes and that targeting mechanisms should be formulated accordingly.

**Recommendations:** IFAD interventions should have a clear strategy for including the rural poor and explicitly analyze the challenges and develop specific strategies of extending reach to the poorest. Project and programme design must entail added information on how to reach the poor and the extent to which the poorest are also among the intended beneficiaries. However, it was noted that extending reach to the poorest segments is challenging. Consequently, targeting should be examined from the perspective of its feasibility so that overall sustainability of the programme is not jeopardized. This will require a more detailed definition of targeting mechanisms during programme development phases. During implementation, periodical reviews should be undertaken to determine how effective IFAD and other stakeholders are in reaching the poor. Finally, a close monitoring and review of the outcomes of the approach to rural poverty reduction promoted by the 1998 COSOP would be useful, in that it could provide additional inputs for developing specific strategies and support interventions targeting different social groups and geographical areas in the country.

**Issue 3: Target Group Definition.** Over time, the definitions of the poor and of the poorest during the project and programme design has improved. However, there is still scope to ameliorate targeting definitions and mechanisms, in order to ensure that majority of the benefits reach the poorest.

**Recommendations:** Design documents need to distinguish between the 'poor' and 'poorest' and specify in detail the mechanisms to reach each group. This is best done at the design stage in a participatory manner with the rural poor and their communities. The practice of monitoring periodically the inclusion of identifiable groups of the poor in project activities during implementation should be intensified. Apart from using cost-effective participatory approaches such as wealth ranking, the methodology could include sample surveys at the beginning, mid-point and conclusion of a project for assessing target group involvement and the corresponding poverty impacts.

## Appendix 3:

### Main Findings of the Evaluation Missions

#### A. Findings from the Ethiopia Mission

##### Relevance

The occurrence of drought coupled with serious environmental degradation has increased in frequency, magnitude and geographic coverage in Ethiopia, spreading to formerly non-food deficit areas of the country<sup>1</sup>. The project fits closely with GoE policies on water resource development and national food security. Given the difficulties that remote rural communities have accessing input and output markets and credit, the national desire to generate marketable (and in some cases exportable) products must take into account the constraints and priorities of food insecure rural communities served by the programme.

The project is relevant to the needs of traditional irrigation communities, which are well aware of the engineering and management limitations of existing irrigation systems. In most cases, modern technology has saved the time and energy otherwise expended in annual reconstruction and permitted the expansion of irrigation command areas. In a few cases, irrigation has permitted voluntarily settled agro-pastoralist communities to adapt to their new lifestyle. The inclusion of seed multiplication, soil conservation and women's gardens has significantly added to its relevance. On the other hand, by its nature, the project can only benefit limited numbers of farmers. Those outside the command areas may benefit from soil conservation measures, but not from the direct benefits of irrigation and income generation.

IFAD's strategy for East and Southern Africa is to: (a) target medium to high potential areas; (b) strengthen participation; and (c) build capacity in decentralized institutions and civil society. The project is relevant to all of these, although much remains to be done in the area of participative processes of development. IFAD's strategic thrusts focus on (a) improving market linkages, (b) strengthening rural financial systems, (c) better management of land and water, and (d) improving knowledge and information transfer. The project is potentially relevant to all of these, although it has focused almost exclusively on the third.

##### Efficiency and Effectiveness

According to the appraisal report (1996) it was expected that the aggregate programme benefit expressed in terms of ERR would be about 15%. At the time of the mid-term review (2002), however, there was some escalation of costs due to delays in implementation which added about USD 0.6 million to the total estimate of expenditures. Even now some further delays are observed which could have some implications on the efficiency of using inputs. Some schemes need additional work while others need modifications requiring extra expenditure. The benefits to be drawn from these undertakings will be revisited in the main report of this evaluation. However, the outcome of the sensitivity analysis in the project appraisal holding benefits down by 15% and cost up by 15% gave an ERR of 10% which was slightly lower than the assumed opportunity cost of capital of 12%. This aspect is subject to further investigation and will be addressed in the Main Report.

Out of the 58 SCP II irrigation schemes, only about 10% have been completed and in production for two dry seasons. A further 30% have been in use for one dry season, and the remaining 60% of schemes are yet to be used. Given the time it takes for the full benefits of irrigation, intensification,

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<sup>1</sup> This part of the report is drawn from the *aide memoire* of the mission that conducted the interim evaluation of the Special Country Programme, Phase II (SCP II, approved December 1996). It represents, therefore, the preliminary findings of the mission, while the complete evaluation report is awaited.

diversification, and commercialisation to be adopted by farmers (a minimum of 3-4 years, most often 5-7 and sometimes as long as 10-12 years), the assessment of impact will have to be based on inference and projection and take into account observations on SCP I schemes.

### **Impact on Physical Assets**

The main physical assets delivered by the project consist of the irrigation infrastructure (concrete weirs and diversion structures, canal systems), which usually replaces traditional (boulder, clay and brushwood) structures. In some cases irrigation infrastructure is entirely new to the communities involved. It should be noted that since nearly all the schemes rely on dry season run-of-river, with only a proportion including even night storage, the extent of increased access to water as a physical asset is limited to efficiency gains from improved canals. Wet season flows are utilised in some cases, to provide supplementary irrigation, but there are no major water storage structures. In a few cases seen in this evaluation, defective design or implementation has reduced rather than improved the benefits which farmers formerly enjoyed through traditional irrigation.

In many cases access roads to the irrigation schemes have also been constructed, repaired or upgraded, although the investment in these roads has been limited, and farmers frequently highlight poor physical market linkage as a key issue. Soil conservation measures taken to protect irrigation infrastructure and catchments add to the physical assets of beneficiary communities, albeit on a small scale due to budget limitations. There is some evidence (although this is mixed) from farmer interviews of area enclosures and re-forestation in catchments reducing the availability of livestock feed and possibly livestock numbers.

### **Impact on Financial Assets**

Interviews with farmers and women gardeners suggest that incomes from cash crop production have started to make a difference. In some cases cash income has been used to recover from recent drought years in which livestock and other assets have been sold, while in others it has been possible to begin to make investments (e.g. in roofing, housing and dairy cattle) for the future.

### **Impact on Human Assets**

The project has had a positive impact through extension (including specifically female-focused home economics) and training. In regard to the latter however, a tendency has been observed for the same scheme representatives to receive repeated trainings, rather than for a wider group to receive the benefits of increased knowledge and expertise. Discussions with farmers on some schemes revealed increasing skills in water management and scheme operation, purely as a consequence of length of experience and trial and error. Some farmers are beginning to use their increased incomes to send their children to school.

There is evidence of quite significant changes in diet as a consequence of local consumption of part of the crop (vegetables, fruits) produced for market, although these changes are not all attributable to the IFAD project. From this, we infer that changes in family nutrition are beginning to occur. It is too early to detect improvements to health as a consequence of better nutrition, and the lack of baseline data will prevent this in future.

### **Impact on Social Capital and Empowerment**

Social organization within irrigation schemes consists of traditional water management structures (e.g. ababishane, korebishane, and malaka), 'modern' Water Users' Associations (WUAs), and cooperatives. The existing traditional water masters have generally been ignored in the move to WUAs and cooperatives. In many schemes WUAs (consisting of all or some water users) exist alongside cooperatives (whose membership is a part of the total number of water users), while in others the strategy is for WUAs to operate up to the completion of construction, and then for

‘irrigation cooperatives’ to gradually take over. Where both WUA and cooperative exist, there is significant room for confusion.

The dogmatic promotion of cooperatives often denies the unwillingness or inability on the part of a significant number of farmers to join, and in many cases the promises (of credit, of market access) made by the Cooperative Promotion Office fail to materialise, and encourage dependence. In general the tendency to ignore traditional social structures and the ubiquitous imposition of cooperatives is a cause for concern. In a few cases where WUAs have been allowed to manage themselves, in the absence of the promotion of cooperatives, lack of legal status does not appear to have posed any significant constraint. Peer pressure and community enforcement has held water users to observation of the by-laws.

### **Impact on Institutions, Policies and the Regulatory Framework**

The project’s support of institutions has largely focused on capacity-building, interpreting the word “institution” as referring to the organizations or stakeholders involved in the project. Consequently the focus has been on training and equipping of woreda bureaux of agriculture and rural development, although the project has significantly under spent on this component in comparison to others, thus limiting impact. When the concept of “institutions” is taken more broadly to mean the “rules of the game” (i.e. the policies, rules, regulations), which constitute the enabling environment for economic and social activity, then the project, and especially the donors, have had little visible impact. Significant opportunities have been lost here.

### **Impact on Gender Equality and Women’s Empowerment**

Gender differentiated participation in the programme is limited to women’s vegetable gardens and WUA membership. The latter is reserved for the household head so wives are excluded. Out of 14 schemes visited, only three included women on the WUA committee. Reasons given for exclusion were that women are too busy, or that the beneficiaries were not aware that this was a requirement. The extent of active participation of women at committee meetings and their influence in decision making is not known. Only a small proportion of the women on each site benefit from the vegetable gardens, which has not been undertaken to the extent envisaged.

Women benefiting from the vegetable gardens sometimes have a committee. At one site the women claimed that this committee was able to voice complaints to the WUA committee. The effectiveness of this collective action for women’s empowerment requires further exploration. The women vegetable garden beneficiaries interviewed were generally very positive about the impact which had been made on family nutrition. In some cases, produce is sold, depending on market access, surplus production and attitudes. Regular complaints were made about lack of inputs and shortage of farm tools, including watering cans. Tending the vegetable gardens increases the labour requirement on the women.

### **Sustainability**

With the exception of three Phase-I schemes visited during this evaluation – each about 10 years old – and a few older non-IFAD schemes, it has been impossible to visit schemes older than two or three years. Consequently our judgments have to rely on expectations and some inference from SCP I sites.

The project components (irrigation, agricultural and NR support, women’s gardens, institutional support) and the quality of these components (e.g. of design and construction) give cause for optimism. The balance between the components may not yet be optimal—for example the need for soil conservation work is almost endless, the importance of the seed multiplication activity is great, and the opportunity for further development of women’s gardens is large – but this can be refined over time. In the course of this evaluation the quality of engineering design and construction has generally been encouraging, although a few specific examples gave considerable cause for concern.

We have seen many examples of high levels of commitment of farmers, woreda officials and regional personnel. In many cases, attitudes and approaches of Government staff are extremely positive and helpful, but we have been concerned in some cases by attitudes characterised by rigidity, unwillingness to be self-critical, and unwillingness to learn. We would wish to encourage approaches that are truly participative, rather than directive; flexible; integrating; and encouraging independence rather than reinforcing dependence.

Post-construction support is a key aspect of sustainability. It is our view, based on this project and many others in Ethiopia and elsewhere, that sustainability can only be achieved when appropriate supportive actions are taken over a long period of time, if not for the foreseeable future. In at least three of the regions visited, the recognition of this need is strong. A clear distinction is made between ‘minor maintenance’ which farmers can realistically carry out, and ‘major maintenance’ which is beyond their present ability. These ‘major maintenance’ tasks are relatively small for the regional authorities involved, and in reality they fall well short of true rehabilitation. However, their costs tend to be covered either from money saved on construction budgets, or from funds set up for rehabilitation. In our view, the refreshingly realistic attitudes of some of the regional authorities should be supported by government and donors (especially IFAD), in the form of annual maintenance budgets which can be used to sustain a high level of scheme performance, rather than waiting for such a level of deterioration to take place that serious rehabilitation is necessary. Long-term support is a necessity, not an option.

### **Overall Impact Assessment**

In terms of irrigation benefits, the project has started to make dry season water (or increased quantities of water) available to farmers in drought-prone areas of Ethiopia. Increases in cropping intensities, crop yields, diversification, and cash incomes are beginning to be evident. There is also evidence of changes in household diets, suggesting the possibility of better household nutrition security. The impact of soil conservation measures on non-water users and water users is impossible to quantify in a rapid evaluation. The benefits to women are rather limited so far, but the potential for increasing impact in this area is significant, and at low cost.

Factors which militate against beneficial impact include: limited access to inputs and credit; difficulties of physical access to markets, small markets, and low prices; limited water resources, especially following drought years; confusion in social organization of water users (traditional structures, WUAs, cooperatives); potential “negative externalities” and conflicts between upstream and downstream users; and insufficient emphasis on truly participative approaches.

## **B. Findings from the Tanzania Mission**

### **Relevance and Institutional impacts**

This mission focused on the Kagera Agricultural and Environmental Management Project (KAEMP, approved December 1996) and the Participatory Irrigation Development Programme (PIDP, approved September 1999). The two projects were conceived and implemented during a highly dynamic period of evolving policies, continuing reforms and a rapidly decentralizing environment. During this period Tanzania formulated an Agriculture Sector Development Strategy (ASDS)<sup>2</sup>, a Rural Development Strategy (RDS)<sup>3</sup>, a national Poverty Reduction Strategy Paper (PRSP)<sup>4</sup>, a Poverty Eradication

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<sup>2</sup> The main priorities of the ASDS are: (i) strengthening the institutional framework for agriculture growth; (ii) creating an enabling environment for private-sector development; (iii) assigning public and private sector roles in improving support services; (iv) strengthening market efficiency for inputs and outputs; and (v) mainstreaming the planning for agricultural development in other relevant sectors.

<sup>3</sup> The RDS emphasizes; (i) widely shared growth in all sectors of the rural economy; (ii) increasing opportunities and access to services; and (iii) promotion of good governance through decentralization, empowerment, participatory district planning, security and justice.

Strategy (NPES)<sup>5</sup>, a far-reaching Local Government Reform Programme (LGRP)<sup>6</sup> and an overarching Tanzania Development Vision 2025.<sup>7</sup> Together, these initiatives have redefined the manner in which the government plans to pursue its broad development and poverty reduction agenda in the coming years.

The unprecedented reform programme has also triggered nation wide changes in the systems of governance, the roles and responsibilities of the central, regional and local authorities, and institutional structures as well as approaches to service delivery. Viewed in this context, the two projects are highly relevant and consistent with the current development strategies and institutional framework of Tanzania. Both KAEMP and the PIDP operate within the established local government framework. Moreover, their planning and implementation processes also mirror the government's approach for district wide development.

Several donor initiatives, including KAEMP and PIDP have followed the two-tracked approach to capacity building, catering to local government as well as community groups. The key outcomes of these efforts include enhanced local government capacities for planning and facilitating community-led development, sensitization of local governments in poverty issues and a greater capacity within the village-based institutions. The projects have added to local government capacities in areas such as the Logical Framework Analysis (LFA) approach to planning, monitoring and evaluation (both KAEMP and PIDP); integrated approaches to agricultural development (PIDP); and capacities for planning and managing low cost technologies in agriculture and rural infrastructure.

There is evidence that local governments are piloting and trying to replicate some of these approaches outside the project framework. However several factors, including limited human and financial resources for the intensive project processes inhibit a wider uptake. Institutional capacities are also a direct function of adequate human resources, systems and procedures as well as a variety of physical and financial resources, that are currently in short supply at all levels. The resource constraints have in turn also impacted on the two projects in question. The situation appears critical on the logistics front, which the local governments legitimately need for effective governance and service delivery.

Although both projects have relied on local governments as key vehicles for project implementation, the review shows that the current local government tiers are still not fully geared to support community led development. The available skills and capacities do not match the requirements of an intensive participatory project. The staffing situation appears to have worsened as a result of the massive decentralization and restructuring in Tanzania. The reforms have led to retrenchments and/or displacement of staff in many sectors of importance to the districts.

In addition, there is little or no incentive to engage in a process that clearly leads to enhanced accountability; is painstaking and consumes much more time, than what an average LG functionary is paid for. The district chairman in Bukoba was particularly mindful of this issue and quickly pointed to the huge difference in KAEMP and local government salaries (12:1) that served as a disincentive for many government functionaries. He was also categorical in suggesting that the project appraisal should have reviewed and catered for local government capacities before mandating the district to

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<sup>4</sup> Issued in 2001, the PRSP subsumed the ASDS and the RDS.

<sup>5</sup> The NPES calls for eradication of absolute poverty by 2025 through three main areas of intervention: (i) creating an enabling environment for poverty reduction (i.e. through policies that promote good governance); (ii) building capacities for poverty eradication; and (iii) promotion of social sector services (i.e. the sectors that directly promote human development, including education, health, water supply and sanitation, employment creation and the preservation of environment.

<sup>6</sup> The LGRP refers to the government reform agenda originally formulated in 1996; this was subsequently published as a policy paper on Local Government Reform and provides the policy framework on which local government reforms in mainland Tanzania are based.

<sup>7</sup> The Tanzania Development Vision 2025 calls for Tanzania's graduation from a least-developed country to a middle-income country by 2025 with a high level of human development. This vision provides the foundations for a whole series of reforms (including the LGRP) that are currently underway in Tanzania.

implement a large project such as the KAEMP. The review suggests that various staffing constraints and the low financial capacities have seriously impacted project implementation. These essentially mean that the project activities could not be effectively implemented and/or the investments that are already on the ground (such as the several hundred kilometres of roads under KAEMP) may not be effectively sustained.

However, the project's support for grass roots institutions offers some hope for sustained benefits. The Integrated Pest Management/Integrated Plant Nutrition (IPM/IPN) groups, the Seed Grower Associations (SGAs), the Water User Associations (WUAs), the para-professionals, farmer cadres and a host of other village based committees for health, water and roads are clearly the real drivers of change. And some reports suggest that the grass roots organizations are increasingly holding the village, ward and higher levels accountable, thus promising hope for improved governance and service delivery.

There are also other examples that demonstrate how the districts are trying to optimize available capacities. Co-supported and facilitated by KAEMP, the annual workshop of all donor-funded projects in the district serves as a key input into the districts' Annual Development Plan and Budget<sup>8</sup>. The annual workshop provides an opportunity to share information, review the plans and budgets of various donors and local governments, formulate joint strategies, avoid duplication, agree on targets and make collective plans for the year in question.

District government has also shown some innovation in the manner in which donor and government resources are aggregated and rationalized for broader developments of the Bukoba district. Using a basket approach, the district has outlined five broad clusters for local development to which various donors and the government contribute. Each cluster has a broadly defined purpose that enables multiple donor projects to provide support for the same development cluster. As a matter of policy, the Bukoba District Council no longer supports stand alone projects; rather, fits all government and donor-funded projects into specified development clusters. Depending on project objectives, each donor-funded project (including KEAMP) is assigned to one or more clusters. The basket approach to channelling donor investments offers significant advantages for a sectoral and broad-based development of the district. However, as elaborated below, this approach also appears to dilute the focus on poverty.

The KAEMP and PIDP are also credited with the introduction of the innovative LFA approach to planning, monitoring and evaluation that did not exist prior to the projects' inception. This is evident in both Bukoba as well as Dodoma where fairly sophisticated district and sector development plans are available for review. The plans define the cluster outputs, activities, indicators and the key assumptions for all sector activities. More importantly, the system is operational and is reportedly used for regular monitoring and evaluation in both project areas.

However, it is important point to underline that the on-going changes (in institutions, policies, etc.) are not the result of IFAD's interventions alone. The project areas show a multiplicity of donor-funded activities, which, together with the evolving policy framework and the countrywide reform process, have also contributed to the institutional impacts. Field discussions also suggest that the various innovations outlined above do not represent wider capacities across all regions, or even within the project areas. The KAEMP and some other projects (in particular the Netherlands-funded District Rural Development Project, DRDP) have kick-started a process of change that will need to be

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<sup>8</sup> Discussions with the Project Manager KAEMP and a review of the district plan shows that there are at least eight donor-funded projects operating in the Kagera region. These include the UNDP-assisted bio-diversity project, the Belgium-funded Kagera Community Based Development Project, the multi-donor Tanzania Social Action Trust Fund; the Netherlands-assisted District Rural Development Programme (DRDP); the Sweden-assisted health, sanitation and water project, the World Bank-assisted Lake Victoria Environmental Management project, UNICEF-supported child health survival development and the IFAD-assisted KAEMP. Some of the projects such as the DRDP have been running for over 15 years.

sustained. Discussions with the key bilateral and multilateral donors indicate that local government capacity is a key impediment to rapid improvements. This view is widely shared by the project staff and other partners in the project areas.

### **Poverty Focus and Participation**

Although the two projects have reported significant progress on this front, the field evidence points to a weak focus on poverty targeting. This is reflected by the absence of participatory wealth ranking or other mechanisms that might have ensured this more effectively. The planning and approval process under KAEMP calls for needs assessments and prioritization at the grass roots. However, the eventual selection or decision-making at the district follows multiple levels and screens of governmental review, including the use of overarching criteria that appear to dilute the overall focus on poverty.

In Bukoba district (Kagera region), the basket approach to donor investments for specified development clusters offer significant advantages for a sectoral and broad-based development strategy. However, there is little evidence that the mechanism offers any differentiated advantages for the poor, particularly the most marginalized elements in the target areas. In addition, the usual fiscal constraints on resources also mean that the political elite of the district—also the final decision makers on the selection and award of schemes—ends up making the political and pragmatic choices. These and other factors combine to further marginalize the poorer segments, which are typically left out. Perhaps it is no surprise that a random survey conducted by the Bukoba District Council show that nearly 80% of the households view the Council's activities to be non-transparent; particularly in such matters as budget preparation and access to information<sup>9</sup>.

The district counters this by suggesting that the poorest are represented in all hamlets and the local government process ensures that the needs are aggregated from all hamlets, villages and wards. The district administration also points to a variety of equalization measures that are built into the national, regional and district guidelines and specifically aim at equitable growth. However, the criteria appear to be largely focused on addressing the spatial distribution of poverty and broader developmental goals, rather than the stratified poverty that is evident in many project areas, including those visited during the thematic evaluation.

Likewise the PIDP has developed elaborate criteria to screen its interventions and the potential (poorer) beneficiaries, who would be eligible to receive support under the project. However this does not apply to nearly 40% of the schemes that were pre-selected. Among the remaining schemes, the inherent technical considerations have also resulted in a more neutral (or technical) rather than pro-poor choices for land allotments.

In terms of community participation, particularly that of women and the poor, mixed conditions prevail in the project areas. Compared with the Small holder Project for Marginal Areas (SDPMA), the PIDP has clearly followed a much more participatory approach to agriculture development. The villagers felt that problems continue to crop up. However, the WUA has offered a platform to come together and sort out local problems through consensus. In general, villages where the projects have invested in group formation and community development (such as the WUAs under PIDP or IMP/IPN groups under KAEMP), the participation appear be stronger and more meaningful. However, villages where the project largely relied on pre-existing groups, such as water user committees or road user groups, meaningful participation appear weak.

The local government reforms programme has also ensured 25% of women representation at all tiers of the local government. The project's gender sensitization and training programme has reportedly unleashed considerable energy. The review found several women active within the IPM/IPN as well as the SGAs groups. The two villages visited during the fieldwork showed women comprise 30-50% of the total SGA membership. Likewise women reportedly constitute nearly 50% of the WUAs under

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<sup>9</sup> Bukoba District Council; Report on data analysis and people's opinion on service delivery; May 2001

PIDP. They also hold offices in both KAEMP groups and the PIDP WUAs. However, observations in the two project areas also indicate that authorities and decision making largely rests with the male counterparts.

### **Effectiveness and Impacts**

There was consensus that the PIDP intervention has more than doubled the paddy yields from one to more than two tons per hectare. This has led to significant improvements in the lives of people. Several male and females indicated that they are now self-sufficient and do not have to buy any rice stock from the market. Others pointed to enhanced household assets such as better housing, purchase of bicycles and some other household items that they could not buy before. Some of the villagers also pointed to health improvements, access to hygienic water and the fact that they can now afford sending their children to schools.

The PIDP savings and credit cooperative societies (SACCOs) have not done too well for multiple reasons. Although weak capacities were identified as the key reason, the project staff noted that the local culture plays a more important role. Historically, there is a very limited tradition of borrowing for agriculture; this is true for most of the PIDP areas visited by the mission. As a result there has been a limited uptake of credit, and where the farmers did receive some loans from the WUA, significant defaults have been reported.

The staff point to the PIDP approach and processes as being transparent and one that also ensures accountability of the public and private sector implementers. Others have shown interest and some replication within district. However, the staff also pointed to significantly larger completion costs (compared to appraisal) as well as the planning and implementation delays associated with virtually all PIDP schemes. This may need further review.

Under KAEMP field discussions point to good results under the IMP/IPN as well as village based farmer cadre groups who are now training others. Evidence is emerging that individuals within some of the IPM/IPN groups are now offering services to other farmers. Indeed some are even charging for such services, thus ensuring expansion and the commercial sustainability of service provision. Extension services through the farmer cadre is also reported to be more effective with their farm visit approach compared to the more traditional sector approach of demonstrating in selected locations. The programme appears to have impacted in several ways including improved management practices such as maintenance of farm records (available at site), improved pest control, increase in farm produce and adoption of improved agriculture practices in the adjoining villages.

Group discussions show that SGAs have had a positive impact. Among the tangible impacts of the project, virtually all members of the focus group in the two villages reported some degree of improvements in their lives and livelihoods over the past five years. This included, improved food security, purchase of livestock, increased comfort levels due to better house, new bicycles, radios and even mobile phones. The mission also reviewed some of the roads that have clearly opened up a large potential for improved agriculture, marketing as well as enhanced access for social services.

### **Sustainability and Replicability**

Typical PIDP schemes are fairly large and relatively complex by the standards that are common to poor and rural settings in much of the developing world, including Tanzania. There is a need to recognize villager's capacity and limitations on the extent of support that can be locally generated. Although extensive capacity building has been carried out, the review provides physical, financial and institutional evidence to suggest that the PIDP may be asking more than what the villagers can currently provide. For instance the physical review showed several problems in the maintenance of scheme infrastructure while the WUA account is also not able to support the bare minimum salary of a treasurer to effectively manage WUA operations. This is also a legal requirement, which the WUA under review could obviously not fulfil. There is a clear need for further strengthening of the WUAs,

continuing oversight as well as lateral support through the district government for more complex and expensive O&M operations.

The O&M for the irrigation scheme, water supply and access road is currently sustained through a system of contributions whereby each household is required to deposit a bag of rice at harvest in the WUA storage. The section leaders are responsible to ensure this and the rice collection is typically sold just before the next sowing season to support a variety of costs. The collections are reportedly insufficient to meet all O&M expenses, particularly those related to the maintenance of road and water supply that were also constructed under the same scheme. However, the WUA has entered into an arrangement with the local government, whereby 50% of the access road is maintained by the village council while occasional support (trucks etc.) is also received from the district government.

Under KAEMP, the SGA organizes meetings, provides advisory support to its members, arranges storage of seed (maize, beans, sunflower and cassava. etc.), administers loans and also facilitates bank payments for its members. The association reportedly offers high quality seed at lower prices and is popular in the farming community. The membership of the SGA visited during review has risen from 22 in 2001 to 150 in the year 2004. The sales also show an upward trend. However, the volumes are still low and financial sustainability remains a major concern.

The SGA operations are currently supported through the voluntary work of a few dedicated staff, which is clearly not feasible in the longer term. The cooperatives law requires a full time paid employee/treasurer, which the SGAs cannot afford. Loan management to the farmers also appeared to be an issue, as SGA fees do not cover adequate overhead costs to even provide the transportation expenses for regular follow up. The situation is compounded by the SGA partner banks (PBT and Kagera farmers' Cooperative bank) that have raised the interest rates to 15% from the prevailing 10% during the time of project implementation. Project staff indicate that the KAEMP had offered a 5% subsidy to the bank which has now been withdrawn after the project's closure. However, this has clearly impacted the SGA's ability to borrow and repay new loans.

Review of the roads component show maintenance and repair to be an issue. The project's expectations from the village road committees to support the M&R appear ambitious and mixed arrangements with local government support may need to be considered. A large part of the Kagera region falls in the high rainfall zone (1500 mm), which translates into a high demand on maintenance and repair (M&R) of the earthen roads. Without a regular M&R regime (through local governments and road users), the road conditions are likely to quickly deteriorate. Discussions indicate a small percentage of the user groups have established the required M&R accounts. However this could not be confirmed.

### **C. Findings from the Uganda Mission**

#### **Nature and Relevance of Support to Decentralized Institutions**

This mission focused on the District Development Support Programme (DDSP, approved September 1998) and the National Agricultural Advisory Services Programme (NAADS, approved December 2000). It also observed the activities of the Area-Based Agricultural Modernisation Programme (AAMP, approved December 1999) in one district.

The DDSP has had a marked influence on the decentralized structures in the five districts with exceptional influence on those two that also implemented the H-KIDCDP. Hoima and Kibaale tested decentralisation to District Councils even before the 1997 Local Governments Act. The same process has also been effected in Kabarole, Kyenjojo and Kamwenge District Councils. The DDSP has provided support to the District and sub county structures in terms of resources, material, financial and technical for holistic development efforts through systematic planning and implementations in a decentralized manner. The DDSP has also laid the groundwork for other programmes supported by IFAD such as the NAADS and AAMP.

The nature of support in the DDSF included seven main components. The sectoral components were implemented through sectors within the District Local Governments. Grants were provided for both hardware and software components of the projects. Each of the five districts has been involved in many of the project activities. Progress has been recorded in the establishment of many water sources such as boreholes, hand dug wells, protected springs, rainwater harvesting, ventilated pit latrines, access roads, health centres, sub county and parish offices and community halls as well as accommodation of extension or grassroots workers. Many of the community infrastructure schemes such as water sources, community centres and access roads now have trained community committees numbering between 7-10 with a gender balance. It is very clear that the SIDA component is the most successful in terms of women's participation in development as well as in increasing asset base of many rural women and their families. In all the districts, this component is hailed as the most promising and a key ingredient to supporting all other components in DDSF as well as in the AAMP and NAADS programmes.

Capacity building has been enhanced for the institutions themselves as well as for community groups to effectively participate in infrastructure development. Two council layers received the most support: district and sub county levels. Of late the parish has also received more attention as a missing link in effective development planning and implementation through the provision of parish centres as well as training of Parish Development Committees (PDCs) to oversee LC-1 planning and implementation functions.

The normal process of strengthening institutions has been one starting with the district level, followed by sub county and now to the parish councils, PDCs and communities in that order. This rather top down direction of institution capacity building and development, whilst practically sensible, tends to underscore the importance of a balanced top-down and bottom up capacity development. The ground level institution development ensures a more responsive top down institution strengthening process.

The pertinent issue is related to the decision on who should be responsible for strengthening which level in a complementary fashion. On this, the two programmes the DDSF and NAADS take on two different approaches. The DDSF entrusts district and sub county sectors and structures with strengthening grassroots level institutions whilst the NAADS entrusts NGOs with strengthening farmer groups and their forums. It also entrusts separate third part entities with strengthening the private sector or service providers. The farmer groups are empowered to make decisions on what service providers should provide. Much of the activity takes place at sub county level.

A major challenge for decentralized local governments is on capacitated staff retention beyond the project period since many are receiving allowances and equipment for use as well as programmes to implement. Local governments need to raise adequate revenue for their own development and to replace equipment that was provided under projects. The suspension of the graduated tax will seriously impact on local governments' capacity to meet their operation and maintenance requirements.

### **Nature and Relevance of Support to the Rural Poor and their Organizations**

Both the DDSF and NAADS have focused on the economically active poor as the main target group. Both programmes focus on what is described as "the economically active poor". There was a general acceptance by district administrative heads that the "inactive" poor are difficult to get. As one official stated, "If we waited for the inactive poor, we would not have started anything, it was better to start with something, the others would follow when they saw something happening". The MTR however makes a pertinent observation that in village communities, group based activities tend to be traditionally associated with self help mechanisms among small sub groups rather than wider communities looking after social and economic infrastructure. In a traditional village community, members come together to exchange labour for farming operations, informal means of savings

including for burials, and on the basis of religion. Group based approach to development was the cornerstone of the H-KDICDP and still is the norm for the DDSF.

The DDSF, AAMP and NAADS programmes promote farmer groups as a medium for communicating farmers needs, priorities and networks. Farmers groups are formed at village level based on common interests or common enterprises such as crops and livestock. There are a variety of farmers groups: banana groups, vanilla groups, cassava groups, dairy groups etc. These groups are formed and tend to revolve around model farmers, or largely active farmers to whom are allocated trial crops such as vanilla plants, *matoke* bananas, cassava plants, goats, apple trees. Field days and demonstration sessions are then held at these farmers' homes. The Programmes provide the plants or seed for demonstration purposes to the model farmers. This method has its advantages of provision of land on which to demonstrate in an area close to the farmers and selected by farmers. One vanilla group in Kabarole has 85 farmers from 8 villages and they all demonstrate at one lead farmers plot. Under AAMP, farmers groups complain bitterly about the difficult the "deadlines" imposed by the programme. One needs to belong to a farmers group for a year before being considered under AAMP. The rules of AAMP cannot be changed. This was confirmed where one group wanted to be supported in growing *maringa* for its medicinal purposes. An argument ensued with representatives from the Production department. To end the argument, the officials simply stated that they were also following guidelines. Invariably groups tend to be composed of farmers who are not the poorest of the poor. Secondly, farmers can decide within a given menu. The biggest bonus to farmers is that extension staff is now at their disposal. There is however a need for inclusive farmer groups.

As repeatedly alluded to in both the MTR and the supervision missions, the efforts of community mobilization have tended to "see mobilization and sensitisation as an end in itself rather than a means to an end". The supervision mission report June 2004, specifically requests the community development component to use approaches "that create an enabling environment for the community to take the lead with the CDD working as catalysts and facilitators".

From the many discussions in the four districts, it is clear that current efforts at community mobilization and sensitisation are focused on what are described as the "active poor" to the exclusion/marginalisation of the "inactive poor" who are the very poor, disabled, marginalised women (usually denied participation by their husbands), and youths. These are currently not quite being reached by the institutions. No district other than Kibaale has attempted any wealth ranking exercises in order to appreciate the impact of the targeting during the interventions particularly on the very poor and marginalized sections of the community. Wealth ranking involves communities themselves ranking their own members according to locally defined poverty characteristics. Through wealth ranking by villagers themselves, interventions can ascertain the indicative numbers within the categories of (a) the very poor, (b) poor, (c) not so poor, and (d) the well off members of a community. Using such data, programme interventions can track by village and community level the inclusion or exclusion of certain income groups from activities, benefits, and or community leadership and therefore decision making committees. In the absence of such information, it is not possible to ascertain which groups make up the largest numbers in the grass roots organizations, and who benefits from project activities.

Whilst the IFAD strategies emphasize rural poor people's empowerment leading to their demand for accountability and transparency from the service delivery institutions, the programme interventions tend to focus on community participation in programme activities with limited mention of community empowerment. Sector and most likely project based community committees have been established for each of the components through the use of the Community Development Departments. Unfortunately these have been formed within the project framework, and the downside of that is that communities tend to see them as project driven and therefore project specific. This has serious implications for sustainability. This aspect has also been highlighted in the MTR and supervision missions where it has been pointed out that communities need to be adequately prepared to sustainably maintain installed facilities be they water sources or rural access roads.

The current capacity of the CDD at sub county level is inadequate to reach the very poor and marginalized. The MTR also raises pertinent questions on the role of the CDD as well as the private sector, civil society organizations and volunteer organizations and change agents to strengthen “groups’ positions and to help them evolve”. Increasingly the CDDs in all districts are inundated with demands for their services to prepare communities for sector specific interventions. In the Mission’s view, this evolution entails the development of community groups that are autonomous and not “grafted” to service providers/ institutions.

It was generally stated that more rural poor are outside than inside the SIDAs. There are a number of reasons given by the poor communities for their inability to join SIDAs. The joining fees of Sh.2000 are considered too high for many poor women and men. The share capital requirements of Sh.20,000 for access to loans are considered high for poor people. The poor are fearful of loans and feel vulnerable especially based on some previous experiences with loans and savings. Poor people have hardly any collateral issues and guarantors. It was stated that it was difficult to get out of SIDAs. The high interest rates (sometimes 3% per month flat rate) were considered exorbitant for poor members of the community.

The rural poor’s access road organization cannot be said to have been institutionalised beyond the project period. The access roads are selected by communities and they contribute their labour during the construction of the road as they receive half of wages that would normally be paid for wage labour. The PDCs have been given special tasks for access roads maintenance. In one case visited by the Mission in Kibaale, an access road was poorly maintained by the community and some excuses were given such as funerals etc. It was also repeatedly stated that more community education is required to ensure communities maintain their own roads. In one area in Kibaale, the chairperson of a Farmers Group intimated that those who failed to help maintain road without justification would be arrested and imprisoned until they complied as a household. While these threats are certainly difficult to enforce, they show the degree to which sustainability is an issue even among the communities as well. In one of area visited in Kyenjojo, it was reported that communities had initially agreed to contribute Sh500 a month per household. Many contributions were received the first month but none since that time. There were no clear explanations as to why this was so and many are reported to have reverted to unprotected wells a longer distance away. The Department of Water’s recommendation is for more training and education of communities.

### **Impact on Human Resources**

The to programmes supported by IFAD have had very positive impact on human resources as all components in both DDSP and NAADS recognize the importance of people in sustainable and effective, efficient development. Community Development Component has a major focus on staff training. The Programme Administration and Management component has four sub components: implementation support to District Local Government with staff orientation and training, allowances and operating expenses, sub county and parish capacity building orientation and training of councillors and officials and equipment for mobility; parish revenue mobilization; upgrading of monitoring and evaluation through training, technical assistance. Activities in health and nutrition, water and sanitation, agricultural development, rural finance have all contributed to improvements in some positive effects on human assets throughout the project districts in the five districts with more marked improvements in the two districts of Hoima and Kibaale which started earlier with the H-KDICDP. There is also noticeable improvement in agriculture development under the NAADS Programme in the selected counties in the districts of Hoima, Kabaale, and Kabarole.

### **Impact on Physical and Financial Assets**

From the evidence from the field survey in the four districts, it was stated how some women in the SIDAs have increased their physical assets either through purchase of goats, cattle, shops and agriculture materials, have sent their children to school able to pay the fees and improved their living quarters. Farmers have improved their banana crops with seed under the AAMP, or DDSP and

NAADS advisory services. There is a clear indication that the programmes are having impacts on the physical and financial assets of economically active rural poor households participating in programmes. Due to access to markets using the access roads and improved feeder roads, poor households can sell their goods and receive better prices for these as was evidenced at the market in Kabarole. The Rural Finance component has had real impact on SIDA members, the majority of whom are women.

### **Impact on Social Capital and Empowerment**

All programmes are anchored in community involvement through participatory organized group approach where groups able to dialogue, link, and receive assistance from service providers as well as technical personnel of local governments at both District and Sub County levels. All the components under the DDSP and NAADS have contributed to this development, with the main development coming through SIDAs, functional literacy classes, social infrastructure committees for health, water and sanitation, access roads as well as farmer groups and forums.

### **Other Impacts: Environment, Policy Dialogue, Up-scaling and Gender**

In general IFAD supported projects have had limited adverse impacts on the environment. There are concerns, however, with regard to access roads, which in the majority of cases have very limited drainage systems and in the event of heavy rains on vulnerable topography may actually end up with gullies being formed. This aspect requires urgent attention by the roads departments. IFAD has not engaged much in dialogue with government in terms of up-scaling lessons learned.

It is quite clear from Mission visits that implementing NAADS in DDSP districts has taken place more smoothly than in non-DDSP districts, as the communities are ready and organized for NAADS processes. Such a success has however not been dialogued at the appropriate levels for lessons to be integrated nationally. One of the main reasons given for lack of dialogue is the absence of IFAD personnel or representative at the country level to feed into policy dialogue. In terms of gender, the IFAD supported interventions have played a significant role in promoting women, the youth and the poor. However, there is still much to be done for local governments and the community in general to mainstream gender in all their activities.

### **Sustainability**

There are in general positive signs that that the district and sub county systems developed in the DDSP and NAADS will be sustained as the staff are motivated, and communities are grateful for the changes in their livelihood especially those related to farming practices, SIDA savings and credit for women, water and sanitation facilities, school health facilities, farmer groups, service provider development under NAADS as well as the systems for monitoring and evaluation.

According to the Mission Findings, and as also highlighted in the MTR and Supervision Mission Reports, sustainability is highly questionable in terms of infrastructure maintenance as the sector committees at the village levels are failing to maintain access roads, water sources and some farmer groups failed to function when they realised that formation of groups did not directly lead to access to money or other resources. The issue of cost sharing or cost recovery has not been adequately addressed or understood by communities especially in terms of health, water sources or even access roads. There is generally a feeling that local authorities should be responsible for maintaining the infrastructure. Many of the infrastructure constructed during a project implementation tends to be viewed as belonging to government rather than communities.