

# profile

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## IFAD's performance and impact in decentralizing environments: Experiences from Ethiopia, Tanzania and Uganda

### What is decentralization?

Decentralization is the transfer of responsibility from higher to lower levels of decision-making. In practice it entails the spread of power from higher to lower level units within a central government, from central to regional and local governments, or from regional to local ones. It could also mean delegating authority to semi-autonomous, private and voluntary organizations. IFAD has been interested in decentralization for many years, in supporting it as well as having its projects benefit from it.

### Why does IFAD have a vested interest in decentralization?

The Strategic Framework for IFAD 2002 – 2006 views decentralization as a framework within which governments can respond more effectively to the needs of rural poor households, 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. IFAD's Regional Strategy Paper for Eastern and Southern Africa adds that ensuring democratic accountability of governments is "the best guarantee that public policy and institutions will effectively facilitate the efforts of rural poor people to work themselves out of poverty."

### What did the evaluation include?

During 2004, the Office of Evaluation completed a thematic evaluation of IFAD's performance and impact in decentralizing environments with reference to Ethiopia, Tanzania and Uganda. The evaluation looked specifically at 12 projects in the three countries, and five of these were selected for field investigation. The evaluation reviewed IFAD strategies and project documents, as well the different national contexts of decentralization in the three countries.

#### Box 1: Broad similarities among the three countries

- (a) Decentralization focuses on the district level (called woreda in Ethiopia) for development planning and implementation. A lower tier is also important, albeit, in varying degrees: in Ethiopia the kebele, in Tanzania the ward and in Uganda the sub-county.
- (b) Decentralization is linked to countrywide initiatives for service delivery and poverty alleviation.
- (c) The capacity for decentralized development programmes is generally weak and evolving. Central authorities and their international partners are supporting large-scale initiatives for capacity building.
- (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 central governments, which, in turn, are financed mainly by international donors.



Tanzania, Kagera Agricultural and Environmental Management Project.  
A plant nursery, Ngara district

### MAIN RESULTS

IFAD's approach to decentralization includes a focus on local government as well as grass roots and on-governmental organizations. This gives IFAD a particular niche in local governance. Now:

- **Policy dialogue** that is adequately resourced and conducted in partnership with other stakeholders is one way of sharing IFAD's experience in local governance. Moreover:
  - IFAD has a wealth of experience for preparing **Local Governance and Poverty Alleviation (LGPA) strategies for selected locations in the region.** These would be innovative strategies aimed at developing pro-poor operational policies and procedures as alternatives to technicalism. They would be tested on the ground with grant funds, and useful lessons would be replicated and mainstreamed. Meanwhile:
    - All COSOPs and projects should include mechanisms (e.g., wealth ranking) to identify the poor within their communities and monitor their participation in IFAD-assisted activities, and:
      - Greater attention has to be paid to capacity building along the lines described above.

## What did the evaluation find?

Not surprisingly, the evaluation found broad similarities as well as significant differences in the way the three countries are approaching decentralization; these are summarized in Box 1 and Box 2, respectively. 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. IFAD assistance for staffing, logistics and capacity building generally has been a timely and valuable contribution to the strengthening of 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.



Uganda, District Development Support Programme. Beneficiaries in front of the house they are building.

But five main **challenges in capacity building and accountability** remain to be addressed: (a) Ways have to be found for strengthening the capacity of elected institutions. (b) The pro-poor orientation of local government needs to be further developed. (c) There is a need to strengthen the participatory orientation of projects. (d) How to promote accountability and transparency in service delivery, and control corruption? (e) More generally, there is the challenge of dealing with “technicalism,” an approach that is driven by official technical specifications and procedural requirements rather than the human, social and financial capital of local people and institutions.

### Box 2: Differences across the three countries

- (a) Tanzania and Uganda have a unitary form of government, whereas Ethiopia is a federation.
- (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 more extensive arrangements for accountability within and outside the government.
- (c) Tanzania has adopted a gradual approach to decentralization, whereas change in Ethiopia and Uganda has been more decisive and abrupt. 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 central to local governments. Uganda employs three kinds of grants, each of which has a different purpose in relation to local administration and service delivery.

## Some of these issues can be traced back to setting objectives in project designs

For example, the evaluation found that ‘empowerment of the poor’ is an objective in only two projects. And none of the five COSOPs—Country Strategic Opportunities Papers—and 12 project designs propose to establish mechanisms for “identifying the poor in rural communities” as required by the regional strategy. Only one COSOP highlights the need to strengthen the poverty orientation of local governments. Only one project lists policy dialogue or policy reform as an objective, and only two provide funds for this purpose. And neither the COSOPs nor the project documents say how IFAD could assist with accountability and transparency in service delivery, or strengthen elected institutions.

## What did the evaluation conclude?

(a) Though matters improve eventually, the disruption caused by the administrative and financial changes introduced for decentralization initially has negative effects for efficiency and effectiveness. Without IFAD assistance, project efficiency and effectiveness would have been lower during critical stages of the reform process. (b) IFAD-assisted projects have generated impact in a wide range of impact domains associated with rural and agricultural development. But 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. (c) Part of the problem lies in the capacity problems facing local governments and grass roots organizations. But another part of the problem is that projects are operationalized with little enthusiasm for some of the concerns that are stated to be priorities for IFAD, for example, empowerment, targeting, accountability, transparency and sustainability.

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### Further information:

IFAD’s Performance and Impact in Decentralizing Environments: Experiences from Ethiopia, Tanzania and Uganda, Thematic Evaluation Report #1641, July 2005, Office of Evaluation, IFAD, Via del Serafico 107, Rome 00124, Italy.