

Subnational Budget Analysis for Scaling Up Nutrition

Assessing the role of subnational governments in financing nutrition

The Scaling Up Nutrition (SUN) Movement's 2013 [State of the SUN Movement Progress Report](#) outlined the importance of resource availability for meeting nutrition goals and the challenges of tracking financing. Following the publication of this report, SUN countries committed to improving financial tracking of resources for nutrition. This has focused primarily on the national level; as of 2016, 47 countries have reported that they conducted some form of the budget analysis. However, there is growing interest in expanding budget analysis and financial tracking to the subnational level.

Many SUN countries have multiple tiers of government. Subnational governments are responsible not only for a significant proportion of total government expenditure but also for spending allocations for nutrition-specific and nutrition-sensitive service delivery. In addition, the prevailing trend in many SUN countries is towards further decentralisation of powers from the national to subnational level. This means that, to get a better understanding of nutrition financing, the SUN Movement increasingly will need to focus on the subnational level.

This guidance note is one of three related reference documents to assist countries in subnational budget analysis. The purpose of this guidance note is to provide countries with an approach to self-assess the role of subnational governments in financing nutrition in their country. Specifically, this guidance note will aid in understanding: (1) the structure and processes of countries' fiscal decentralisation and devolution of powers; (2) the extent of subnational financing overall and in regards to nutrition; and (3) data availability and quality.

Why undertake this assessment? This assessment will evaluate the significance of subnational governments' overall and nutrition-specific or nutrition-sensitive financing. Thus, it will assist countries in determining if they need to conduct subnational financial analysis. This assessment will also help countries to identify the best methodological approach for subnational financial tracking.

Who should undertake this assessment? The guidance note is structured so that all countries—no matter their governance structures—can carry out this assessment. The assessment is not designed to be complex in nature; it is applicable to all countries. It is expected that SUN country focal points could conduct this assessment, although they may require some technical assistance.

What is involved? Conducting this assessment may entail liaising with other government ministries (e.g., ministries of finance and ministries of local government), agencies (e.g., revenue allocation authorities), specific subnational government units or external actors, as required. Countries may use work that has been produced by other relevant sectors (e.g., health, water and sanitation) and by actors both within and external to government. See [Box 1](#) for sources of information/data that can help inform the assessment.

The assessment and this guidance note are formulated through a stepped approach with two parts:

1. Assessment of overall government structures and processes: Short assessment to determine if subnational governments are present, their level of allocated resources and the extent to which they have independent decision making over the allocation.
2. Assessment of the roles and responsibilities of subnational actors in nutrition-sensitive and nutrition-specific areas to understand the scale of nutrition financing at the subnational level.

Each part is broken into subcomponents with key questions, suggested data sources and expected output examples.

Box 1. Useful sources of information and data

On decentralisation structures and processes in Scaling Up Nutrition (SUN) countries

Consolidated reports: These documents are externally or jointly prepared by international nongovernmental organisations. Such sources are likely to provide standardised data across several countries and unbiased assessments of real-world activities. Examples that may be useful in this assessment include:

- Organisation for Economic Co-operation and Development's [Subnational Governments Around the World](#).
- The Commonwealth Local Government Forum's [Commonwealth Local Government Handbook](#).
- The International Monetary Fund's [Government Financial Statistics database](#).

Government sources: These are official documents of legislation, reports or budgets that form the basis for a country's function. Such sources are likely to include detail and country-specific information that may be lacking from consolidated reports. Examples include:

- Constitutions, acts, laws and reports: These often are available on government public websites or legal archives. They can be sourced at the national level from government ministries (e.g., ministry of justice), local government, parliament or subnational governments.
- Budgetary documentation: These provide national- and subnational-level financial information. These are useful for ascertaining the extent of overall fiscal decentralisation and devolution of power.
- At the national level, ministries of finance and central banks can be key sources of information. Subnational government data are available either from them or in consolidated form from national bodies (e.g., ministries of finance, local government or independent revenue allocation bodies).
- Countries' own knowledge or data from informant interviews can also be key sources, particularly in the planning phase, whilst countries collect documentation or when written information is not readily available.

For subnational government financing information

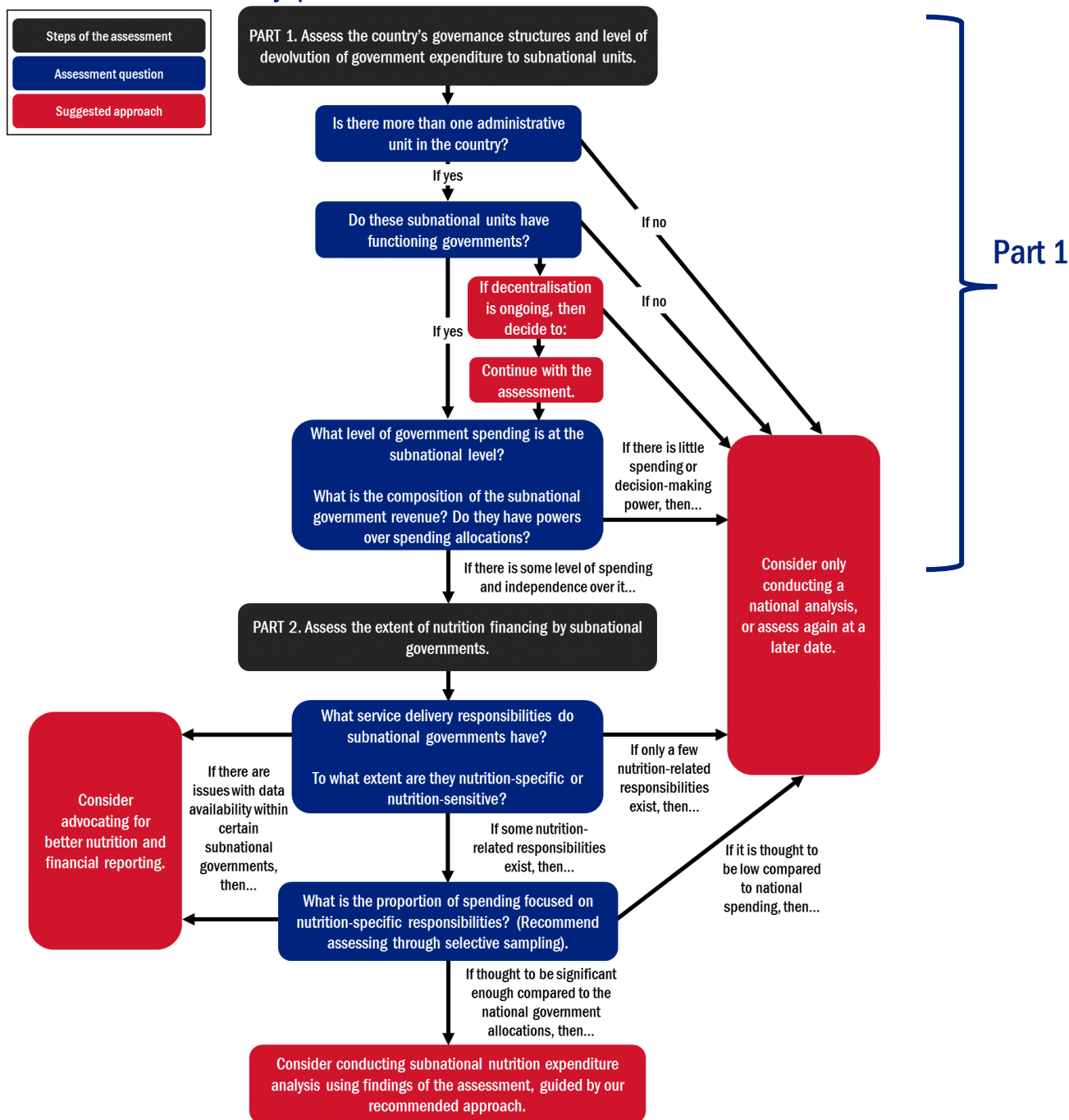
Central government data platforms or agencies: Data may be available through online platforms of central government coordinating ministries (e.g., ministry of local government) or agencies (e.g., revenue allocation commissions). Examples include [Uganda](#), [South Africa](#) or [Rwanda](#).

Individual subnational governments: These are online platforms created by subnational governments. They are available via their own websites or through other outreach media (e.g., Twitter/Facebook pages). In addition, relevant personnel in subnational government could be contacted directly.

Information from external actors: Information may also be available through external sources—for example, the [State Partnership for Accountability, Responsiveness and Capability \(SPARC\) programme](#) in Nigeria and the [World Bank's BOOST Initiative](#).

Assessment Part 1: Understanding the decentralisation structure and role of subnational governments in fiscal budgetary frameworks

Figure 1. Assessment Part 1 key questions and decision tree.



1.1 Mapping of government administrative structures

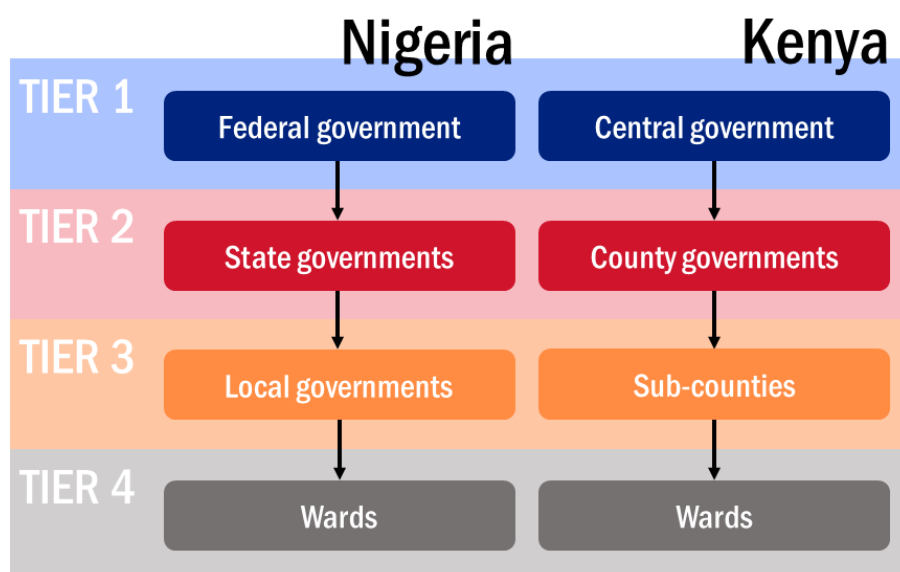
The purpose of this step is to determine if there are mandated government administrative structures below the national or central government. These can be broadly defined as administrations that cover a defined geographical division of a country with corresponding limited power and responsibilities. These administrative structures do not need to be functioning, but they must have been formalised constitutionally or through other legal means.

Key question to address	Suggested approach	Data sources	Timeline/extent resources required (Low, Medium, High)	Next steps
Is there more than one administrative unit in the country?	Map administrative sectors; these may include vertical hierarchies or variances within a particular government level (e.g., local governments that are either district [rural] or municipal [urban] governments). See Figure 2 for an example of vertical administrative units.	Consolidated reports e.g., OECD's Subnational Governments Around the World , the Commonwealth Local Government Handbook , IMF's Government Finance Statistics database and government sources (e.g. documents of legislation, reports or budgets). See Box 1 for further data sources examples.	Low: This information may already be known. It is highly likely to be detailed in secondary sources. This means that the step will only be brief and require either own knowledge, consultation or review of documents. It may be helpful to produce a flow diagram as outlined in the example in Figure 2 .	A. In countries with only one level of government (e.g., central) → Consider only conducting national-level expenditure analysis. B. In countries with more than one government structure identified → Move to step 1.2 below.

Abbreviations: OECD, the Organisation for Economic Co-operation and Development; IMF, International Monetary Fund.

[Figure 2](#) depicts the cases of Nigeria and Kenya, where there are four distinct vertical tiers of administrative governance structures in each country. In both cases, it would be advisable to continue to step 1.2. Some countries may have more government types in a particular tier (e.g., district and municipal governments).

Figure 2. Vertical administrative units in Nigeria and Kenya.



1.2 Determine presence and relative importance of subnational governance bodies

A subnational government is distinguishable from other public entities by the existence of an elected, decentralised authority that makes expenditure decisions. This exercise excludes bodies that have little or no power to make financial decisions.

Establishing the level of decentralisation to subnational bodies is a key step in assessing the importance of these entities in making expenditure decisions. Decentralisation takes different forms in different governments. An adaptation of [Rondinelli \(1981\)](#)¹ serves as a guide for identifying four different ways that decentralisation may be implemented:

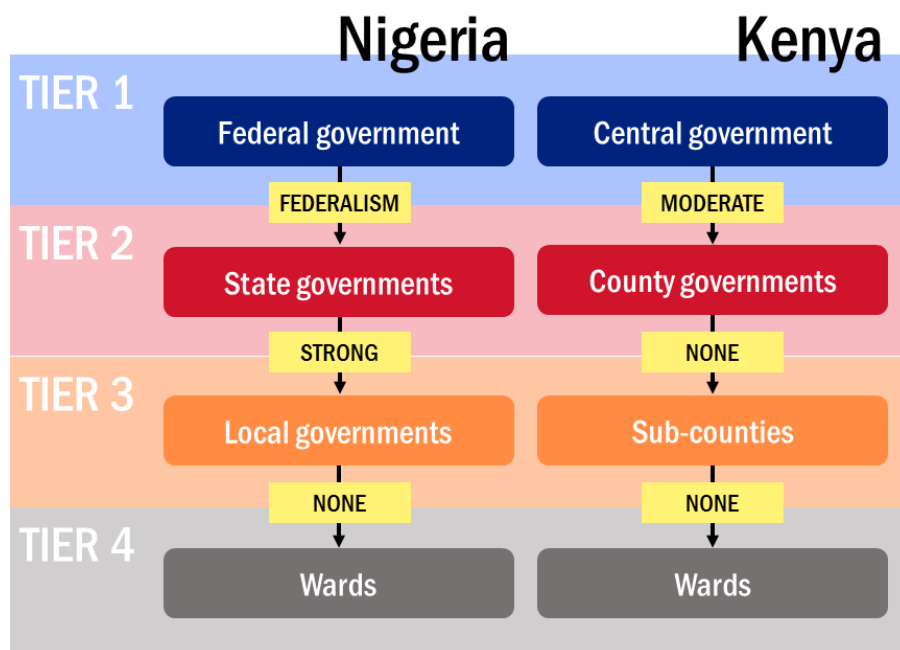
- **Deconcentration:** This is the weakest form of decentralisation. Deconcentration redistributes government bureaucracy to geographical offices, whilst the central administration retains control of the direction of policy and finances. In this case, local government may not exist as a cohesive structure itself; rather, it may be an extension of the central government in the form of local agencies. These agencies may have little to no authority over financial decisions, and they are unlikely to have individual budget processes. This form of decentralisation is found in strongly unitary states and at some administrative tiers of others.
- **Delegation:** This is a moderate form of decentralisation. Delegation gives greater responsibility and power to local government entities, usually in specific sectors. Local governments may also have partial financial autonomy; however, the central government will retain overriding control of policy direction. In this form of decentralisation, the central government may make conditional and/or unconditional grants and local governments will likely have individual budget processes.
- **Devolution:** This is a strong form of decentralisation. Devolution transfers authority and responsibility to local governments in major areas of governance. Local governments will have significant financial autonomy, as they can raise their own revenue and make independent expenditure decisions. In its strongest form, devolution is akin to the first level of division in federal systems (see the next bullet point), where local governments make legislative, administrative and financial decisions with little to no oversight from the central government. Individual budget processes will exist.
- **Federalism:** While this is technically not direct decentralisation, federalism may be equated with the strongest form of decentralised government. Federalism represents a division of power between two levels of government with equal status: state and central governments. States have broad autonomy, raise their own revenue and make independent legislative and financial decisions. Individual budget processes will exist.

¹ Rondinelli (1981) identifies four forms of administrative decentralisation that may be found in unitary states. Not listed in this paper is *deregulation*, which concerns the privatisation of government activities to nonstate actors.

Key question to address	Suggested approach	Data sources	Timeline/extent resources required (Low, Medium, High)	Next steps
Do the subnational administrative units have functioning governments in place?	<p>Conduct an expanded mapping exercise to identify the different tiers of government and estimate the degree of decentralisation of each tier from above.</p> <p>This should include the major functioning governance structures in a country, with an overview of the extent of decentralisation politically, fiscally, and in terms of service delivery. Subnational entities that have weak or no decentralised authority do not have the ability to make independent decisions and are not considered in further steps of this analysis (for example, electoral wards). See Figure 3 for an example.</p>	<p>Government status reports and financial documents.</p> <p>See Box 1 for further examples of data sources.</p>	<p>Low: This information will likely be found within secondary sources. This information may already be known or it may be possible to understand through discussions with relevant persons/organisations. It may be helpful to identify the overall type of government decentralisation model and to add details to the map detailed in step 1.1, as shown in Figure 3.</p>	<p>A. Country has subnational government administrative units, but it does not have a significant role in delivering resource-management services → It is advised to conclude assessment and focus on national-level expenditure analysis.</p> <p>B. Country is in the process of devolution or fiscal decentralisation → Depending on circumstances and timeline, either: 1) continue to step 1.3, or 2) focus on the national level and monitor situation to continue assessment at a later date.</p> <p>C. Countries that have one or more levels of subnational government that appear to be functioning, that deliver services, and that are involved in allocating resources → Move to step 1.3.</p>

As depicted in [Figure 3](#), although there are four administrative government units in Kenya and Nigeria, in reality, significant power and responsibility have only been devolved to two subnational units in Nigeria and one in Kenya. The expanded flow diagram from step 1.2 outlines the type of governance structure. It also identifies which tiers of government have devolved powers and the extent of them.

Figure 3. Decentralisation strength in the subnational governments of Nigeria and Kenya.



1.3 Assessing the overall scale and nature of subnational government expenditure

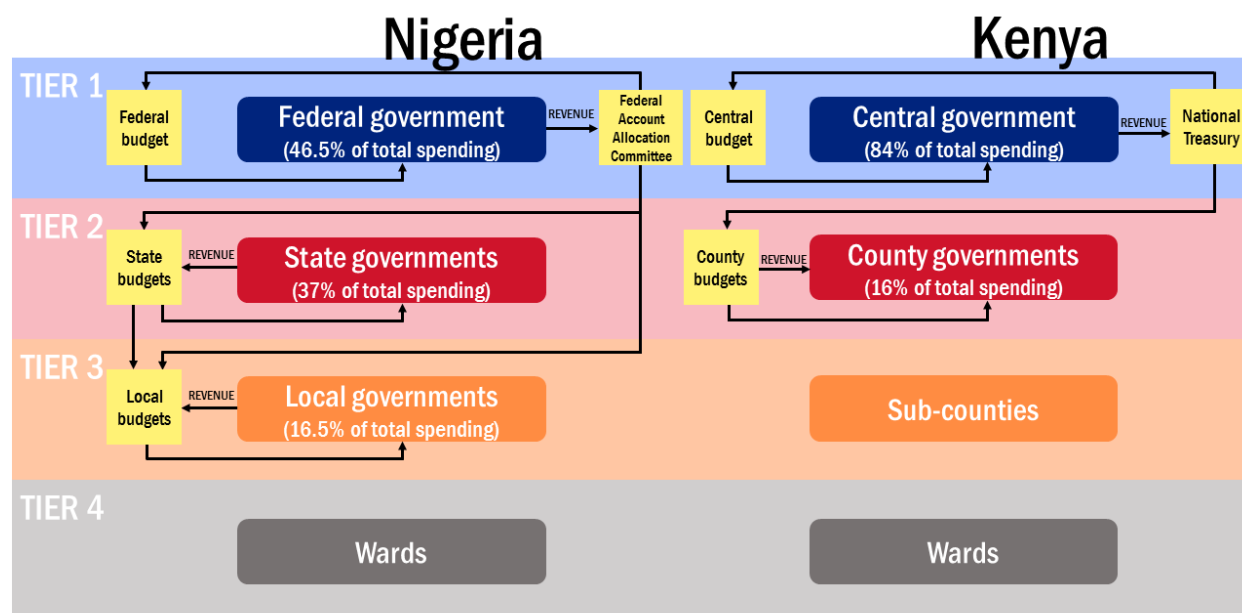
This aspect of the assessment helps to identify the scale and nature of national financing. This will help in estimating the scale of nutrition financing at the subnational level without requiring significant investigation of nutrition-specific expenditure.

Although a significant proportion of spending may be allocated by subnational governments, it may consist of funding that has already been earmarked by the central government. Therefore, it is possible to analyse this by reviewing the national budget.

This part of the assessment does not provide an exact picture of subnational government revenue streams and what can be tracked in the national budget. The aim is to determine if there is likely to be a significant amount of subnational government spending that cannot be accurately tracked in regards to nutrition at the national level.

Key questions to address	Suggested approach	Data sources	Timeline/extent resources required (Low, Medium, High)	Next steps
<p>What proportion of government spending is done at the national level?</p> <p>What is the revenue composition within each level of subnational government?</p>	<p>1) Detail proportion of government spending at the subnational level:</p> <ul style="list-style-type: none"> Assess proportion of total government spending allocated at the subnational level (see overview note for detailed information). If there is more than one subnational tier of government, assess how much spending is allocated at each level (see Figure 4 for example). Each identified finance path may be evaluated to determine the overall volume of flow. <p>2) Estimate extent of subnational government influence over expenditure.</p> <ul style="list-style-type: none"> Detail the overall revenue streams of each tier of subnational government identified using a sample vertically (between tiers) and horizontally (geographically across same government tier); these are commonly found in financial documentation. See Figure 5 for simplified example. A practical real-world example is in SPRING's Report on Nutrition Financing in Kisoro District Uganda. 	<p>To estimate subnational government spending overall, see overview note and consider range of consolidated reports that provide this information (see Box 1).</p> <p>For more in-depth review of spending by each tier of government and the revenue streams of subnational governments, consult budgetary documentation at the national and subnational levels.</p>	<p>Low/moderate: This information may be assessed by reviewing secondary sources or national and subnational government budgetary documentation; the latter would require some expertise/knowledge of reviewing them.</p>	<p>A. If subnational government expenditure is low in proportional terms or the majority is sourced and earmarked in such a way that it can be tracked at the national level → Conclude the assessment and focus on national-level nutrition spending analysis.</p> <p>B. If government financial information at national and subnational levels is not available to assess or quality is not sufficient, either → 1) conclude and focus on national level, or 2) if some tiers of subnational government do have available information and there is sufficient levels of spending at subnational level, consider continuing to assess those tiers (continue to part 2, as relevant). In either case, consider working with key actors to advocate for improvements in data availability/quality.</p> <p>C. If overall levels of spending at the subnational level cannot be tracked through the national budget → Continue to part 2 of the analysis to assess potential nutrition-related responsibilities and estimate levels of nutrition financing.</p>

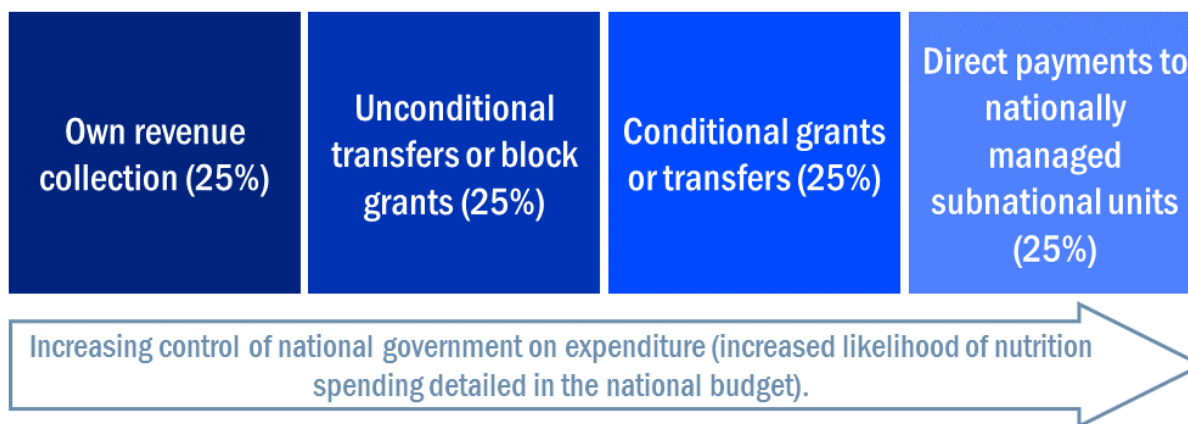
Figure 4. Simplified government expenditure maps of Nigeria and Kenya.



As outlined in the [accompanying overview document](#), there is no exact benchmark figure percentage for spending by subnational governments. For example, where spending is less than 10 percent of total government expenditure, significant proportions of that spending potentially could be relevant to nutrition. However, where spending is lower than 5 percent, it is likely that a large proportion is allocated towards basic government functions. In those cases, it may not be instructive to continue the assessment; a country should focus on national budget analysis instead.

As outlined in [Figure 5](#), revenue streams such as subnational governments’ own on-budget revenue collection and unconditional transfers are the least likely to be detailed as nutrition related in the national budget. It is more likely at the national level for conditional grants to be specified, as well as direct payments from the national government.

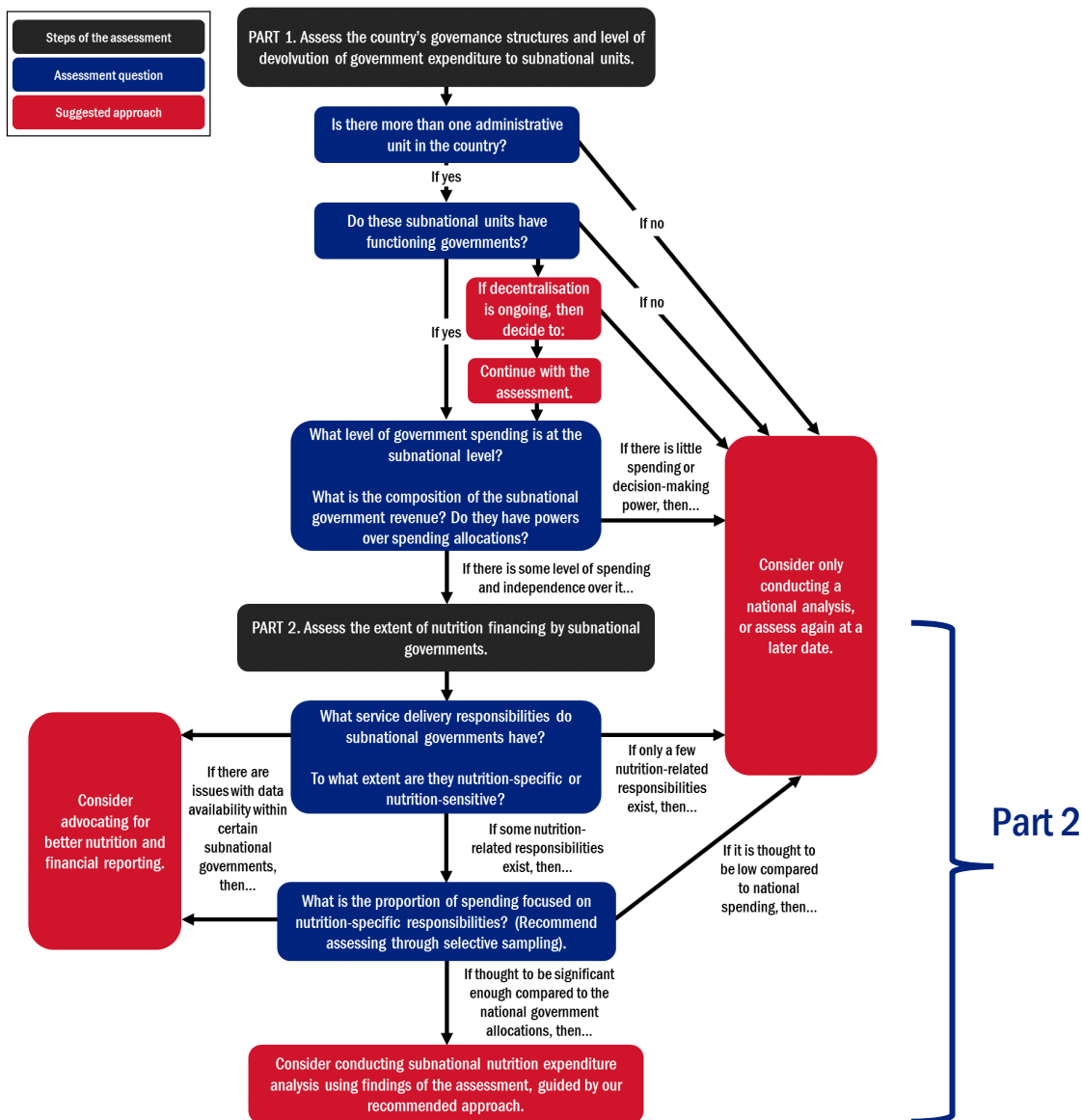
Figure 5. Example of different subnational revenue streams and the potential influence of national governments over them.



Assessment Part 2: Assessing the responsibilities of subnational governments and the scale of likely investment in nutrition-specific and -sensitive areas

Once it has been found that there is potentially significant expenditure by certain subnational governments, the next step is to assess the likelihood of that spending being relevant to nutrition. This part of the assessment seeks to address two questions. The first question seeks to ascertain the responsibilities of the subnational government that was identified in the previous section and whether or not they are relevant to nutrition. If they are related to nutrition, the second question seeks to estimate the extent of likely spending on nutrition-specific and nutrition-sensitive areas.

Figure 6. Assessment Part 2 key questions and decision tree.

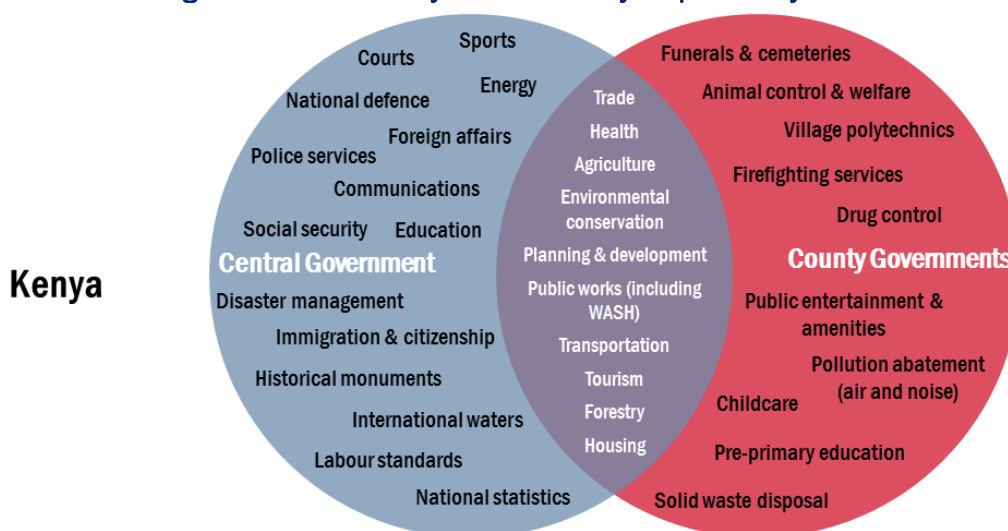


2.1 Assessing responsibilities of identified subnational governments

The purpose of this step is to ascertain the responsibilities across tiers of government. It should answer what nutrition responsibilities subnational governments have.

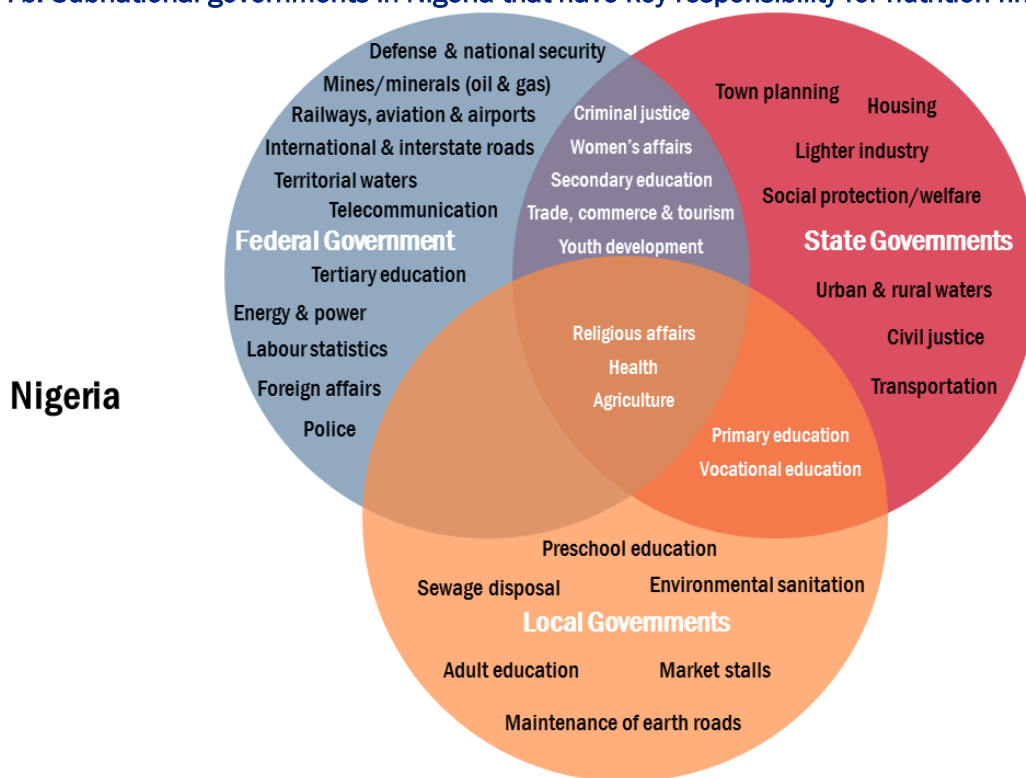
Key questions to address	Suggested approach	Data sources	Timeline/extent resources required (Low, Medium, High)	Next steps
<p>What service responsibilities do identified subnational governments have?</p> <p>To what extent are they nutrition-specific or nutrition-sensitive responsibilities?</p>	<p>Identify the subnational governments with responsibilities in nutrition-specific and nutrition-sensitive sectors. Identify any overlapping responsibilities among them.</p> <p>Consider this alongside the financial independence of subnational governments that were identified in previous steps.</p> <p>A Venn diagram can be used to depict responsibilities of each tier (see Figure 7a and Figure 7b).</p>	<p>These include official documentation, such as the constitution, budgets, legislation and public financial management acts. Assess both legal and actual responsibilities of subnational governments (e.g., if decentralisation is ongoing, legally delegated responsibilities may not be fully transferred to subnational governments in practice.)</p>	<p>Moderate: It is likely that responsibilities defined by law will be detailed in secondary sources, although assessing the extent that they are in practice may require further investigation through discussions with key informants. If it is not clear what responsibilities are actually devolved, then it may be worth moving to step 2.2.</p>	<p>A. If subnational governments found to have little/no responsibility in area of nutrition → Consider focusing on national nutrition expenditure analysis.</p> <p>B. If some nutrition-related responsibilities identified → Continue to step 2.2 below</p> <p>Note: If there are issues with data availability within certain subnational governments, consider advocating for better reporting.</p>

Figure 7a. Subnational governments in Kenya that have key responsibility for nutrition financing.



Abbreviation: WASH, water, sanitation and hygiene.

Figure 7b. Subnational governments in Nigeria that have key responsibility for nutrition financing.



Note: In countries where nutrition programmes form a distinct budget line, it is relatively simple to evaluate nutrition-specific financing at the subnational level. For cases where nutrition programmes are not individually budgeted, a holistic approach that assesses nutrition-sensitive areas is required. Responsibilities in such sectors may be shared between tiers of government (e.g., particularly likely in broad-sector areas such as health or agriculture, where delivery, infrastructure and administration may be separated across different levels of subnational governments). Where there is significant overlap in responsibilities, it may be useful to clarify the types of service they deliver (e.g., district/primary health service, rural water, etc.).

2.2. Identify the potential finance paths of nutrition-sensitive and nutrition-specific programmes in subnational governments

This process is informed by all previous steps that have established which, if any, tiers of subnational government have expenditure responsibility over nutrition-related activities. This step is not intended to be a full analysis of nutrition-related spending within subnational budgets. The primary decision at this stage is to determine whether the nutrition-relevant expenditure at subnational level is significant enough to warrant more holistic and thorough analysis.

Key question to address	Suggested approach	Data sources	Timeline/extent resources required (Low, Medium, High)	Next steps
<p>What is the potential role of identified subnational governments in financing nutrition-specific and nutrition-sensitive areas?</p>	<p>Assess the central government’s budget for potential gaps. Apparent gaps in a central government’s budget (e.g., health expenditure lower than expected at national level, compared with regional average) may suggest significant subnational finance component.</p> <p>Identify different indicators on health spending. Indicators such as proportion of health spending by subnational governments may provide a guide to the level of nutrition-relevant expenditure. This type of information can potentially be sourced from relevant line ministries’ annual reports or from nongovernmental bodies (e.g. World Health Organization, United Nations Children’s Fund (UNICEF), or United Nations Educational, Scientific and Cultural Organization (UNESCO).</p> <p>If the first two approaches either show signs of subnational financing or if data are not available, it is important to continue by undertaking an assessment of a sample (see section 2.2 for guidance) of the identified subnational governments’ budgetary information; this should be based on the three-step methodology outlined in the national guidance note. During this assessment, any issues with data availability or quality should be noted. If possible to estimate nutrition-specific and nutrition-sensitive expenditure in the sample, then this can be used to project possible nutrition spending across all identified governments.</p>	<p>Subnational budgets (see Box 1); governmental and nongovernmental agencies may also have relevant information through consolidated reports (see Box 1).</p>	<p>Moderate/high: It is likely that this step would involve quite extensive review of budgetary documentation, especially in assessing subnational budget spending on nutrition-specific and nutrition-sensitive areas. However, other aspects (proxy indicators or national budget reviews) would be less resource-intensive and could be informed by secondary data/information (e.g., see output 1 in regards to health spending).</p>	<p>A. If nutrition-relevant expenditure at subnational level is determined to not be significant for subnational analysis → Focus on national expenditure analysis.</p> <p>B. If there is an appropriate proportion of spending at subnational level → Review accompanying guidance note to determine best approach to subnational analysis.</p> <p>C. If issues identified with data availability/quality prohibit subnational analysis → Suggest recording issues faced, reporting to the relevant bodies and advocating for changes to budgetary standards. Note: in this case, it may also be possible to use proxy indicators to serve as a guide to levels of funding.</p>

About MQSUN+

MQSUN+ provides technical assistance and knowledge services to the UK Government’s Department for International Development (DFID) and the Scaling Up Nutrition Movement Secretariat (SMS) in support of pro-poor programmes in nutrition. MQSUN+ services are resourced by a consortium of five nonstate organisations leading in the field of nutrition.

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