

# **Subnational Budget Analysis for Scaling Up Nutrition**

An overview of subnational government financing in SUN countries

16 February 2018

## About MQSUN+

MQSUN+ aims to provide the UK Department for International Development (DFID) with technical services to improve the quality of nutrition-specific and nutrition-sensitive programmes. The project is resourced by a consortium of five leading nonstate organisations working on nutrition. The consortium is led by PATH.

The group is committed to:

- Expanding the evidence base on the causes of undernutrition.
- Enhancing skills and capacity to support scaling up of nutrition-specific and nutrition-sensitive programmes.
- Providing the best guidance available to support programme design, implementation, monitoring and evaluation.
- Increasing innovation in nutrition programmes.
- Knowledge-sharing to ensure lessons are learnt across DFID and beyond.

## MQSUN+ partners

Aga Khan University

Development Initiatives

Health Partners International

NutritionWorks

PATH

## Contact

PATH | 455 Massachusetts Avenue NW, Suite 1000 | Washington, DC 20001 | USA

Tel: +1 (202) 822-0033

Fax: +1 (202) 457-1466

## About this publication

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## Abbreviations

|        |  |
|--------|--|
| ADB    | Asian Development Bank                                 |
| DFID   | Department for International Development               |
| DRC    | Democratic Republic of the Congo                       |
| FY     | fiscal year  |
| GDP    | gross domestic product                                 |
| GFS    | government finance statistics                          |
| IMF    | International Monetary Fund                            |
| MOF    | ministry of finance                                    |
| MQSUN+ | Maximising the Quality of Scaling Up Nutrition Plus    |
| OECD   | Organisation for Economic Co-operation and Development |
| PFM    | public financial management                            |
| SJLGA  | State Joint Local Government Account                   |
| SUN    | Scaling Up Nutrition                                   |
| VAT    | value-added tax  |
| WASH   | water, sanitation and hygiene                          |

# 1. An overview of subnational government financing in Scaling Up Nutrition (SUN) countries

Scaling Up Nutrition (SUN) countries have been conducting national government budgetary expenditure analysis of nutrition-specific (e.g., school feeding programmes) and nutrition-sensitive (e.g., water and sanitation projects) investments. As of 2016, 47 countries have reported conducting the analysis, with 22 carrying it out more than once. This analysis has proven to be invaluable at both the national and global levels. For example, SUN focal points in Sierra Leone recently outlined how useful the analysis has been in understanding how nutrition financing has been impacted by the Ebola crisis in the country. In addition, country-level government expenditure tracking has been detailed in [SUN country investment snapshot](#) reports. This information has been consolidated and used in editions of the *Global Nutrition Report* since 2014—providing insights into domestic public-resource allocations and highlighting best practices in countries.

While there have been clear successes with the analysis, challenges remain in better understanding government investments in nutrition-specific and nutrition-sensitive areas. One of these challenges is that, so far, the budget-tracking analysis by SUN countries has focused only on national government allocations, not on subnational government allocations. Yet in some countries where subnational governments are responsible for financing and delivering services, it is likely that a significant component is either relevant or specific to nutrition. Typically, subnational governments are responsible for service delivery in sectors like health, education, water and sanitation, environmental protection and agriculture.

Although some work on subnational government financing in nutrition has taken place in specific regions in some SUN countries (see accompanying [guidance notes](#) for details), there has not yet been a holistic assessment of the scale of subnational government financing in SUN countries. The objectives of this note are to: 1) detail the role of subnational governments in overall government spending in SUN countries, and 2) outline the relative importance of their responsibilities in delivering nutrition-specific and nutrition-sensitive services. This note aims to highlight the important role subnational governments play in nutrition financing and delivery in many SUN countries.

## 1.1 The extent of decentralisation in SUN countries and examples of key subnational government responsibilities

In most SUN countries, there is some form of government decentralisation (see Annex 1 for an overview), whether implementation is yet to be started, under way or completed as intended. The nature of these decentralisation structures varies from country to country, depending on the subnational governments' level of political autonomy and control over service delivery and financing. However, across all SUN countries, it is likely that there is nutrition-specific and nutrition-sensitive expenditure below the level of central<sup>1</sup> governments.

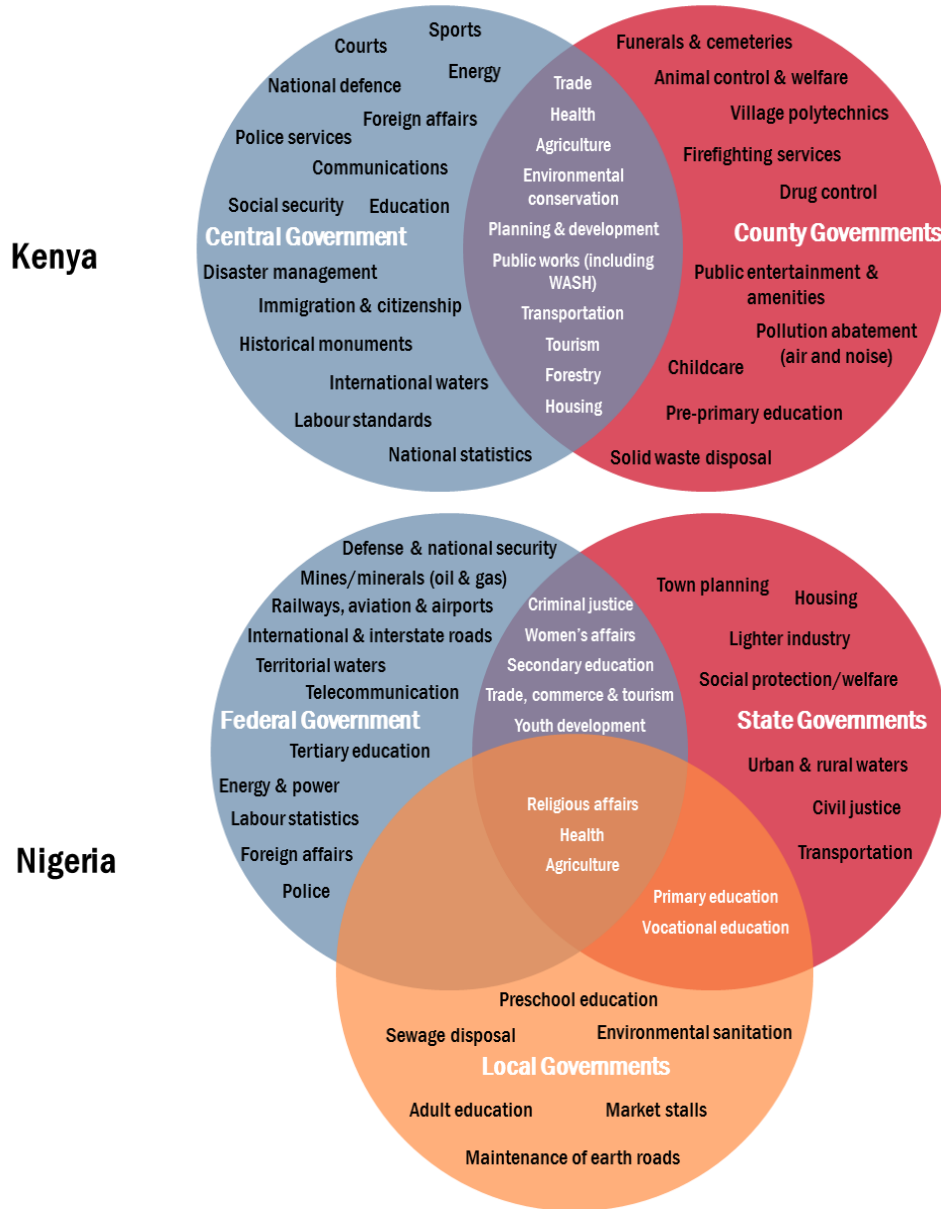
In countries that have implemented decentralisation processes, subnational governments are typically mandated responsibilities related to nutrition that are better suited to local management or decision-making. These include responsibilities in primary-level social sectors (e.g., health and education),

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<sup>1</sup> This term is used generically to categorise the highest form of government. Various terms are used (e.g., federal, national, state or central) in different countries.

smallholder agricultural services, and environmental management (e.g., water, sanitation and environmental control). This is outlined in the cases of Kenya and Nigeria in Figure 1, where subnational governments have sector responsibilities either held solely or jointly with the central government.

**Figure 1. Subnational governments in Kenya (top) and Nigeria (bottom) have key responsibilities around nutrition financing.**



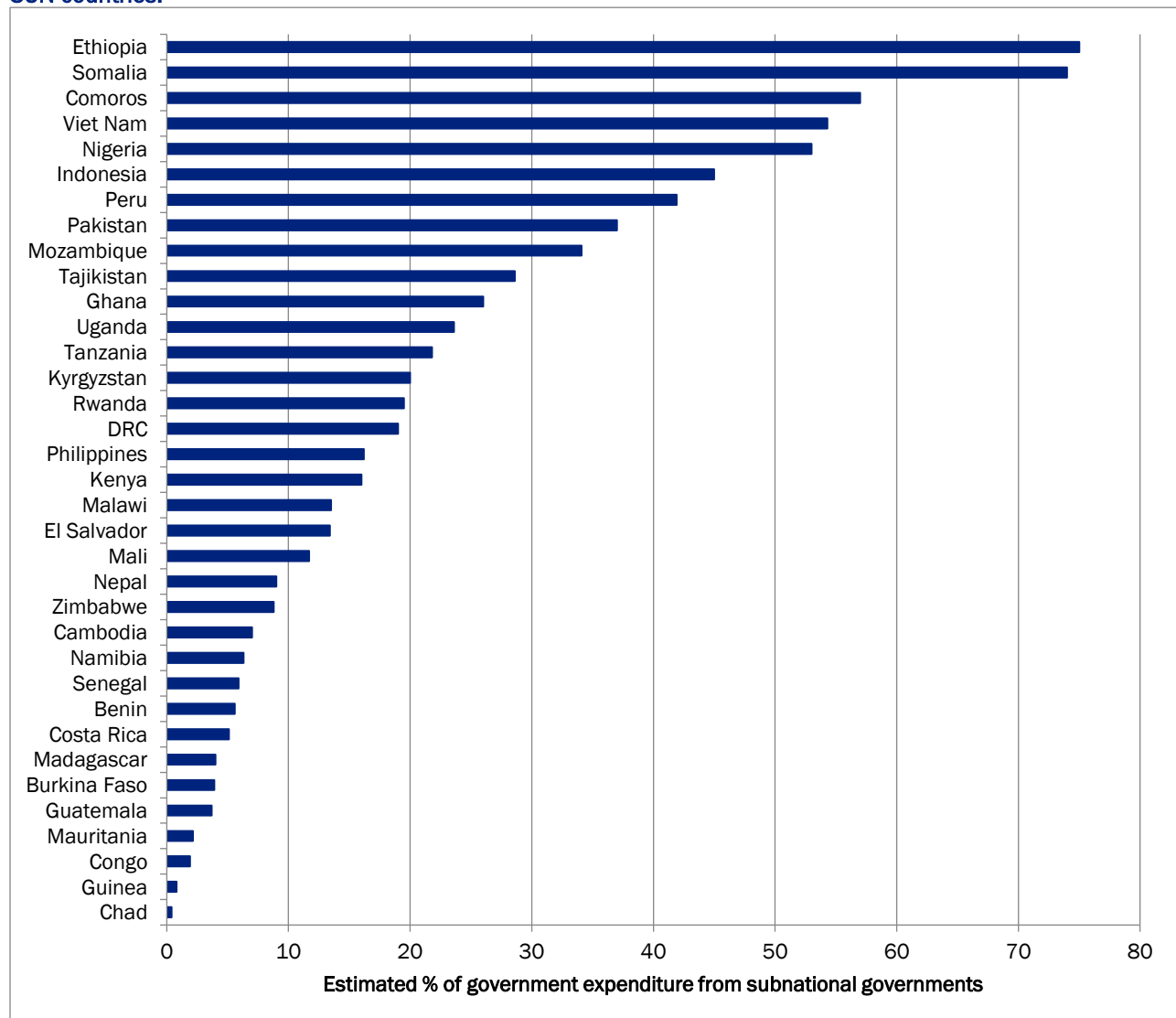
Source: Development Initiatives based on documentation from governments of Kenya and Nigeria. Abbreviation: WASH, water, sanitation and hygiene.

Given that the vast majority of SUN countries are decentralising and the devolved functions of government are likely to be highly relevant to nutrition, there is a need to look holistically at the current scale of subnational-level spending in SUN countries.

## 1.2 The role of subnational governments in overall government spending

A common broad measure of the extent of subnational government financing is the percentage of overall government expenditure from subnational units. **Figure 2** shows that in 21 SUN countries where there was some form of decentralisation and information was available, subnational government spending made up over 10 percent of total expenditure. The highest proportions of spending at the subnational level were found in union (e.g., Comoros) or federalised countries (e.g., Ethiopia, Somalia and Nigeria). However, there were still significant levels of spending in countries that had only implemented decentralisation processes recently (e.g., Ghana, Kenya, Democratic Republic of the Congo and Rwanda).

**Figure 2. Subnational government spending as a percentage of total expenditure varies significantly between SUN countries.**



Sources: Organisation for Economic Co-operation and Development, International Monetary Fund, World Bank, Commonwealth Local Government Forum, government financial documentation. For individual country sources, see Annex 1.  
Abbreviations: DRC, Democratic Republic of the Congo; SUN, Scaling Up Nutrition.

## 1.3 The role of subnational governments in health spending

While the level of expenditure at the subnational level in some countries may not seem significant, in reality, a large proportion of that spending could be nutrition related. Figure 3 outlines the percentage of total government health spending allocated subnationally in several SUN countries. For most of these countries, health spending at the subnational level is over 20 percent. In Kenya, where only 16 percent of total government spending is done at the subnational level, just over half of total health spending is allocated at the local level and a quarter of all subnational spending is spent on health. Even in a country like Zimbabwe, where subnational spending is under 10 percent ([Figure 2](#)), a large proportion of that is allocated towards health care and water provision. These cases show that determining the total amount of spending at the subnational level can be a useful first step in assessing potential financing at local levels (e.g., if overall spending is very low, significant nutrition financing is unlikely). Yet even in SUN countries where subnational spending is relatively low overall, it is still important to understand its composition, either through broad-sector indicators like health, as in [Figure 3](#), or a more detailed assessment of nutrition financing.

**Figure 3. Health spending by subnational governments can be a significant proportion of total health expenditure in SUN countries.**

| Country  | Indonesia | Kenya | Kyrgyzstan | Malawi | Peru | Philippines | Rwanda | Uganda | Vietnam |
|--|-----------|-------|------------|--------|------|-------------|--------|--------|---------|
| % of government health spending at subnational level | 70.0      | 51.3  | 8.5        | 18.4   | 35.5 | 44.9        | 22.0   | 19.2   | 50.1    |

Sources: Various government financial and health sector documentation, International Monetary Fund Government Finance Statistics, World Health Organization health policy reviews. For individual country sources, see Annex 1.

## 1.4 Accounting for levels of political autonomy at the subnational level

Although the indicators in sections 1.2 and 1.3 provide a good initial guide to spending at the subnational level, they do not take into account the level of political autonomy of subnational governments. Depending on the decentralisation structure, this may mean nutrition spending already is allocated at the national level. For example, it may be the case that while spending is allocated to subnational units, they are an extension of the central government (e.g., district agriculture/health offices). This system is known as a deconcentration of power; it was used in Bangladesh and Malawi, for example. Subnational government spending may also be made of significant financial transfers from central levels that are conditional in nature; this means that, depending on how they are classified, they could also be tracked at the national level (e.g., in Uganda and Ethiopia).

To have a full understanding of countries' political autonomy and fiscal decentralisation models, a more thorough review would be required (see [guidance note](#)). However, [Figure 4](#) attempts to classify SUN countries based on both spending levels and political autonomy criteria. The classifications are countries where the majority of spending decisions (both overall and in relation to key nutrition-related sectors) are made at the national level, some spending decisions are made at the subnational level and significant spending decisions are made at the subnational level.



**Figure 4. Classification of SUN countries potential split of government spending.**

|                         | Majority of spending decisions made at the national level | Some spending decisions made at the subnational level | Significant spending decisions made at the subnational level |
|-------------------------|---|---|--|
| Number of SUN countries | 18  | 19  | 18   |

Source: For individual country sources, see Annex 1.  
 Abbreviation: SUN, Scaling Up Nutrition.

These classifications are subjective, so they may be open to debate (see Annex 1 for each SUN country’s classification). However, the findings highlight that even when accounting for levels of political autonomy, there is still a high likelihood of nutrition-related spending by subnational governments in most SUN countries; this may not be reflected accurately in national-level financial documentation.

## 1.5 Concluding remarks

In most SUN countries, there is a significant movement towards devolution of spending to the subnational level—whether already implemented or in the process of being so. This means that there are now significant levels of government expenditure allocations (and decision-making over them) by subnational government units; typically, they are focused in key sectors that are relevant to nutrition.

This context, along with the SUN Movement’s need to understand financial commitments to meet nutrition goals, outlines the need to focus more on understanding the role that subnational actors play in each SUN country. Although this brief provides an overview of the context in each SUN country, it is recommended that further in-country assessments take place (see [guidance note](#)). Stakeholders may also be interested in methodologies and examples of subnational financial tracking that have previously taken place and the technical assistance providers that have supported these (see [guidance note](#)).

## Annex 1. Assessment of decentralisation process and level of financing of subnational governments in SUN countries

| SUN country  | Administration type | Overview  | Estimated % of total expenditure at subnational level | Traffic light guidance                 | Source   |
|--------------|---------------------|---|---|--|--|
| Bangladesh   | Unitary republic    | There has been no real devolution of responsibilities; there merely has been decentralisation of activities. For example, see <i>Local Government System in Bangladesh: How Far is it Decentralised?</i>  |   | Majority of spending at national level | <a href="http://www.clgf.org.uk/default/assets/File/Country_profiles/Bangladesh.pdf">http://www.clgf.org.uk/default/assets/File/Country_profiles/Bangladesh.pdf</a>  |
| Benin        | Unitary republic    | Decentralisation is in place. At present, the majority of financing comes from the national government through nonconditional transfers from the Ministry of Local Government and conditional transfers from other ministries. Public investment programmes for the Ministry of Local Government is 3% of total, so transfers are low overall. Municipalities can also raise revenue through certain taxes, fees, rents and fines.  | 5.6% (OECD 2013)                                      | Some spending at subnational level     | 2017 budget documents; funding is split between Ministry of Local Government transfers and ministry conditional transfers. <a href="http://www.decentralisation-benin.org">http://www.decentralisation-benin.org</a> ; <a href="http://www.finances.bj/taches-courantes/documents-sur-les-finances-publiques/?tx_wdbiblio_pi1%5Bcategory%5D=19">http://www.finances.bj/taches-courantes/documents-sur-les-finances-publiques/?tx_wdbiblio_pi1%5Bcategory%5D=19</a> |
| Botswana     | Unitary republic    | Councils can collect certain taxes, levies, and fees to cover operating expenses. Local revenue sources include rates, service levies, and user charges, including abattoir fees, trade licences, beer levy, investment interest, housing rent, etc. Since 2012, property and business taxes have been applicable in both urban and district councils. Central government provides 90% and 80% of district and urban councils' recurrent budgets, 100% of their capital budgets, and additional development grants. Since domestic government revenues are largely generated by mining and national taxes, revenue is shared between central and local governments. |   | Some spending at subnational level     | <a href="http://www.gov.bw/globalassets/amfdp/budget-speeches/2016/2016_17budgetinbrief.pdf">http://www.gov.bw/globalassets/amfdp/budget-speeches/2016/2016_17budgetinbrief.pdf</a><br><a href="http://www.clgf.org.uk/default/assets/File/Country_profiles/Botswana.pdf">http://www.clgf.org.uk/default/assets/File/Country_profiles/Botswana.pdf</a>   |
| Burkina Faso | Unitary republic    | Decentralisation is in place. However, at present, local governments (communes) have limited capacity to raise revenue and deliver services. The central government provides both conditional and nonconditional transfers to local governments, especially for social sectors and agriculture ( $\approx 4\%$ of total budget).  | 3.9% (OECD 2013)                                      | Some spending at subnational level     | <a href="https://www.crs.org/sites/default/files/tools-research/governance-at-the-grassroots-niger-burkina-faso-mali.pdf">https://www.crs.org/sites/default/files/tools-research/governance-at-the-grassroots-niger-burkina-faso-mali.pdf</a><br><a href="http://www.fpdct-burkina.org/">http://www.fpdct-burkina.org/</a>   |
| Burundi      | Unitary republic    | Decentralisation was initiated in 2009 with the transfer of service delivery to communes. However, commune revenue-raising is very low, and there is limited intergovernmental transfers to support their functioning.  |   | Majority of spending at national level | <a href="http://www.worldbank.org/en/country/burundi/publication/reforming-local-governance-in-burundi-to-improve-access-to-social-services-in-rural-communities">http://www.worldbank.org/en/country/burundi/publication/reforming-local-governance-in-burundi-to-improve-access-to-social-services-in-rural-communities</a>  |
| Cambodia     | Unitary monarchy    | Provinces, which perform most of subnational service delivery, remain under central government authority. Decentralisation reforms from the early 2000s have not been fully implemented. Most provincial budgets are still integrated within the state budget.  | 7.0% (IMF 2014)                                       | Majority of spending at national level | <a href="http://www.oecd.org/regional/regional-policy/profile-Cambodia.pdf">http://www.oecd.org/regional/regional-policy/profile-Cambodia.pdf</a>  |
| Cameroon     | Unitary republic    | Local councils receive both conditional and nonconditional transfers from the national government and have powers to raise certain revenue. They have responsibility for service delivery in key areas, such as health, utilities, and primary education. However, significant financing/service delivery comes from the national government.   |   | Some spending at subnational level     | <a href="http://www.commonwealthgovernance.org/countries/africa/cameroon/local-government/">http://www.commonwealthgovernance.org/countries/africa/cameroon/local-government/</a><br><a href="http://www.minfi.gov.cm/images/documents/loi%20des%20finances%202015.pdf">http://www.minfi.gov.cm/images/documents/loi%20des%20finances%202015.pdf</a>   |
| Chad         | Unitary republic    | The 2005 constitutional law set the decentralised governance structure and guaranteed local government autonomy. However, not all local governments are formalised. There is limited central government transfers and low potential to raise revenue spending at this level. Decentralisation is based mainly on basic government functions.  | 0.4% (OECD 2013)                                      | Majority of spending at national level | <a href="http://www.oecd.org/regional/regional-policy/profile-Chad.pdf">http://www.oecd.org/regional/regional-policy/profile-Chad.pdf</a>  |

| SUN country                      | Administration type | Overview   | Estimated % of total expenditure at subnational level | Traffic light guidance                       | Source   |
|----------------------------------|---------------------|--|---|--|--|
| Comoros                          | Federal republic    | The constitution gives the three main islands the right to self-govern, except in activities like foreign policy and defence. Each island is further subdivided administratively.  | 57.0% (MOF budget 2016)                               | Significant subnational government financing | <a href="http://ddata.over-blog.com/0/42/32/75/Les-lois-sur-la-decentralisation-aux-Comores-2011.pdf">http://ddata.over-blog.com/0/42/32/75/Les-lois-sur-la-decentralisation-aux-Comores-2011.pdf</a>  |
| Congo                            | Unitary republic    | Decentralisation has been in the constitution since 2002, through which subnational governments are autonomous administrative entities. However, despite decentralisation, subnational departments are supervised by national delegates, and subnational expenditure is very low.  | 1.9% (OECD 2010)                                      | Majority of spending at national level       | <a href="http://www.oecd.org/regional/regional-policy/profile-Congo.pdf">http://www.oecd.org/regional/regional-policy/profile-Congo.pdf</a>  |
| Costa Rica                       | Unitary republic    | Costa Rica is centralised. Compared with OECD countries, the subnational government role in GDP and public expenditure is very low. Municipalities deliver few policies and services to citizens and play a marginal role in public investment. The majority of subnational expenditure is for staff.  | 5.1% (IMF 2014)                                       | Majority of spending at national level       | <a href="http://www.oecd.org/regional/regional-policy/profile-Costa-Rica.pdf">http://www.oecd.org/regional/regional-policy/profile-Costa-Rica.pdf</a>  |
| Cote d'Ivoire                    | Unitary republic    | Many municipalities do not play any role in terms of expenditures regarding economic affairs. These municipalities also have a very low contribution to promoting social and economic development.   |   | Majority of spending at national level       | <a href="http://www.oecd.org/regional/regional-policy/profile-Ivory-Coast.pdf">http://www.oecd.org/regional/regional-policy/profile-Ivory-Coast.pdf</a>  |
| Democratic Republic of the Congo | Unitary republic    | There is currently a devolution of power, but the central government provides significant financial support as both conditional (e.g., sector specific) and unconditional grants. Subnational government also have a significant responsibility to raise revenue, some of which is reallocated.  | 19.0% (Ministere du Finance 2017)                     | Significant subnational government financing | <a href="http://www.budget.gouv.cd/2012/budget2017/projetb2017/document_7_cbmt_2017_2019.pdf">http://www.budget.gouv.cd/2012/budget2017/projetb2017/document_7_cbmt_2017_2019.pdf</a><br><a href="http://www.oecd.org/regional/regional-policy/profile-Congo.pdf">http://www.oecd.org/regional/regional-policy/profile-Congo.pdf</a>   |
| El Salvador                      | Unitary republic    | Municipalities receive their main financial resources from central state grants. The largest transfer is allocated through the <i>Fondo para el Desarrollo Económico y Social de las Municipalidades</i> (Fund for Economic and Social Development of the Municipalities of El Salvador), which allocates 6% of the national budget to municipal governments.  | 13.4% (IMF 2014)                                      | Some spending at subnational level           | <a href="http://www.oecd.org/regional/regional-policy/profile-El-Salvador.pdf">http://www.oecd.org/regional/regional-policy/profile-El-Salvador.pdf</a>  |
| Ethiopia                         | Federal republic    | There are three main levels of government. The main financing coming from the national government to regions. Significant devolution of responsibilities to regions and <i>woredas</i> has occurred, although the central government has strong control over spending patterns.  | 75.0% (IMF GFS)                                       | Significant subnational government financing | <a href="http://www.mofed.gov.et/documents/20182/25036/Laypersons+Guide+%28Regional+and+Woreda+Level%29.pdf/eb99ea11-45d3-4dc6-a1d3-5ae21aaa05b7">http://www.mofed.gov.et/documents/20182/25036/Laypersons+Guide+%28Regional+and+Woreda+Level%29.pdf/eb99ea11-45d3-4dc6-a1d3-5ae21aaa05b7</a>  |
| Ghana                            | Unitary republic    | Devolution is currently in place, but weak subnational governments mean the central government is still the main financing/delivery unit. Municipal governments play a larger financing/delivery role than other local governments.  | 26.0% (OECD 2013)                                     | Some spending at subnational level           | <a href="http://www.mofep.gov.gh/divisions/fdu">http://www.mofep.gov.gh/divisions/fdu</a>  |
| Guatemala                        | Unitary republic    | Transfers from the central government are subdivided into four categories. Ten percent of the central government's recurrent revenues are transferred to local authorities (Article 257 of the constitution). Of these funds, 90.0% must be used for education, health care, infrastructures and public services, and the remaining 10.0% can be used for operating costs. Local authorities also receive 12.5% of the receipts from the VAT; 75.0% of these transfers are for investments in education, health care, infrastructures and public services. Municipalities receive 50.0% of the tax receipts from the tax on the circulation of land vehicles (for construction and maintenance of roads), 20.0% of the tax on boats (for water infrastructures and maintenance) and 30.0% of the tax on plane circulation (for infrastructures and maintenance for electricity). | 3.7% (OECD 2013)                                      | Some spending at subnational level           | <a href="http://www.oecd.org/regional/regional-policy/profile-Guatemala.pdf">http://www.oecd.org/regional/regional-policy/profile-Guatemala.pdf</a>  |
| Guinea                           | Unitary republic    | Although a decentralisation process is in place, guided by the 2001 constitution, current local government capacity to raise revenue is low and only a limited amount of central government budget is transferred to subnational units.  | 0.8% (OECD 2013)                                      | Majority of spending at national level       | <a href="https://www.oecd.org/regional/regional-policy/profile-Guinea.pdf">https://www.oecd.org/regional/regional-policy/profile-Guinea.pdf</a><br><a href="https://openknowledge.worldbank.org/bitstream/handle/10986/7891/386640ESWOP09610Box334086B01PUBLIC1.pdf?sequence=1&amp;isAllowed=y">https://openknowledge.worldbank.org/bitstream/handle/10986/7891/386640ESWOP09610Box334086B01PUBLIC1.pdf?sequence=1&amp;isAllowed=y</a> |

| SUN country   | Administration type | Overview   | Estimated % of total expenditure at subnational level | Traffic light guidance                       | Source   |
|---------------|---------------------|--|---|--|--|
| Guinea-Bissau | Unitary republic    | There is one tier of subnational government, which consists of 37 sectors established by the constitution. However, there is a very weak local institutional environment. As a result, there are no official data on subnational spending and no complementary accountability mechanism.   |   | Majority of spending at national level       | <a href="http://www.oecd.org/regional/regional-policy/profile-Guinea-Bissau.pdf">http://www.oecd.org/regional/regional-policy/profile-Guinea-Bissau.pdf</a>  |
| Haiti         | Unitary republic    | Although Haiti entered a transition phase following the 2006 election and the adoption of five decrees, local authorities still need a legal framework and capacity-building. Although they do receive some transfers through the interior ministry, it is not a significant amount of central government funds. Additionally, local governments have limited opportunity to raise revenue.  |   | Majority of spending at national level       | <a href="https://localdemocracy.net/countries/south-america/haiti/">https://localdemocracy.net/countries/south-america/haiti/</a><br><a href="http://www.mef.gouv.ht/docs/17_18_projet_de_loi_de_finances.pdf">http://www.mef.gouv.ht/docs/17_18_projet_de_loi_de_finances.pdf</a>   |
| Indonesia     | Unitary republic    | Subnational governments have gained considerable power, responsibilities, and autonomy over the last two decades. The number of districts grew significantly since the late 1990s (292 districts in 1999) in a bottom-up process that stopped in 2010.   | 45.0% (IMF 2014)                                      | Significant subnational government financing | <a href="http://www.oecd.org/regional/regional-policy/profile-Indonesia.pdf">http://www.oecd.org/regional/regional-policy/profile-Indonesia.pdf</a>  |
| Kenya         | Unitary republic    | The country is currently undertaking a devolution process following the 2012 constitution. Subnational financing is mainly dependent on the central government but depends on the local government (city counties receive a high level of local revenue). They are looking at an integrated financial management system.   | 16.0% (2017/2018 budget)                              | Significant subnational government financing | <a href="http://www.oecd.org/regional/regional-policy/profile-Kenya.pdf">http://www.oecd.org/regional/regional-policy/profile-Kenya.pdf</a><br><a href="http://www.treasury.go.ke/component/jdownloads/send/175-budget-statement/518-budget-statement-2017-18.html?option=com_jdownloads">http://www.treasury.go.ke/component/jdownloads/send/175-budget-statement/518-budget-statement-2017-18.html?option=com_jdownloads</a> |
| Kyrgyzstan    | Unitary republic    | Local governments have been devolved a list of 23 competencies of local importance by the law on local self-government and local state administration of 2008; these competencies cover all public utilities, education, health and economic affairs.  | 20.0% (OECD 2013)                                     | Significant subnational government financing | <a href="http://www.oecd.org/regional/regional-policy/profile-Kyrgyzstan.pdf">http://www.oecd.org/regional/regional-policy/profile-Kyrgyzstan.pdf</a>  |
| Laos          | Unitary republic    | Decentralisation of activities and devolution of responsibilities have occurred, but there is still quite a centralised, one-party system.   |   | Some spending at subnational level           |  |
| Lesotho       | Unitary republic    | Although a decentralisation process is under way, at present, the only transfer of funds is through the Ministry of Local Government. The funds transferred makes up only around 2%–5% of total recurrent spending. Councils also raise very little local revenue.   |   | Majority of spending at national level       | <a href="http://www.undp.org/content/dam/lesotho/docs/Other/Final_Decimalization_Policy_(PDF).pdf">http://www.undp.org/content/dam/lesotho/docs/Other/Final_Decimalization_Policy_(PDF).pdf</a><br><a href="http://www.gov.ls/gov_webportal/documents/National%20BFP%202017-2018%20FY.pdf">http://www.gov.ls/gov_webportal/documents/National%20BFP%202017-2018%20FY.pdf</a>   |
| Liberia       | Unitary republic    | In 2012, Liberia developed a National Policy on Decentralisation and Local Governance and a Decentralisation Implementation Plan. Decentralisation is one of the high-priority areas in the Agenda for Transformation, Pillar 4 on governance. Although the Ministry of Internal Affairs allocated researchers to county governments, there are no significant fiscal transfers or locally raised revenue.   |   | Majority of spending at national level       | <a href="https://www.mfdp.gov.lr/index.php/the-budget?download=148:national-budget-fy-2017-18">https://www.mfdp.gov.lr/index.php/the-budget?download=148:national-budget-fy-2017-18</a><br><a href="https://www.stabilityjournal.org/articles/10.5334/sta.eg/">https://www.stabilityjournal.org/articles/10.5334/sta.eg/</a>   |
| Madagascar    | Unitary republic    | The constitution of the fourth Republic reintroduces provinces as local government, with a decentralised territorial division of three levels. While some allocations on the state budget go to subnational governments, the local government that provides significant service delivery remains weak.   | 4.0% (World Bank 2004)                                | Majority of spending at national level       | <a href="http://www.iosrjournals.org/iosr-jef/papers/Vol6-Issue2/Version-1/A06210109.pdf">http://www.iosrjournals.org/iosr-jef/papers/Vol6-Issue2/Version-1/A06210109.pdf</a><br><a href="http://www.mefb.gov.mg/textes_lois/PLFR2017/TOME%202%20ANNEXES_PROJET.pdf">http://www.mefb.gov.mg/textes_lois/PLFR2017/TOME%202%20ANNEXES_PROJET.pdf</a>   |
| Malawi        | Unitary republic    | The decentralisation process was established by the 1995 constitution. The local government system comprises 28 district councils, 4 city councils, 2 municipal councils and 1 town council. Local governments manage education, science and technology (primary school, kindergartens, etc.); health and population; transport and public works (road maintenance, driver's license, etc.); land and planning; agriculture and irrigation; water development (provision and distribution); gender, youth, and community services (cultural affairs, community development, etc.); natural resources and environmental affairs; and commerce and industry. The 2017/2018 budget has shifted significantly from previous years, with more resources being transferred to districts. | 13.5% (2017/2018 national budget statement)           | Significant subnational government financing | APPROVED FINANCIAL STATEMENT 2017-18<br><a href="http://www.oecd.org/regional/regional-policy/profile-Malawi.pdf">http://www.oecd.org/regional/regional-policy/profile-Malawi.pdf</a>  |

| SUN country | Administration type | Overview   | Estimated % of total expenditure at subnational level | Traffic light guidance                       | Source   |
|-------------|---------------------|--|---|--|--|
| Mali        | Unitary republic    | A decentralisation process in place. However, at present, local revenue collection is low, and resources are either from conditional or nonconditional transfers. Local government spending is estimated at around 9% of total spending.   | 11.7% (OECD 2013)                                     | Some spending at subnational level           | <a href="https://www.crs.org/sites/default/files/tools-research/governance-at-the-grassroots-niger-burkina-faso-mali.pdf">https://www.crs.org/sites/default/files/tools-research/governance-at-the-grassroots-niger-burkina-faso-mali.pdf</a><br><a href="https://www.imf.org/external/pubs/ft/scr/2015/cr15291.pdf">https://www.imf.org/external/pubs/ft/scr/2015/cr15291.pdf</a>   |
| Mauritania  | Unitary republic    | Although a decentralisation process is under way, it has yet to be fully realised. Both the central government's transfers and the local government's ability to raise revenue are low.  | 2.14% (government report 2016)                        | Majority of spending at national level       | <a href="http://dgct-midec.com/wp-content/uploads/2017/03/Rapport-fiscal-et-finances-locales.pdf">http://dgct-midec.com/wp-content/uploads/2017/03/Rapport-fiscal-et-finances-locales.pdf</a><br><a href="http://www.cabri-sbo.org/uploads/files/Documents/mauritania_2015_formulation_external_budget_framework_ministry_of_finance_cen-sad_uma_french_1.pdf">http://www.cabri-sbo.org/uploads/files/Documents/mauritania_2015_formulation_external_budget_framework_ministry_of_finance_cen-sad_uma_french_1.pdf</a>               |
| Mozambique  | Unitary republic    | A decentralisation process has taken two forms: deconcentration of authority to provincial and district governments and devolution to 53 municipal governments. Subnational government entities do raise some revenue, but financing comes mainly from central government transfers.   | 34.1% (budget 2017)                                   | Significant subnational government financing | <a href="http://www.dno.gov.mz/docs/OE2017/OE_2017.pdf">http://www.dno.gov.mz/docs/OE2017/OE_2017.pdf</a><br><a href="http://www.clgf.org.uk/default/assets/File/Country_profiles/Mozambique.pdf">http://www.clgf.org.uk/default/assets/File/Country_profiles/Mozambique.pdf</a>   |
| Myanmar     | Unitary republic    | The constitution sets state and regional governments' authority to legislate and tax limited areas of natural resource governance. The current trend is to deconcentrate revenue collection without devolving. The overall state/regional budget is decided through a process of proposals and negotiations between the states/regions and the Union.  |   | Some spending at subnational level           | <a href="https://asiafoundation.org/wp-content/uploads/2016/10/Natural-Resources-Subnational-Governance-in-Myanmar-Policy-Brief_ENG.pdf">https://asiafoundation.org/wp-content/uploads/2016/10/Natural-Resources-Subnational-Governance-in-Myanmar-Policy-Brief_ENG.pdf</a>  |
| Namibia     | Unitary republic    | Namibia has a decentralisation policy in place, with both regional and district/city governments. Both have the power to raise certain revenues and receive conditional transfers from line ministries or unconditional transfers through the Ministry of Urban and Rural Development.   | 6.3% (CLF 2014/2015)                                  | Some spending at subnational level           | <a href="http://www.commonwealthofnations.org/sectors-namibia/government/regional_local_government/">http://www.commonwealthofnations.org/sectors-namibia/government/regional_local_government/</a><br><a href="http://www.mof.gov.na/documents/27827/345303/Estimates+of+Revenue+Income+and+Expenditure+2017-2018.pdf/558e6e95-bc5d-43f2-ad1a-3a393170803f?version=1.0">http://www.mof.gov.na/documents/27827/345303/Estimates+of+Revenue+Income+and+Expenditure+2017-2018.pdf/558e6e95-bc5d-43f2-ad1a-3a393170803f?version=1.0</a> |
| Nepal       | Federal republic    | Although Nepal has moved to federalised systems, significant devolution of powers to local government has yet to occur. At present, while there is deconcentration, a significant amount of local government transfers is conditional.   | 9.0% (ADB 2014)                                       | Majority of spending at national level       | <a href="http://www.mof.gov.np/uploads/document/file/Red_Book_English%20FY2016-17_20160912045153.pdf">http://www.mof.gov.np/uploads/document/file/Red_Book_English%20FY2016-17_20160912045153.pdf</a><br><a href="https://thediplomat.com/2017/07/nepals-federalism-is-in-jeopardy/">https://thediplomat.com/2017/07/nepals-federalism-is-in-jeopardy/</a>   |
| Niger       | Unitary republic    | Although a decentralisation process is in place, the majority of government spending is currently at the national level, with limited revenue generation at, or transfers to, subnational governments.   |   | Majority of spending at national level       | <a href="https://www.crs.org/sites/default/files/tools-research/governance-at-the-grassroots-niger-burkina-faso-mali.pdf">https://www.crs.org/sites/default/files/tools-research/governance-at-the-grassroots-niger-burkina-faso-mali.pdf</a><br><a href="https://www.imf.org/external/pubs/ft/scr/2015/cr15291.pdf">https://www.imf.org/external/pubs/ft/scr/2015/cr15291.pdf</a>   |
| Nigeria     | Federal republic    | Nigeria has a three-tier subnational government made of 36 states, 1 federal capital territory, and 774 local governments. Fiscal federalism was established in the 1999 constitution. State governments have large discretionary power over the use of their revenues and are responsible for a relatively high share of public expenditures (38.1%)—in particular, investment expenditures (62.5%). On the other hand, because of a rather weak transfer system through the SJLGA, local governments are relatively ineffective and their ability to manoeuvre on spending is limited. | 53.0% (Central Bank of Nigeria 2015)                  | Significant subnational government financing | <a href="http://www.oecd.org/regional/regional-policy/profile-Nigeria.pdf">http://www.oecd.org/regional/regional-policy/profile-Nigeria.pdf</a><br><a href="https://www.cbn.gov.ng/Out/2017/RSD/Annual%20Report%202015.pdf">https://www.cbn.gov.ng/Out/2017/RSD/Annual%20Report%202015.pdf</a>   |

| SUN country      | Administration type | Overview  | Estimated % of total expenditure at subnational level | Traffic light guidance                       | Source   |
|------------------|---------------------|---|---|--|--|
| Pakistan         | Federal republic    | Pakistan has three government tiers: central, provincial, and local. Local government is protected by the constitution in Article 32 and Article 140-A. Each province has its own local government-enabling legislation and ministries responsible for implementation.  | 37.0% (IMF FY 2016, provincial spending only)         | Significant subnational government financing | <a href="http://www.imf.org/~media/Files/Publications/CR/2017/cr17212.ashx">http://www.imf.org/~media/Files/Publications/CR/2017/cr17212.ashx</a><br><a href="http://www.clgf.org.uk/default/assets/File/Country_profiles/Pakistan.pdf">http://www.clgf.org.uk/default/assets/File/Country_profiles/Pakistan.pdf</a>   |
| Papua New Guinea | Unitary monarchy    | There are two subnational government levels: provincial and local. The Department of Provincial and Local Government Affairs has statutory responsibility for all local government matters, with power to dismiss office holders. Local governments have joint responsibilities in some areas of governance and have the power to raise local revenue. Due to a weak local institutional environment, data on subnational expenditures are poor.  |   | Some spending at subnational level           | <a href="http://www.clgf.org.uk/default/assets/File/Country_profiles/Papua_New_Guinea.pdf">http://www.clgf.org.uk/default/assets/File/Country_profiles/Papua_New_Guinea.pdf</a>  |
| Peru             | Unitary republic    | Peru is one of the most decentralised unitary countries in Latin America (with Colombia), with a two-tier subnational government system. The regional level includes 24 departments that were set as regional governments in 2012, which have elected representatives, and the Constitutional Province of Callao, which is a department. The municipal level comprises provincial municipalities at the upper level and district municipalities at the lower level. Subnational governments have a key role in the country's economic and social development. | 41.9% (OECD 2013)                                     | Significant subnational government financing | <a href="http://www.oecd.org/regional/regional-policy/profile-Peru.pdf">http://www.oecd.org/regional/regional-policy/profile-Peru.pdf</a>  |
| Philippines      | Unitary republic    | According to the constitution and local government code, subnational governments are mainly responsible for basic public services provision. Provinces are responsible for intermunicipal services provision (e.g., tertiary health services and maintenance of hospitals covering several municipalities, social housing, and social welfare services). Municipalities and <i>barangays</i> (villages) manage proximity services, such as primary health care, primary school building and maintenance and waste collection or cultural centres.             | 16.2% (OECD 2014)                                     | Significant subnational government financing | <a href="http://www.oecd.org/regional/regional-policy/profile-Philippines.pdf">http://www.oecd.org/regional/regional-policy/profile-Philippines.pdf</a>  |
| Rwanda           | Unitary republic    | A decentralisation process is now broadly in place, with districts making up over 20% of government expenditure. Revenue mainly comes from the central government, broadly split in a block grant and in conditional transfers from line ministries.  | 19.5% (IMF 2014)                                      | Significant subnational government financing | <a href="http://www.minecofin.gov.rw/fileadmin/templates/documents/Fiscal_Decentralisation_Unit/Budget_Citizen_Guide/2017-2018/2017-2018_Budget_Citizen_Guide_-_English_Version.pdf">http://www.minecofin.gov.rw/fileadmin/templates/documents/Fiscal_Decentralisation_Unit/Budget_Citizen_Guide/2017-2018/2017-2018_Budget_Citizen_Guide_-_English_Version.pdf</a><br><a href="http://www.minaloc.gov.rw/fileadmin/documents/Minaloc_Documents/DIP_3rd_Phase_Draft_14.3.1_1_final_version.pdf">http://www.minaloc.gov.rw/fileadmin/documents/Minaloc_Documents/DIP_3rd_Phase_Draft_14.3.1_1_final_version.pdf</a> |
| Senegal          | Unitary republic    | Senegal has 14 regions divided into 45 departments that comprise 550 municipalities (151 urban, 353 rural, 46 urban subdistricts). All local governments are administered by directly elected bodies with a nominated executive lead. Local governments were devolved 9 competence areas by a 1996 law: land registry; natural resources management and environment; health/social care; education; culture, sport and recreation; planning and territorial development; urban planning; and housing.   | 5.9% (OECD 2013)                                      | Some spending at subnational level           | <a href="http://www.oecd.org/regional/regional-policy/profile-Senegal.pdf">http://www.oecd.org/regional/regional-policy/profile-Senegal.pdf</a>  |
| Sierra Leone     | Unitary republic    | Although the constitution does not make provision for local governments, the 2004 Local Government Act recognises town, district and city councils and outlines a range of responsibility areas. However, transfers from central government are conditional and local revenue raising is very low. Thus, the country's current structure is more decentralisation than devolution.  |   | Majority of spending at national level       | <a href="http://www.cabri-sbo.org/uploads/files/Documents/sierra_leone_2017_approval_external_document_speech_ministry_of_finance_cen-sad_ecowas_english_1.pdf">http://www.cabri-sbo.org/uploads/files/Documents/sierra_leone_2017_approval_external_document_speech_ministry_of_finance_cen-sad_ecowas_english_1.pdf</a><br><a href="http://www.clgf.org.uk/default/assets/File/Country_profiles/Sierra_Leone.pdf">http://www.clgf.org.uk/default/assets/File/Country_profiles/Sierra_Leone.pdf</a>   |
| Somalia          | Federal republic    | Although the formulation of state governments is still being established, the majority of government investment comes from the state rather than federal government. The federal government also has little responsibility over service delivery outside of Mogadishu.  | 74.0% (Development Initiatives, 2014)                 | Significant subnational government financing | <a href="http://devinit.org/post/somalia-an-overview-of-poverty-vulnerability-and-financing/">http://devinit.org/post/somalia-an-overview-of-poverty-vulnerability-and-financing/</a>  |

| SUN country | Administration type | Overview   | Estimated % of total expenditure at subnational level | Traffic light guidance                       | Source   |
|-------------|---------------------|--|---|--|--|
| South Sudan | Federal republic    | Conflict and recent political upheaval have led to there being little verifiable data regarding subnational government spending.   |   |  |  |
| Sri Lanka   | Unitary republic    | The central government transfers around 5% of total expenditure to provincial councils, which also raise (small) revenues in certain areas. Provincial councils are responsible for liaising with district councils for service delivery. Some functions devolved to provincial councils include internal law and order, economic plan implementation, education, housing, agriculture/agrarian services, rural development, land use and development, cooperative development, and local governance. Municipal councils, urban councils, and <i>pradeshiya sabhas</i> manage the regulation and control of public health, public utilities, and public thoroughfares; more generally, they are responsible for the protection and promotion of the comfort and welfare of people. The <i>pradeshiya sabhas</i> have some additional developmental responsibilities. |   | Some spending at subnational level           | <a href="http://www.clgf.org.uk/default/assets/File/Country_profiles/Sri_Lanka.pdf">http://www.clgf.org.uk/default/assets/File/Country_profiles/Sri_Lanka.pdf</a><br><a href="http://www.treasury.gov.lk/documents/10181/336544/volume1.pdf/3927a0c4-cdbd-46bc-88da-c60fcc38fefe">http://www.treasury.gov.lk/documents/10181/336544/volume1.pdf/3927a0c4-cdbd-46bc-88da-c60fcc38fefe</a> |
| Sudan       | Federal republic    |  |   |  |  |
| Swaziland   | Unitary monarchy    | Responsibility for local government rests with the Ministry of Housing and Urban Development. There are 13 urban local authorities and 55 rural councils called <i>tinkhundla</i> . Municipalities hold revenue-raising and budget-setting powers, but <i>tinkhundla</i> operate with direct central government funding.   |   | Some spending at subnational level           | <a href="http://www.clgf.org.uk/default/assets/File/Country_profiles/Swaziland.pdf">http://www.clgf.org.uk/default/assets/File/Country_profiles/Swaziland.pdf</a><br><a href="http://www.mbabane.org.sz/pdf/2016-17%20FY%20Annual%20Report.pdf">http://www.mbabane.org.sz/pdf/2016-17%20FY%20Annual%20Report.pdf</a>   |
| Tajikistan  | Unitary republic    |  | 28.6% (World Bank 2011)                               | Significant subnational government financing | <a href="https://openknowledge.worldbank.org/bitstream/handle/10986/26817/817430WP0P12910Box0379842B00PUBLIC0.pdf?sequence=1&amp;isAllowed=y">https://openknowledge.worldbank.org/bitstream/handle/10986/26817/817430WP0P12910Box0379842B00PUBLIC0.pdf?sequence=1&amp;isAllowed=y</a>  |
| Tanzania    | Unitary republic    | The law provides for grants to local government authorities in the sectors of education, health, water, roads, and agriculture. These grants cover recurrent expenditure, such as salaries and operating expenses. Operating expense charges are calculated by formula, and the funds for salaries are disbursed by payroll. Conditional transfers account for approximately 80% of the total, with unconditional transfers making up the remaining 20%. Local governments have the power to levy taxes, fees, and charges. Typical taxes levied are direct, which are hard to collect.  | 21.8% (IMF 2014)                                      | Significant subnational government financing | <a href="http://www.oecd.org/regional/regional-policy/profile-Tanzania.pdf">http://www.oecd.org/regional/regional-policy/profile-Tanzania.pdf</a><br><a href="http://www.clgf.org.uk/default/assets/File/Country_profiles/Tanzania.pdf">http://www.clgf.org.uk/default/assets/File/Country_profiles/Tanzania.pdf</a>   |
| The Gambia  | Unitary republic    | Although decentralisation forms part of the constitution and vision for 2020, it has yet to be implemented in regards to significant financing at the subnational level.   |   | Majority of spending at national level       | <a href="http://iosii.in/images/iosijmbfissue/v2-11/3.pdf">http://iosii.in/images/iosijmbfissue/v2-11/3.pdf</a>  |
| Togo        | Unitary republic    | Since the law on decentralisation of 13 March 2007, the mandatory responsibilities of urban municipalities have included provision of basic services for the population and management of the internal budget and tax administration. The law on decentralisation outlines the responsibilities of local governments, which include local development and urban planning; housing; support to the local economy; potable water provision and distribution; waste management; public safety; primary education and primary health care; sport, culture and tourism; and transport.  |   | Some spending at subnational level           | <a href="http://www.oecd.org/regional/regional-policy/profile-Togo.pdf">http://www.oecd.org/regional/regional-policy/profile-Togo.pdf</a>  |
| Uganda      | Unitary republic    |  | 23.6% (IMF 2014)                                      | Significant subnational government financing | Budget documents from <a href="http://www.budget.go.ug/">http://www.budget.go.ug/</a>  |

| SUN country | Administration type | Overview   | Estimated % of total expenditure at subnational level | Traffic light guidance                       | Source  |
|-------------|---------------------|--|---|--|---|
| Vietnam     | Unitary republic    | Provinces assign local functions and also can spend on responsibilities not reserved for the central level. However, the norms are still set by the central government. There are two types of intergovernmental transfers: balancing transfers (48% of total transfers in 2012) and targeted transfers (52%) to implement specific national priorities.   | 54.3% (OECD 2014)                                     | Significant subnational government financing | <a href="http://www.oecd.org/regional/regional-policy/profile-Vietnam.pdf">http://www.oecd.org/regional/regional-policy/profile-Vietnam.pdf</a>   |
| Yemen       | Unitary republic    | Article 146 of the constitution establishes the principle of decentralisation with democratically elected councils; it also provides for local authorities at the governorate and district levels. In 2000 and 2001, Parliament passed a number of laws and regulations to establish the framework for decentralised local government. Article 4 of the Local Authority Law establishes local government as one of the pillars of the state. It also provides the legal foundations for the intergovernmental system, which is based on four principles: broadened popular participation through elected local councils, financial decentralisation, administrative decentralisation, and decentralisation of service delivery.  |   | Some spending at subnational level           | <a href="http://erc.undp.org/evaluationadmin/downloadaddocument.html?docid=3067">http://erc.undp.org/evaluationadmin/downloadaddocument.html?docid=3067</a>   |
| Zambia      | Unitary republic    | In November 2002, the government approved a national decentralisation policy, following two previous failed attempts in 1968 and 1980. The policy covers aspects such as empowering local people through setting up subdistrict structures and clearly defined roles and responsibilities for local authorities, the provinces, and the central government. The Local Government Act of 1991 stipulates 63 functions that councils may discharge. Around half of these functions focus on investment and maintenance of infrastructure, and they are the sole responsibility of the individual council. Education and health are the responsibility of central government, despite several attempts to decentralise these services. The ministries of education and health have so far deconcentrated their functions to the district level. |   | Some spending at subnational level           | <a href="http://www.parliament.gov.zm/sites/default/files/images/publication_docs/Yellow%20Book%202017.pdf">http://www.parliament.gov.zm/sites/default/files/images/publication_docs/Yellow%20Book%202017.pdf</a><br><a href="http://www.clgf.org.uk/default/assets/File/Country_profiles/zambia.pdf">http://www.clgf.org.uk/default/assets/File/Country_profiles/zambia.pdf</a>  |
| Zimbabwe    | Unitary republic    | Decentralisation was laid out in the 2013 constitution. However, metropolitan councils have not yet been established and the national government retains responsibilities over the majority of financing and service delivery. City and rural councils—especially city councils—have powers to raise certain revenues and provide key services (such as water).  | 8.8% (OECD 2013)                                      | Some spending at subnational level           | <a href="http://www.hararecity.co.zw/index.php/jcontent/uncil-budgets?task=document.viewdoc&amp;id=113">http://www.hararecity.co.zw/index.php/jcontent/uncil-budgets?task=document.viewdoc&amp;id=113</a><br><a href="http://www.ijisr.issr-journals.org/abstract.php?article=IJISR-14-258-07">http://www.ijisr.issr-journals.org/abstract.php?article=IJISR-14-258-07</a><br><a href="http://www.oecd.org/regional/regional-policy/profile-Zimbabwe.pdf">http://www.oecd.org/regional/regional-policy/profile-Zimbabwe.pdf</a> |

Abbreviations: ADB, Asian Development Bank; FY, fiscal year; GDP, gross domestic product; GFS, government finance statistics; IMF, International Monetary Fund; MOF, Ministry of Finance; OECD, Organisation for Economic Co-operation and Development; SJLGA, State Joint Local Government Account; SUN, Scaling Up Nutrition; VAT, value-added tax.