

Decentralization: Equity and Sectoral Policy implications for UNICEF in East-Asia and the Pacific

SOCIAL POLICY AND ECONOMIC ANALYSIS UNIT

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MARCH 2011

Related EAPR Working Papers on Decentralization (8 Papers)

REGIONAL AND THEMATIC PAPERS

- 1) Decentralization: Equity and Sectoral Policy implications for UNICEF in East-Asia and the Pacific; Social Policy and Economic Analysis Unit, Dejana Popic and Mahesh Patel, EAPRO (Working Draft 2011)

Local governments are increasingly involved in making sectoral policy decisions that affect outcomes for children. To support enhanced understanding and engagement, this paper first summarizes the different forms of decentralization, and then explores implications for the education, health and water sectors, elaborating relevant governance and economic principles and using country examples.

- 2) Decentralization and Primary Education: A Quantitative and Qualitative Survey in East Asia and the Pacific Islands. Social Policy and Economic Analysis Unit, Mahesh Patel, Cliff Meyers, and Suzanne Hinsz, EAPRO (Draft 2006)

This indicative comparative analysis of the goals and effects of decentralization reforms on education in the EAP region highlights best practices and the lessons learned from country experiences, and identifies gaps in UNICEF responses to the challenges of decentralization.

- 3) The Private Sector and Health Services Delivery in the EAP Region: Background Report to UNICEF on the Role and Experiences of the Private Sector in Provision of Child Health Services (Draft 2010)

The market is less centralized than commonly assumed. In geographic areas, and market niches, uncovered by the state, the private sector is often active. Rural pharmacies, FBOs, CSOs and NGOs are all involved in community level activities. The report provides an overview of the role of the private sector in health systems; introduces the types of programs, policies, and activities currently affect privately provided healthcare, reviews their relative importance; and recommends a typology of private sector options available to countries in the region. Its emphasis is on services for the poor, and options available to governments to well manage private provision.

- 4) Decentralization and Taking Pilots to Scale in East Asia and the Pacific Region. Stephen Woodhouse and Kelsey Atwood. EAPRO (Draft 2008)

This study looks at the role of UNICEF strategic approaches in the context of decentralization of governance in East Asia. It explores the challenges and opportunities decentralization poses for UNICEF. The degree to which UNICEF is well able to use the results emanating from pilot projects to effectively influence national policies and strategies and to ensure replication of successful pilots at a national level is assessed. While all UNICEF Country Offices have done extensive assessments and analyses of their specific pilot projects, this study extracts general recommendations that transcend the results for individual pilot projects.

COUNTRY AND COUNTRY OFFICE STUDIES

- 5) Social Policy Study (on Decentralization) prepared as input to the Mid-Term Review 2008. Radhika Gore and Ida Ruwaida Noor. UNICEF Indonesia Country Office (Final 2008)

Decentralization, which began in 2001 with the implementation of the first laws on regional autonomy and fiscal transfers, has changed the mechanism of governance across Indonesia. This shift has implications for UNICEF's programme, partnerships, and staff competencies. The study was undertaken as part of the 2008 Mid-Term Review (MTR) of the UNICEF Indonesia Country Programme 2006-2010. Its goal was to better understand the institutional changes and identify the new challenges that central and sub-national governments face in the process of policy-making, planning, budgeting, implementation, and monitoring and evaluation at each level of government in Indonesia. It provides recommendations for UNICEF's strategic approach, partnerships, and competencies to ensure that children's rights are reflected in policy decisions, government work plans, and resource allocations.

- 6) Improving Local Service Delivery for the Millennium Development Goals: Rural Water Supply and Sanitation in Mongolia. D. Basandorj and Satyajit Singh. Mongolia Country Office. (Final 2009)

Mongolia provides three challenges to decentralisation of service delivery to achieve the MDGs. First, institutional design of local service delivery in a large, sparsely populated country with low technical and professional capacity needs to be tackled in a context outside the centralisation versus decentralisation debate. Second, the linkage between local service delivery and poverty alleviation is so central that governments cannot shy away from their responsibility of enhancing capacities and capabilities for sustaining livelihoods on lame grounds of fiscal prudence. Third, countries that are in transition towards democracy need to invest in developing institutions of local governments that are not based on urban and western norms of self-sustaining and self-financing, rather the focus should be on greater empowerment through a voice and choice in local governance and representation and participation in determining the quality, standards and level of the delivery of local services. The report criticizes donor focus on urban systems and notes that no department of government is currently responsible for rural water supply.

- 7) Improving Local Service Delivery for the MDGs in Asia: The Philippines' Case - A Joint Project of the Philippine Institute for Development Studies (PIDS) and United Nations Children's Fund (2009)

The report develops a Triangulation Framework for local service delivery as a contribution to the regional study on "Improving Local Service Delivery for the MDGs in Asia." It assesses local service delivery systems and practices in the Philippines in light of sector performance for education, health, and water. Based on the sectoral analyses and comparative assessment, it investigates how local service delivery systems and practices can be improved and to formulate sectoral decentralization policy frameworks as inputs to the national strategies and plans for improving local service delivery.

- 8) Decentralization and the Budget for Social Services at Tambon Administrative Level Thailand

The report provides an overview of the decentralization structure of the local governments in Thailand. It explains the planning processes at various administrative levels, particularly the linkages between national strategic development plan and community development plans and highlights social development issues. The budget expenditures plan of some TAOs in Nan province are to be analyzed and the challenges to be faced to increase local level budgets are summarized.

Background

In 2006, The EAPR RMT identified work on decentralization as one of the four priority areas for Regional Office support in Social Policy. Contacts with other agencies were initiated, a multi-agency group was established (UNICEF, UNDP, UNCDF, UNESCO, and UNIFEM), and country studies undertaken in Mongolia, the Philippines, Thailand and Cambodia. This a summary of what we have learned from these experiences, also serves as an introduction to the key issues in decentralization in this region.

One compelling observation did emerge from our interactions with partner agencies, partner agencies and governments. Our partner agencies, especially UNDP and the IFIs, focus on the generalizable dimensions of decentralization from a governance perspective. Only UNICEF Country Offices, and sectoral government counterparts, were concerned by failures of decentralization policies that were due to intrinsic differences between social sectors. Decentralizing health care is quite a different matter from decentralizing education, and decentralizing water supplies raises yet another set of issues. Inequalities in coverage are closely tied to the success, or failure, of decentralization policies.

UNICEF notices these differences and sectoral coverage failures because we have a unique sectoral depth, and local presence in countries, perhaps the only agency with specialist personnel in country across a range of social sectors, often at a sub-national level. As such, we are uniquely placed to ensure that the policy frameworks that are being created and revised, in support of decentralization (or, in some cases, recentralization), take sufficient account of the specificities of social sectors and the local needs of children. Where our partner agencies have depth of experience and understanding on issues such as governance and fiscal frameworks, we have a depth of understanding and local presence and hence have greater capacity to influence the ways in which social sectors actually function to fulfill the needs of children.

Acknowledgements:

This paper reflects the opinions of the authors and not necessarily those of UNICEF.

The authors thanks for valuable comments and contributions from: Samman Thapa; Jill Lawler; Qimti Paienjton, Sirinrath Tesvisarn; Silvia Danailov; Mizuho Okimoto-Kaewtathip; Julia Rees; Mariana Stirbu; Sivanna Ross; Kosalvathanak Yi; Rajen Kumar Sharma; Pham Thi Lan; Hana Brix; Yan Mu; Suganya Boonprasirt; Yoshimi Nishino; Niloufar Pourzand; Purwanta Iskandar; and I Made Sutama.

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Executive Summary

Decentralization is the transfer of competencies and responsibilities for performing public service obligations from the central government to local or sub-national governments. Decentralization can occur in the political, administrative, fiscal, and market domains. Political decentralization aims to shift power and accountability to locally elected bodies or outposts of sectoral ministries. Administrative decentralization redistributes responsibility for local planning and operational management. Fiscal decentralization redistributes funds and financial responsibilities. Market decentralization creates an enhanced role for non-state providers, including NGOs, FBOs, CBOs and the private sector.

While declared objectives of decentralization usually include increased equity, responsiveness and quality of service, the results are often ambiguous and may result in a shedding of responsibilities for service provision to local governments without a corresponding increase in their capacity or funding. Hazards include capture of benefits by local elites, increased ethnic, religious or cultural rivalries, lack of local capacity to administer, loss of economies of scale, excessive duplication of functions, and increases sub-national disparities from greater reliance on local generation of resources. If decentralization policies are well formulated and implemented, they can avoid these hazards and result in improved services and disparity reduction. But evidence of success is very mixed.

One significant failure of national policy making to increase decentralization has been to ignore qualitative differences between social sectors. Superficially, health and education systems both have primary, secondary and tertiary levels of service provision. But while responsibility for provincial level health services may be seated in a provincial hospital, provincial universities have no equivalent role. Service provision in the water sector is more sharply characterized by an urban-rural distinction. Urban piped water systems are completely different from rural well or standpipe supplies in their technology, ownership, administration and finance.

Decentralization is not an end in itself, but rather a means to ensure the delivery of effective, efficient, and quality services that are well adapted to the demands of the immediate operating environment and the specific needs of the people served. Differentiating national decentralization policy and reforms between different sectors is quite a challenge, requiring sector specific information on local needs, capacities, and budgets. Both demand and supply sides of service delivery need to be considered. Analysis of resource equalization formulas and procedures, to ensure that resources are better matched to needs, is also needed. In some countries, an enhanced local presence, either through sub-national offices, or out-posted staff, may be helpful.

Section 1 summarizes and explains the different forms of decentralization. Section 2 explores some of the implications for the Education, Health and Water sectors. Section 3 describes UNICEF Country Office activities and experiences. Section 4 presents some conclusions. Annex 1 presents UNICEF Country Office experiences in more detail.

Table of Contents

1. Decentralization: Panacea or Myth?	9
1.1 <i>Decentralization, Human Rights and Poverty: Some Linkages</i>	9
1.2 <i>The Legal Framework</i>	13
1.3 <i>Institutional Framework</i>	15
1.4 <i>Financial arrangements</i>	18
1.5 <i>Accountabilities</i>	23
1.6 <i>Capacity</i>	24
2. Sectoral Decentralization	26
2.1 <i>Education Decentralization</i>	27
2.2 <i>Health Decentralization</i>	37
2.3 <i>Water Supply Decentralization</i>	46
3. UNICEF Country Office Activities	53
4. Conclusions	57
ANNEX 1: Country Office Survey on Key Issues surrounding Decentralization	58
Bibliography	71

TABLES, FIGURES AND BOXES

TABLE 1: POTENTIAL IMPACTS OF DECENTRALIZATION	10
TABLE 2: DECENTRALIZATION LEGAL FRAMEWORKS IN EAP	15
TABLE 3: POSSIBLE ASSIGNMENTS OF FUNCTIONS IN A DECENTRALIZED SYSTEM OF EDUCATION.....	18
TABLE 4: LOCAL SHARE OF PUBLIC EXPENDITURE AND REVENUES IN SELECTED EAP COUNTRIES.....	19
TABLE 5: CENTRE-LOCAL FUNDING FLOWS	22
TABLE 6: EXAMPLE OF FLOW OF FUNDS IN THE EDUCATION SECTOR: INDONESIA	34
TABLE 7: FUNCTIONAL ASSIGNMENT OF THE INDONESIAN HEALTH SECTOR.....	41
FIGURE 1: PUBLIC EXPENDITURE ON HEALTH & EDUCATION (% GDP) AND INCOMES OF THE RICHEST AND POOREST QUINTILES	12
FIGURE 2: LOCAL GOVERNMENT LAWS AND REGULATIONS	14
FIGURE 3: UNBUNDLING SECTORS AND MANAGEMENT FUNCTIONS: EDUCATION SECTOR EXAMPLE	17
FIGURE 4: ACCOUNTABILITY ROUTES	24
FIGURE 5: EDUCATION: RELATIVE MAGNITUDE OF DIFFERENT TYPES OF DISPARITIES	28
FIGURE 6: ETHNIC DISPARITIES IN SECONDARY EDUCATION NET ENROLLMENT IN VIETNAM	29
FIGURE 7: ASSIGNMENT OF EDUCATION RESPONSIBILITIES IN LOWER SECONDARY EDUCATION IN FIVE COUNTRIES OF EAP, 1998 AND 2003	31
FIGURE 8: NUMBER OF TYPES OF PARENTAL CONTRIBUTIONS AND SECURITY OF THE RIGHT TO EDUCATION	32
FIGURE 9: HEALTH: RELATIVE MAGNITUDE OF DIFFERENT TYPES OF DISPARITIES	38
FIGURE 10: OUT OF POCKET PAYMENTS ON HEALTH AS A PERCENTAGE OF NATIONAL TOTAL HEALTH EXPENDITURE	43
FIGURE 11: SANITATION AND DRINKING WATER COVERAGE IN EAPRO COUNTRIES.....	47
FIGURE 12: PRICE OF WATER FROM DIFFERENCE SOURCES (US\$ PER CUBIC METER).....	51
BOX 1: WHAT IS DECENTRALIZATION?	9
BOX 2: DECENTRALIZING HUMAN RIGHTS?	11
BOX 3: ETHNIC DISPARITIES IN VIETNAM.....	11
BOX 4: THE RANGE OF LAWS RELATING TO DECENTRALIZATION	14
BOX 5: SOLUTIONS FOR DIFFICULTIES RELATING TO DECENTRALIZATION AND PUBLIC FINANCIAL MANAGEMENT	20
BOX 6: OBJECTIVES OF EDUCATION DECENTRALIZATION.....	33
BOX 7: A POSSIBLE FUNCTIONAL ASSIGNMENT IN WATER SECTOR.....	48
BOX 8: WHAT WE HAVE LEARNED FROM EXPERIENCE	49

Introduction

Economic development, population increase, and increased labor productivity in agriculture have all contributed to the urbanization of East Asia and the Pacific. Urbanization has not been confined to national capitals, provincial capital cities have grown too. In many cases provincial capitals are now comparable to sizes of national capitals of just two or three decades ago, often perhaps with a more educated populace, higher living standards, greater administrative capacities, and dramatically improved communications and information management capacities. Inexorably, they are assuming increasingly significant roles in governance.

As economies have grown, the complexity of tasks faced by central governments has risen more than proportionately. The transfer of increased governmental responsibilities to sub-national entities is often attractive to national governments. There are clear fiscal benefits. If fiscal and administrative responsibilities for social service delivery are transferred to local government, then central government administrative and fiscal capacities are freed to be reassigned to the increasingly complex high level national level tasks that must be undertaken in the 21st century.

The basic decentralization premise suggests that local governments, endowed with adequate resources, can provide the level of public services such as education, health and water that most closely reflects local demands. Decentralizing service delivery, which involves tasks such as the shifting of decision making, re-allocation of financial resources, undertaking local budgeting, improving sectoral capacity and greater community involvement, is a complex process and works differently in each sector. If done well, decentralization can possibly improve equity, efficiency, accessibility, and accountability in public service provision. Done poorly, it can result in chaos, inefficiencies, service delivery failures and accentuated inequity. Examples of all of these can be found in the East Asia and Pacific Islands Region.

As national governments decentralize their operations, especially as regards social services, UNICEF has followed suit by opening sub-offices to track and influence these rapidly developing sub-national loci of power and responsibility. So far, however, little attention has been paid to the ways in which sub-national governance is qualitatively different from national governance. Local government may, at one end of the spectrum, be highly independent of central government, raising its own tax revenues, allocating resources between sectors, delivering its own services, and even creating its own policy and legislation. In other cases, local sectoral services may be considered as outposts or the implementing agents of their national ministries.

In both cases, it may be strategic for UNICEF to establish sub-national offices. But, in these different settings, functional responsibilities and ideal staffing profiles of a sub-office will differ substantively. These issues are particularly compelling just now. While countries in the region are changing, UNICEF too is changing - in the nature of its interventions and in its interactions with other UN Agencies. Assuring that children will continue to receive the best services possible will require a robust understanding of the different types of decentralized governance, the diverse implications for the social sectors we work with, and the necessary changes in the way we do business.

This paper outlines the different types of decentralization, the different natures of the social sectors that UNICEF works with in terms of the effects of decentralization on their functioning, and reviews experiences of several countries, and UNICEF Country Offices, in the EAP region.

1. Decentralization: Panacea or Myth?

1.1 Decentralization, Human Rights and Poverty: Some Linkages

UNICEF EAPR's interest in decentralization processes is driven by the objectives of enhanced realization of children's rights, of reducing vulnerability and deprivation, and of achieving the MDGs with equity, through improving basic service delivery. The key link between decentralization, children's rights and the MDGs, is the principle of equity in access and opportunity for all citizens, as guaranteed by the Universal Declaration of Human Rights, and the Convention on the Rights of the Child (CRC). By providing an avenue for citizen participation in decision-making, strengthening accountability, addressing socio-economic disparities, and empowering disadvantaged groups, an important broader goal of decentralization is to promote political, economic and social rights.

Box 1: What is Decentralization?

Decentralization has a variety of aspects that warrant careful analysis. Generally it describes the transfer of competencies and responsibilities for performing public service obligations from the central government to local or sub-national government. Types of decentralization include political, administrative, fiscal, and market decentralization. There are some overlaps and interactions between these facets:

Political decentralization: is a shift of power and resources to elected local councils or outposts of sectoral ministries with the objective of aligning sectoral activities to local needs to improve service delivery. The aim is to improve and enhance participation of the population in political decision-making. It implies that locally elected authorities must bear more responsibility to those who elected them and better represent local interests in political decision-making processes.

Administrative decentralization (functional assignment): distributes the responsibilities to fulfill public duties among governmental authorities at various levels of government. Responsibility for regional or local level planning, operational management and in part also for the financing of infrastructure and services is shifted from central to lower-level authorities. Administrative decentralization can be differentiated by its three main forms:

- **Deconcentration** is a redistribution of responsibilities to sub-national units of central government (e.g. regional ministerial offices). It represents the weakest form of decentralization. Some argue that this is not even part of decentralization because the shift in responsibility simply takes place *within* the central government hierarchy.
- **Delegation** is a stronger form of administrative decentralization and refers to the redistribution of decision and operational responsibility to local authorities which maintain a certain degree of independence from the central government and yet have to report to it.
- **Devolution** is the strongest form of administrative decentralization. It involves the transfer of powers for decision-making, finances and management from the central administration to independent local governments, usually referring to municipalities with locally elected organs and clearly defined territorial responsibilities.

Fiscal decentralization refers specifically to the assignment of revenues and the grant mechanisms to local government so that it can discharge its assigned functions. This may result in changes in the share of the public sector in overall governmental funding, in the stability of funding of services, and in changes in the relative funding of specific types of services. These effects may differ between rich and poor geographic areas and may be linked to local revenue raising capacities and the relative provision of funds by central and local government.

Market decentralization takes place when government withdraws from provision (or perhaps just from production) allowing the private sector and civil society to take up expanded roles. Market decentralization can occur within a sector when the central government gives non-state providers (private sector, but also NGOs, FBOs, communities, and users) roles in decision making and management. Increasing reliance on non-state provision can have effects on user fees, funding of the sector as a whole, levels and type of provision, and gender or ethnic sensitivity. It may also have effects on efficiency and accountability.

In theory, decentralization could have a positive impact on poverty and reduce inequalities. An effective devolution of powers offers the opportunity to set up sub national governments in which the poor can actively participate, decide and lobby for their interests. Sub national governments are thus regarded to be better placed than the central government to identify local needs and better able to ensure access, quality and targeting of public services. This should: i) make the voices of the poor better heard; ii) improve their access to and the quality of public services; and iii) reduce their vulnerability.¹ Participation is central to promoting inclusion, and providing space for marginalized communities. From the perspective of child wellbeing, improved participation is particularly relevant to the extent that it can affect decisions on child related outcomes such as community participation in school decisions.

Proponents of decentralization argue that decentralization can equalize regional disparities and promote economic growth through a well-managed intergovernmental finance system. They point to evidence from OECD countries where higher degrees of decentralization are associated with lower regional disparities.² In the EAPR, the evidence is mixed. In some countries, decentralization policies seem to be increasing disparities, in others to be reducing them. Success requires carefully matching the specific types of decentralization policies implemented to the types of inequalities prevalent in each country, as well as ensuring that resource redistribution occurs.

Table 1: Potential Impacts of Decentralization³

Positive potentials	Negative potentials
Potentially promotes democracy because it provides better opportunities for local residents to participate in decision making.	Potential to undermine democracy by empowering local elites beyond the reach of central power to capture benefits disproportionately.
May increase efficiency in delivery of public services - delegation of responsibility may reduce bottlenecks and bureaucracy.	May worsen delivery of services, resulting in excessive duplication of functions and loss of centralized economies of scale.
Can lead to higher quality of public services through greater sensitivity to local needs and enhanced local accountability.	Can reduce quality of services due to poor decision making, lack of local capacity, insufficient resources, or insufficient accountability.
Possible improvement in sector financing through locally generated revenues.	Possible increases in disparities as richer provinces are generally more able to supplement central finance with local revenues.
May increase transparency, accountability and the response capacity of government institutions.	May promise too much, overload capacity of local governments, and create disappointment.
Can allow improved political representation and participation in decision making of diverse and minority political, ethnic, religious, and cultural groups.	Can create new, or ignite dormant ethnic, religious rivalries and encourage local politicians to over-stress advantages of separatism.
Potential to increase political stability and national unity by allowing citizens to better control public programmes at the local level.	Weakens states because it can increase regional inequalities or lead to separatism or undermine national financial governance.
Possible spawning ground for new political ideas, leading to more creative and innovative programmes.	Gains in creativity and innovation may be offset by the risks of empowering conservative local elites to implement uninformed initiatives.

¹ OECD; 2004; "Decentralization and Poverty in Developing Countries: Exploring the Impact"

² Lessmann C, 2009, "Fiscal decentralization and regional disparity: evidence from cross-section and panel data" *Environment and Planning A* **41**(10) 2455 – 2473

³ L. Joy, "Decentralization and Human Rights: A Systemic Approach", UNDP

One of the core principles of the theory of fiscal federalism is the Oates (1972)' Decentralization Theorem. It sets out a basic rule for the decentralized provisions of public goods and services to be Pareto-superior to a centralized determination of public outputs. Three inter-related conditions are explicit in the Theorem: heterogeneity, externalities and economies of scales. According to Oates (1972), welfare is maximized under decentralization when regions are heterogeneous in their preferences for public goods, and these public goods do not exhibit inter-regional spillovers or cost savings from centralized provision. The presence of externalities and economies of scales give some rationale for centralization - and thus creates a basic trade-off between centralization and decentralization. [World Bank: 2009]

Box 2: Decentralizing Human Rights?

The Universal Declaration on Human Rights, identifies the State as the ultimate guarantor of human rights and, in the case of the Convention on the Rights of the Child, -children's rights. Within this framework, it is the central Government and Parliament that commit a country to provide access to education, health, water and other services defined as basic human rights. A national decision to decentralize does not absolve central governments from the commitment to 'respect, protect, and fulfill' human rights. When states devolve powers to local government, these duties stand – implying that states must monitor local administrations in relation to rights and ensure that the latter have sufficient financial resources to provide at least the same standard of service. [ICHRP: 2004]

Thus, from a legalistic perspective, it is important that a country's international obligations under international human rights law are made explicit in the context of decentralization and local governance to the extent that the actions of those below the central government who will exert power, dispose of resources and shoulder responsibilities are also guided by the country's human rights obligations. [Lundberg: 2009]

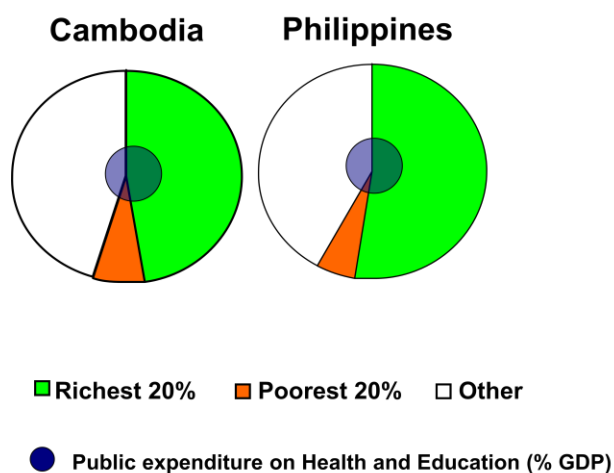
While EAP's success at promoting economic growth and poverty reduction has been well documented, massive social and economic disparities persevere as a sobering reality. Not all sub-national regions are equally integrated into their respective growing national economies. Average income in the richest provinces is many times greater than that in the poorest provinces. Basic social services are not equally accessible to all. As economic growth progressed, poverty increasingly manifested itself in pockets of exclusion, often accompanied by growing inequalities within countries that are sharply differentiated by urban-rural, upland-lowland, and other geographic disparities.⁴ Often, geographic manifestations have differences in ethnicity as an underlying common feature.

Box 3: Ethnic Disparities in Vietnam

Vietnam has 54 ethnic groups in which 87% are Kinh (Viet) majority and other 53 ethnic groups account for 13% of the population. Infant mortality rates are generally higher for ethnic minority groups. For example, Kontum province reports nearly 63 deaths per 1000 births, nearly four times higher than the national average. Some ethnic minority areas have substantially higher under-five malnutrition rates than the national average (36 per cent vs. 25 per cent). Access to water and sanitation for the rural population is 80 and 50 percent respectively. However, the figures are as low as 12.8 and 4.1 per cent in some remote and mountainous provinces where ethnic minorities live. While the national primary education enrolment rate is 97 per cent, the rate among the Hmong ethnic minority group is as low as 41.5 per cent. Hmong girls have an enrolment rate 20 per cent lower than that for boys in primary schools. [UNICEF Vietnam:2004]

⁴ C. Wescott and D. Porter; "Fiscal Decentralization and Citizen Participation in East Asia" ; ADB

Figure 1: Public expenditure on health & education (% GDP) and incomes of the richest and poorest quintiles



Source: UNICEF EAPRO, 2009

Some evidence shows that even the most successful forms of decentralization have been unable to overcome economic and political disparities, both within and among regions.⁵ A rare UNICEF paper on decentralization by Klugman (1997) in fact warns that decentralization may lead to greater interregional disparities whereby local governments faced by fiscal constraints find themselves competing for the resources from the centre. The relative inability of local government in poorer regions to raise resources through local tax levies and licensing may further accentuate inequalities in attainment of social objectives.

Historically, most EAP governments primarily pursued decentralization for political and fiscal reasons. Sharing responsibility for finance with local governments reduces central public expenditures. Equity and quality of services are typically not the primary objectives of decentralization policies in EAP⁶.

As examples, fiscal constraints on the central government were the primary decentralization motive in China.⁷ In Indonesia, it was a combination of a national call for democracy and the effects of the 1997 financial crises which saw decentralization emerge as a new policy direction. Thailand, Philippines, and most recently Cambodia, also pursued decentralization as part of their desire for greater democracy and sharing power and resources with the local level. This process is closely

⁵ R. Crook & A. Sverrisson; 2001; "Decentralisation and poverty-alleviation in developing countries: a comparative analysis or, is West Bengal unique?" IDS Working Paper 130. Brighton: Institute of Development Studies.

⁶ M. Patel, C. Meyers & S. Hinsz; 2006; "Effects of Decentralization on Primary Education: A Survey of East Asia and the Pacific Islands". UNICEF EAPRO.

⁷ World Bank, 2005; East Asia Decentralizes: Making Local Government Work

linked to emerging civil society, and increased citizen participation, and not least, a very significant and growing role of the private sector in EAP in the provision of services.

There is a need for a closer look on the range of issues related to how decentralization reform is implemented and how these determine its impact on children. Notably, systematic rigorous assessments of the impact of decentralization on child welfare outcomes in EAP remain scarce.

Understanding decentralization through the legal and institutional framework, funding, accountability mechanisms and different levels of government capacity will allow for a stronger analysis of issues related to protecting children's rights including equity, access and quality aspects of basic services delivery.

- **The Legal Framework:** the overall goals for the sector and the specific policy instruments established to implement a strategy;
- **Institutional Framework:** changing roles of government, allocation of responsibilities to various levels of government;
- **Fiscal decentralization:** resources necessary for providing services;
- **Accountability:** ability to hold various officials and levels of government responsible for performance;
- **Capacity:** the number and seniority of staff available, their technical competence, and the financial resources for meeting the needs of effective service delivery.

1.2 The Legal Framework

If UNICEF is to take a strategic approach to advocate for children's rights in policy and budget decisions, then understanding the legal and regulatory context of decentralization is essential.

Laws and regulations are the first essential step for the smooth functioning of a decentralized government. Legal frameworks should clarify which modes are being adopted as legitimate vehicles for decentralization (devolution, deconcentration, etc.), and also point out how the specifics (e.g. functions, financing) will be sorted out. An example is the 'Decentralization and Deconcentration' framework in Cambodia, where 'decentralization' conveys 'devolution.' This clarity in intent helps maintain a coherent system across sectors.

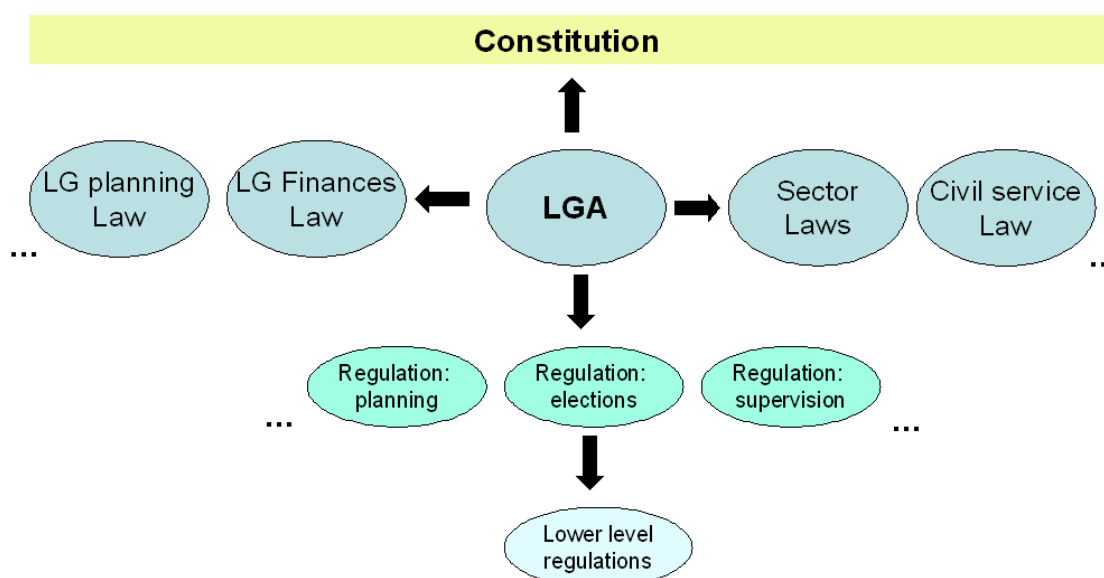
The legal frame of decentralization can be quite extensive, ranging from Constitutional provisions to ministerial regulations. The overarching legal instrument is the Constitution, and the legislative centre piece is a law that sets out how decentralization will take place and how local government/governance will be conducted (typically called a local government act – LGA). This law should set the direction for other laws that will elaborate particular aspects (planning, finances, civil service, sectoral services). Practically all of these laws will have their own regulations and lower strength/level legal instruments.

Box 4: The range of laws relating to decentralization

- ❖ Constitution
- ❖ Legal instruments stemming from the local government act
- ❖ Laws governing sectors (health, education, water, etc.)
- ❖ Laws on financing
- ❖ Laws on planning
- ❖ Laws on audits
- ❖ Laws on administrative procedures
- ❖ Laws on civil service
- ❖ Laws on election processes
- ❖ Laws on political parties
- ❖ and more...

There is considerable variety in the region in how the provisions for decentralization are distributed between the main LGA and other legal instruments, and in the detail found in the laws versus the lower level instruments. For example, the recently revised LGA (2004) for Indonesia has over 30 provisions requiring subsidiary regulations.

Figure 2: Local Government Laws and Regulations



To harmonize the overall framework can be a daunting task, particularly in countries where the legal framework is in general tangled, capacity for legal drafting is low, and the political process for legislation is not well set out or adhered to.

In EAP modes of decentralization are sometimes clearly adopted in constitution/laws, or as it often the practice, the legislation is ambiguous and the legal framework is inconsistent. (Table 2)

For UNICEF, understanding the legal framework represents an opportunity for advocacy for awareness of children's rights in the design of policies, plans, and budgets at both central and local government levels.

Table 2: Decentralization Legal Frameworks in EAP

Country	Legal Basis
Cambodia	Provincial Budget Law, 1997 Law on Commune/Sangkat Administrative Management, 2001 Organic Law of Administrative Management, 2008
China	<i>No constitutional or specific legal basis</i> Organic Law on Village Committees 1987, in 1998 made permanent Comprehensive Fiscal Reform, 1994 Budget Law 1995 Tax Sharing System 1994
Fiji	The Local Government Act 1985 (Cap 125), amended in 1997
Indonesia	Law 22 on Regional Governments, 1999; Amended as Law 32, 2004
Malaysia	Local Government Act of 1976
Mongolia	1992 Constitution, Law of Government Administrative Units The Law of Local Election was adopted in 1993, amended in 2000 and 2007
Papua New Guinea	The Organic Law on Provincial Governments and Local-Level Governments 1995; The Local-Level Governments Administration Act 1997
Philippines	Constitution 1987 Local Government Code, 1991 Governance of Basic Education Act 2001
Solomon Islands	Constitution Provincial Government Act 1981 re-enacted in 1997 legislation Honiara City Council Act
Thailand	Constitution 1997 Decentralization Act Provincial Administrative Act 1997 Administrative Organization Act of 1994 Local Assembly and Local Administrators Act 2002
Timor Leste	Constitution Law 2/2004 and Decree-Law 5/2004
Vietnam	Law of Organization, 1994 Ordinance on Concrete Tasks, 1996 Budget Law, 1998 Revised Budget Law, 2002

1.3 Institutional Framework

In order to achieve the various public sector goals through decentralization, central government agencies should assign functions (responsibilities) and resources for services in ways that allow each level of local government to perform the functions most suited to engagement with local communities and direct service delivery, with the financial resources and technical capacity available. The assignment of functions is requires a list of functions by level of government and involves the determination of 'optimal' levels of decentralization. This requires a comprehensible

institutional mechanism for cooperation and organizational connections between the newly established locations of responsibility and decision-making and the center.

Sometimes debates over decentralization are cast in a local government versus central government dichotomy. But, in fact decentralization does not mean that central governments and their various ministries withdraw from an area of responsibility. Central governments' capacity to manage the decentralization process is crucial for its success. This role is particularly important for service delivery outcomes as it relates to setting national priorities, ensuring minimum or core standards, and guiding local governments in their new functions.

"Decentralization tends to be successful when the central government is stable, solvent and committed to transferring both responsibilities and resources, when local authorities are able to assume these responsibilities and when there is effective participation by poor people and by a well-organized civil society". [UNDP]

For example, educational decentralization and planning raise the question of how far decision-making should be decentralized for each level or type of education (primary, secondary, higher, but also pre-primary and literacy training) and how responsibilities should be allocated for the development of curricula and teaching methods, evaluation, textbook production and distribution, recruitment and remuneration of teachers, school building and maintenance, the establishment of links between parents and teachers, etc.⁸ Typically, in EAP, central government will maintain large control over the content of the national education curriculum reflecting the national level benefit of education.

Without a clear definition of function such as who is in charge, who has oversight, how that oversight can be exercised, what the sanctions are if a procedure is violated or a standard is not met, how national funds are to be locally distributed, etc., there would be no clarity on decision-making procedures, and no consistency on policy implementation. For example, a UNICEF study of the Mongolian water sector showed that the lack of clarity in the assignment of functions for the water sector, led to overlapping agency mandates creating competing and conflicting agendas. "There is no consolidated management structure for sustainable water management or coordination amongst the numerous institutions at central and local levels. As a result there is some confusion related to the segregation of institutional responsibilities for policy making, research, monitoring and conservation."⁹

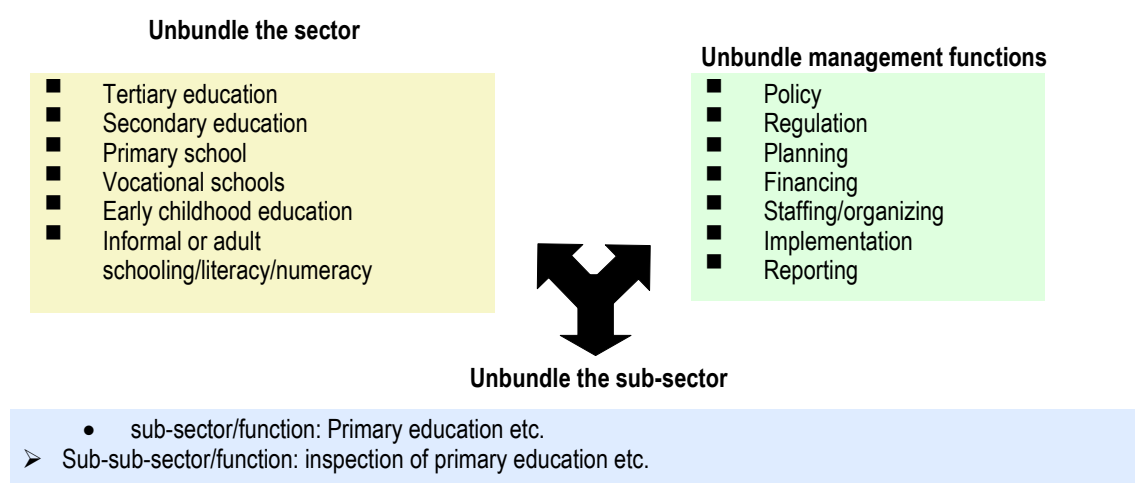
This type of overlapping and mismatch of functions, decision-making authority and accountability between different tiers of local and central government is common in practice. Sometimes responsibilities are fully transferred to local governments but are not funded as "non-funded mandates", and decisions are continued to be made by sectoral ministries. For example: a teachers' salaries increase or additional social benefits that are not accompanied by changes in central government fiscal allocations to LGs, nor by any changes in the authority of LGs to raise revenues locally by taxation or licenses.

⁸ UNESCO; 2005; "Decentralization in Education: National Policies and Practices"

⁹ D. Basandorj & S. Singh; 2007; "Improving local service delivery for the Millennium Development Goals: Restoring The Image Of Blue Mongolia: Rural Water Supply And Sanitation"

Figure 3, shows that it is helpful to break the broad sectors into sub-sectors and finer divisions in ways that reveal assigned responsibilities. For example, the education sector is divided into primary, secondary, tertiary etc. sub-sectors. Primary education can be broken down into several functions such as curriculum development, inspection of school operations and student testing for instance. These are likely to remain as stable functions over a long period of time. However, strategies for making primary education available and of adequate quality may change over time, with an enrolment campaign, or the provision of scholarships, being two examples. The activities therefore need not be packaged into functions in the assignment process.

Figure 3: Unbundling Sectors and Management Functions: Education Sector Example



For UNICEF, understanding the divisions of roles helps determine where the responsibility for services resides, and what the new roles for different levels of government means for service delivery to children. It is important to define which level of government is of most interest for service delivery for children and for which level data most often available.

For example UNICEF Vietnam has correctly shifted away from focus on the district level to engage with provincial government levels instead, due to the realization that the real power over resource allocations rests with provinces (50-70% total government spending is done at the provincial level).¹⁰

¹⁰ S. Woodhouse & K. Atwood; 2008; Decentralization and Taking Pilots to Scale in East Asia and the Pacific Region; UNICEF EAPRO

Table 3: Possible Assignments of Functions in a decentralized system of education

Type of decision	Central government / ministry of education	Local government
Curriculum	Specifies content of the core curriculum.	Adds local requirements to core.
Textbooks and teaching materials	Specifies text requirements to match core curricula; provides an approved list of texts.	Selects texts from approved list.
Teacher training	Ensures adequate pre-service training; may offer in-service training.	May determine in-service training needs.
Teacher recruitment and pay	May establish minimum conditions of employment.	Recruits and dismisses teachers as appropriate. Negotiates pay. Appoints school head.
Testing	Designs test instruments; ensures tests take place and disseminates results.	
Programme supervision	May supervise school performance and provides assistance to remedy problems.	School head is appointed by local government or elected by the local community.
School construction and maintenance	May set minimum standards and monitors compliance.	
Finance and budgeting	Establishes minimum levels of expenditure. May provide central transfers (tied or block) to help finance schools. Sets accounting standards required for audit and reviews results. Monitors variations in expenditure and advises Ministry of Finance on transfers for education.	Plans and budgets local spending. Maintains proper accounts.

Source: UNICEF: 1997

1.4 Financial arrangements

To understand who does what in decentralized contexts, it is necessary to understand the expenditure and financing dimensions of local governments. How local governments finance expenditures, either through own revenues, shared revenues, or transfers from the central government is also relevant. This is a complex field, with great variety of arrangements in practice, and rather sparse in terms of theoretical guidance. For UNICEF, the ability to track the flow of resources becomes an important part of assessing decentralization because these resources are vital to ensure that services are adequately delivered in general, and especially to the poor and to children.

Sources of Local Finance

- Own revenue/user charges
- Shared revenues (between central/state and LG)
- Cross-sectoral block grants from central/state government
- Sectoral grants from central/state government
- Donor supported funds

A useful indicator of the degree of decentralization is the share of local government expenditure relative to the central government (e.g., relative to total public expenditure or GDP) or on particular sectors (e.g., education or health). While the precise figure is inevitably arbitrary, a fiscal criterion might be used to indicate that a service which is, say, 60 percent financed out of the local budget is effectively decentralized.¹¹

Table 4 shows that only China has a substantial local share of public expenditures and revenues (over 50 percent) and that LG revenues and expenditures have both increased significantly over the decade. Malaysia's local revenue and expenditure have not changed much during the last decade, while there is a significant decrease in local government finance evident in Mongolia, in line with strong centralization trends.¹²

Table 4: Local Share of Public Expenditure and Revenues in Selected EAP countries¹³

	Year	LG: % share of total expenditure	Year	LG: % share of total expenditure	Year	LG: % share of total revenue	Year	LG : % share of total revenue
China	1998	54	2006	64	1998	51	2006	70
Malaysia	1998	10	2003	11	1998	15	2003	13
Mongolia	1999	32	2007	7	1999	23	2007	7
Thailand	1998	8	2007	11	1998	8	2007	18

Source: IMF, Government Finance Statistics

Note: The total expenditure and revenue shares for LG are the sum of local and central government expenditures that are processed through LGs, as a percentage of national totals.

¹¹ J. Klugman; 1997; Decentralization: A Survey from a Child Welfare Perspective; UNICEF Innocenti Occasional Papers; #61

¹² An increase of shares in expenditures simply means that LG has more money to spend. An increased share of revenues is a stronger indication of the level of independence of LG from central government.

¹³ At this point it is worth to point out the scarcity of sub-national data. IMF's Government Finance Statistics (GFS) database is the main source for cross-country data of fiscal flows at different level of governments. Comprehensive data on decentralization can be found only for some EAP countries, dating back to 1998.

Box 5: Solutions for Difficulties relating to Decentralization and Public Financial Management

Where there is inequitable allocation of funds:

In dialogue with central government raise these concerns, request information on the basis for the current distribution of resources that is in accordance with current national plans (or poverty strategy). Such financial information should be presented both in programmatic format and based on different administrative levels and geographical areas. Maps combining geographical, demographic, infrastructural and financial information can be a very powerful tool to use, when discussing resource allocations, to link resource allocations to sub national U5MR, enrolment rates, etc.

- Investment budget distribution should also be based on objective criteria such as the current service delivery network including service delivery staff and existing functioning infrastructure (wells, health centres, primary schools) population, etc. levels
- Since much of the expenditure in many of the social sectors is salaries, it is important that this perspective is also made visible in the overall resource allocation analysis, even if these resources are managed at a central level and under a specific budget line.

Where there is uncertainty of access to funds

- Support the central level in improving systems for disbursements and reporting from decentralised level.
- Support the central level in the introduction and implementation of a payment system that can secure liquidity and the accurate transfer of funds to all authorities
- Monitor not only allocations but also the actual disbursements and timing of these as part of annual or semi-annual reviews
- Promote a dialogue on alternative solutions for flows of funds and PFM related routines when infrastructure or other conditions are not in place
- Introduce intermediate solutions of direct transfers of funds to decentralised levels (in combination with approval by and information to, the MoF)

[SIDA: 2008]

The typical local government in EAP has very little in terms of own or shared revenues and relies mainly on transfers from higher level government. Typically, local tax systems are administratively weak, and limited by the restrictions of the central government reluctant to share productive tax base. The Philippines is a rare example where local governments are able to collect business tax and property tax, although they are not able to set tax rates. Increasingly, in order to raise revenue, local governments are attempting to impose new taxes, and increase user fees and in extreme cases, charge illegal fees for basic services as is the case in Cambodia.

An increased need to raise resources locally through taxes or user fees may result in improved provider responsiveness to consumers, but also in lower service coverage or diminished utilization of services by the children and the poor. Generally, user fees represent an insignificant contribution to local government revenue, and setting the right price has important equity implications given the evidence that children may be denied access to health or education because of direct or indirect costs.

As a result of limited local revenue capacity, intergovernmental fiscal transfers account for a large proportion of local governments finance. They average about 60% of local government revenues in

developing countries (compared to 30-35% in OECD countries). In Indonesia, Philippines and Cambodia this rises to around 90% or more.¹⁴

There are different kinds of intergovernmental fiscal transfers, including conditional and non-conditional grants, shared taxes, subsidies, and subventions. Conditional grants are earmarked for certain programmes or assigned expenditures, usually with positive externalities such as for example, social welfare programmes, and do not allow local government discretion over expenditure reallocation.

Through unconditional grants, the central government seeks to compensate for the uneven fiscal capacity of local governments, manifesting in regional socio economic inequalities. Equalization formulas are calculated to distribute resources across various regions, to allow local governments to provide equitable levels and quality of services. From a child wellbeing perspective, interregional equality of opportunity is an appropriate policy objective. Indeed, it is consistent with Article 20 of the CRC that recognizes ‘the right of the child to education and with a view to achieving this right progressively and on the basis of equal opportunity.’¹⁵

Typically, countries use service indicators relevant to population and income (per capita distribution, average income in the area); service delivery (urbanization, land area, population density, families below poverty line, people living on pensions); infrastructure needs (households with water supply). For example, Thailand uses a formula based on population size, land area, equal shares and revenues raised.¹⁶

For UNICEF, the key concerns in decentralizing service delivery are equity, access and quality of services, particularly for children. In pursuit of these, the basis for the calculation of equalization grants is therefore crucial. Calculations should include detailed indicators of poverty incidence, including child survival and morbidity rates maternal health, nutrition, education, HIV, etc.

Additional issues which governments must consider are to explicitly incorporate sectoral equity objectives in sub national sectoral financial arrangements are disparities relating to gender, ethnicity and religion, as well as special needs associated with disabilities and pregnancy and operational considerations such as population density and distribution.

One major constraint governments face in designing a formula system based on social indicators is finding local data that is accurate and relevant over time. Availability and improved usage of MICS data provides a very useful entry point for UNICEF. Even without such data, UNICEF is often well positioned to analyze routine budgetary and demographic data as a means of bringing the special needs of children into decentralization discussions.

¹⁴ J. Steffensen; “Intergovernmental Fiscal Transfers (IGFT) - Theory and International Practice”, Power Point Presentation

¹⁵ J. Klugman, p23

¹⁶ R. Bahl; “Promise and Reality of Fiscal Decentralization”; Georgia State University

It is important to recognize that financing is not only derived from government, but also through the private sector, and from CSOs and household units. Too often analyses are limited to the government side, forgetting for instance that households may be paying directly (via formal or informal service fees) for a large proportion of the service. This occurs in the case of both health (e.g. out of pocket spending and payments for services such as midwifery, drugs, traditional healers) and education (e.g. for uniforms, transportation, supplies).

UNICEF East Asia Pacific Regional Office in collaboration with Asian Development Bank is exploring the potential of partnerships between the state and Non-governmental Organizations, Faith-based Organizations, private sector and other formal and informal non state actors, as a vehicle for delivering basic public services. The Role of Non State Providers in Service Delivery initiative is based on sector-specific multi country research and consultations aiming to inform health, education and water/sanitation policy on how to harness partnerships for the benefit of children and the poor. (UNICEF, ADB. The role of non state providers in delivering basic social services for children. Bangkok, 2010)

Finally, donor financing of social sectors is significant in some countries of EAP, generally reflecting the overall level of aid received. In recent years, in the context of decentralization, there has been much exploration of how to improve impact of aid on social sectors through introducing new modalities, with the view to reducing the reliance on project based/off-budget support and the more recent stand alone social funds. These include: policy based lending (to central government) that aims to shape the decentralization framework; sector wide approach or direct sector budget support that shape sector policies and funding mechanisms; direct budgetary support to local governments; and basket funding for technical assistance.

Table 5: Centre-local Funding Flows

Features	Funding to Local Governments (LG)			Funds bypass LG	
	Inter-Governmental Transfers	Project-specific	Various		
Type of fund flow	Revenue-sharing	Block grant	Conditional/ sector-specific grant	Funds for specific, discrete projects	Funds applied by CBOs, NGOs etc.
Types of Expenditure to be funded	various	general admin expenditures of LG and development expenditures	Teachers, health workers, etc., & related operating costs; infrastructure	Pre-defined Project-specific investment expenditures	various
LG role/ discretion	Generally high discretion, and cross-sectoral	Generally high discretion, and cross-sectoral	Limited – at best scope for some intra-sectoral discretion	Usually acts as agent of higher level govt.; discretion at the operational margin	None – other than consultative or monitoring at best
Typical Donor support	Not applicable	Local Development Fund/ Performance Based Grants	SWAPs; “Green windows” Performance Based Grants	MDPs; some Social Funds	Most Social Funds, NGO support

Source: UNCDF

1.5 Accountabilities

One element of improving service delivery through decentralization is the goal of greater accountability of different levels of government to their communities.

Lack of accountability and unclear mandates, poor administrative ability and human resource capacity, and poor regulatory oversight, allow state officials and private providers to deliver poor quality services with impunity. This is a worrying trend across EAP. Monitoring quality is made all the more difficult where a large percentage of services are provided by unlicensed or informal providers, which may not hold public interests of social equity and human rights as priority. It is important that services delivered in a decentralized framework meet minimum standards of quality and affordability, as measured against obligations to advance child-rights.

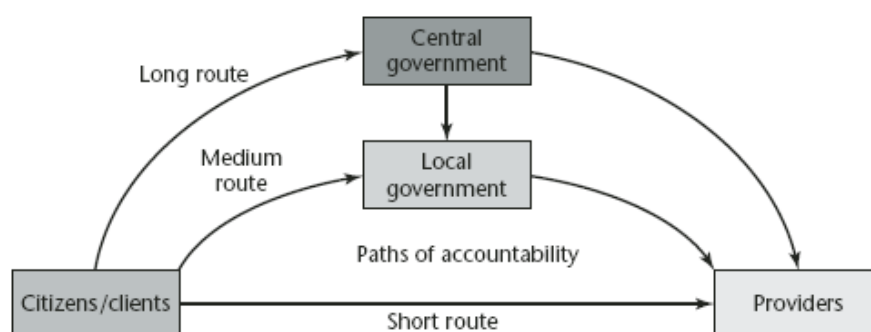
As individuals are the first to be affected by service delivery, they have an interest in how services are provided. The CRC affords children and their families the right to ensure that services are equitable and of sufficient quality, and that the needs and priorities of the poor form the core of sector policies. This includes ensuring that the public has access to regular, accurate and timely information on pricing and provision policies, and that individuals are empowered to participate.

Civil society organizations and community groups can play an oversight role on behalf of children and the poor with regards to service delivery quality, accessibility, and affordability. They can also monitor abuses of service provision of providers or other users. In effect, citizens can create accountability structures to ensure services delivered respond to the needs and priorities of children and the poor. This is important in light of decentralization processes where government regulatory reach fails to extend to the local level, and particularly, to poor areas.

The World Bank proposes an accountability framework for service delivery that is based on the 'long route of accountability' (citizens giving voice to central government, which then set out goals for the service providers) and the 'short route of accountability' (citizens engaging more directly with the service providers.) The underlying hypothesis is that individuals and organizations perform their duties more effectively, and provider/client problems are mitigated, when they are formally "answerable" and when sanctions or the threat of sanctions can be brought to bear in case of poor performance. Decentralization adds an alternative route to this accountability framework by shortening the link between policy makers on the one hand and citizens and public service providers on the other¹⁷ through adding the local government level. The basic premise is that the government can be more accountable if it is closer to the people. Whereas the central government is far from the communities where services are delivered, citizens are able to more easily learn of and monitor the activities and programs that their local government promotes. As the capacity of citizens to participate in decisions related to for example, schools, hospitals, and clinics is higher in a decentralized system, there are opportunities for an increase in transparency and thus for a reduction in corruption: this is essential to improving coverage and quality, undermining corruption and reducing the vulnerability of children and the poor.

¹⁷ World Bank; 2005; "East Asia Decentralizes: Making Local Government Work."

Figure 4: Accountability Routes



Weaknesses in service-delivery outcomes can be attributed to the challenge of devising robust and sustainable accountability mechanisms. As evidenced earlier, in many countries in EAP where decentralization took place, responsibilities have been assigned to local governments without appropriate human and financial resources. Local governments cannot be held accountable for service delivery responsibilities without the corresponding authority and resources given to them.

Also, like central governments, local governments are vulnerable to elite capture, especially in poor, rural and remote areas: to win the local elections, the local politician is likely to allocate public resources reflecting the needs of the larger population, rather than benefit smaller typically more vulnerable groups. For instance, the fact that public spending on health and education mainly benefits the non-poor reflects the inability of citizens, especially poor citizens, to hold politicians accountable for resource allocation decisions.¹⁸

A UNICEF Indonesia project Creating Learning Communities for Children aims to raise the quality of education through developing a transparent and accountable school-based management. This project shows how accountability may improve through increased student and parent participation or may be limited by, for example, the management style of school leadership. The study points out the challenge of promoting accountability at the level of schools themselves, as each elementary and secondary school will have particular community dynamics that encourage or impinge upon accountability approaches.

These interrelated aspects of accountability, authority, and resources are crucial considerations in the implementation of decentralization reforms and significantly influence service delivery outcomes.

1.6 Capacity

Transferring decision-making responsibilities to local levels of government requires a high degree of institutional and individual capacities at both central and local government levels, to ensure that decisions are both well formulated and implemented. Central governments require capacities to

¹⁸ World Bank; 2005; “Decentralization and Service Delivery”; World Bank Policy Research Working Paper #3603.

manage the decentralization policy process including implementation of the legal, institutional and regulatory frameworks. New responsibilities of local governments require a wider range of administrative and managerial skills relevant to policy and planning processes. For example, in Indonesia like in most other countries, there is very little reliable data from the local level (revealing a limited awareness at local level for the importance of data) as well as low capacity to collect it.¹⁹

This severely impairs the local level planning processes. In the context of public expenditure management systems and procedures, local governments need capacities for accounting, budgeting, procurement, tax administration, auditing, reporting, and human resource management, that are consistent, accountable, transparent, consultative and effective.

Across EAP the lack of managerial and technical capacities at local government level are the critical constraints to effective decentralization. This is of particular concern for UNICEF, as inadequate capacity jeopardizes service delivery outcomes for children, and also affects UNICEF's ability to partner effectively at local level. For example, under the School-Based Management model where schools assume increased say in education decision making, school boards need new skills to govern schools, school directors need to know how to manage schools, and parents need to know how to inform decision-making. These stakeholders may have little information about the school's performance and inspectors may lack the capacity to provide guidance. Finally, and crucially, teacher in-service education may remain supply-driven by the education ministry, and little training and other support may be given to school directors to better manage and lead.²⁰

Creating an organizational culture in local government that is more citizen-friendly and receptive to active community involvement, as well as performance oriented, requires a combination of incentives and focused capacity building measures to complement the strengthening of technical and managerial skills.²¹ Civil society and the private sector can be significant capacity sources.

In light of this, UNICEF needs to explore the ways in which it can effectively engage in building local capacities at the systems level (i.e. the enabling national and regional policies), the institutional level (i.e. coordinating structures and mechanisms of the various forms of decentralization), and the individual level (i.e. staff training and incentives), to promote effective child related programmes.

¹⁹ R. Gore & I. Noor; 2008; "Social Policy Study: Prepared as input into Mid-Term Review 2008; UNICEF Indonesia."

²⁰ USAID, 2005; "Decentralization in Education"; EQ Review Vol.3 #4

²¹ M. Robinson; 2003; "Participation, Local Governance and Decentralised Service Delivery"; Institute Of Development Studies

2. Sectoral Decentralization

National decentralization processes often ignore sectoral differences and focus only on the macro aspects of decentralization. But decentralizing an education system is different from decentralizing a health system and different again from decentralizing water supply systems or sanitation.

Superficially, health and education systems both have primary, secondary and tertiary levels of service provision, and in this are markedly different from water supply. Service provision in the water sector is more sharply characterized by an urban-rural distinction. Urban piped water systems are completely different from rural well or standpipe supplies in their technology, ownership, administration and finance. The superficial similarity of health and education systems too, breaks down when these systems are examined in any detail. There is no equivalent of “public health”, with its responsibilities for epidemiological surveillance and interventions regarding, for example, communicable disease outbreaks, in the education sector.

While “upwards referrals” of beneficiaries of services, from primary to secondary to tertiary levels would seem common characteristics to both health and education systems, the time frames for such transitions are markedly different and passing a student back from tertiary education to primary education (except once qualified as a teacher!) would be strange indeed. From the household point of view, expenditures on education are generally predictable budgetary commitments that are known in advance. Health expenditures are much less predictable in their timing and magnitude, and worse, are often synchronous with endogenous household crises, including perhaps diminished household earnings, if it is one of the wage earners who fall ill.

Governmental decentralization policy choices for assignment of responsibilities at different levels within these different sectors needs to be tailored to the specific needs of the sector, as well as to local conditions and capacities at the different levels of government. A component of a sectoral programme may exhibit economies of scale, or yield substantial redistribution of incomes or wealth. As such it may be better managed at the central level or through collaborative efforts. Alternatively, that component may be highly dependent on local conditions (anti-malarial projects may not be needed in all provinces) or require community level involvement in its implementation, in which case local government management may be preferable.²²

Decentralization is not an end in itself, but rather a means to ensure the delivery of effective, efficient, and quality services that are well adapted to the demands of the immediate operating environment and the specific needs of the people served. So it is not axiomatic that all sectors should be formally decentralized at the same time, or in a similar manner, in response to a national decentralization policy. Differentiating the implementation of national decentralization reform efforts between different sectors is therefore a formidable challenge. This challenge requires flexibility and careful sectoral analysis and nuance, as well as an understanding of the national intra-governmental systems; of the planning, financing and implementation capacities of each level of national government, of the political environment which drives decentralization and of the varied and specific needs to be satisfied.

²² L. Schroeder & M. Andrews; 2001; “Sectoral Decentralization and Intergovernmental Arrangements”

2.1 *Education Decentralization*

Introduction

A solid education sector output is the essential foundation of strong national macroeconomic and social performance. Educational equity, quality and coverage should be fundamental concerns of national importance. While some components of the national education system may usefully be decentralized, there clearly remains a necessity for a continued strong central government role in some aspects of sector functioning to ensure that national education goals are achieved.

Typically, central governments retain responsibility for managing education within the broader framework of policy, standard setting, regulation, some aspects of supervision, and licensing. Across EAP, this often includes decisions related to the national curriculum content, instruction time, teachers' salaries, and resource allocation. On the other hand, empowering local governments to hire and fire teachers, and decide on language of instruction in the early grades of primary school according to local conditions, is linked with improved teacher and student attendance and performance.

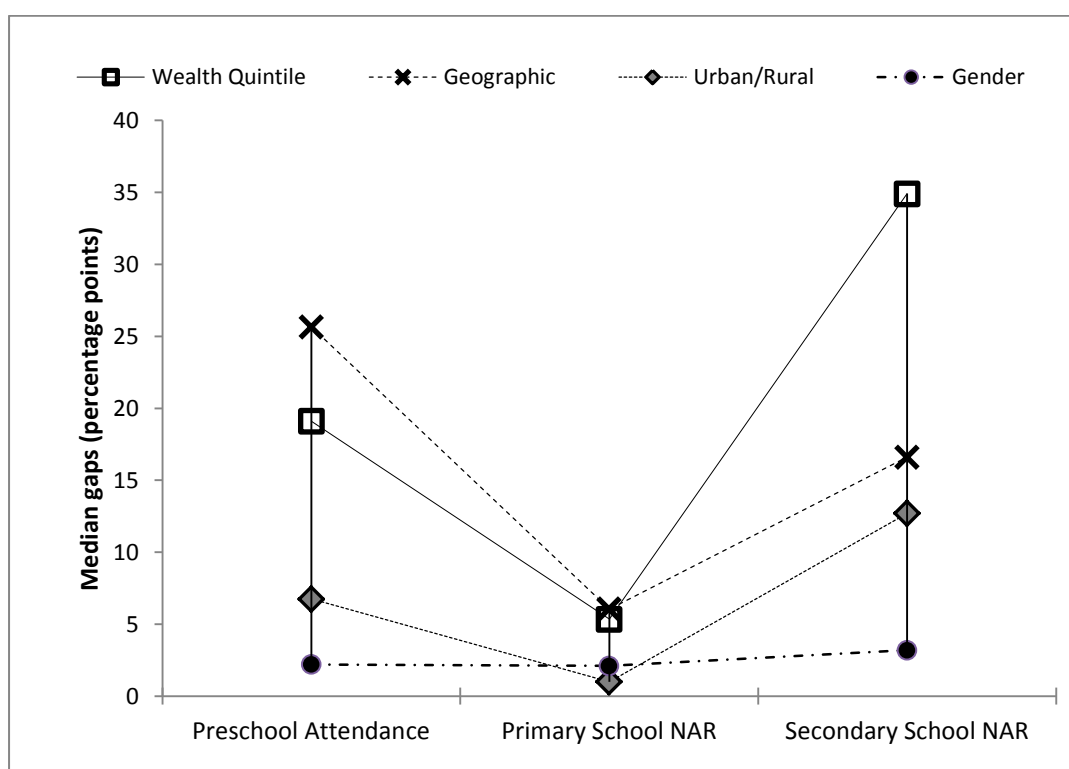
Disparities in education

EAP has achieved more than any other region in increasing children's access to basic education: in 1970, more than 50 million primary school-aged children were not enrolled in school. Today, less than 7 million of them are not in school. Despite this remarkable achievement, education systems, especially in poor and remote areas, often face service provision problems that include unaffordable access, poorly trained or absent teachers, low quality of curricula and teaching methods, overcrowded classrooms, and insufficient school materials such as desks and textbooks.²³ At the primary school level, poverty and discrimination continue to shut out millions of children. Currently shut out children tend to be from disadvantaged groups, such as ethnic minorities, migrants, children with disabilities, working children, children without proper registration and documentation and those living in remote areas. These children generally also usually have lower educational attainment, often due to a lower quality of education service provision. While discrimination against girls in education is often high but generally decreasing, in many countries there is also an alarming increase in the number of boys dropping out. While increasing enrollment in education systems and quality of education is often an explicit goal of decentralization reforms, it is not always clear that decentralization policies will effectively address the underlying factors that cause these groups of children to be excluded.

²³ http://www.unicef.org/eapro/activities_3612.html

UNESCO has found that in-country disparities are widespread in most of the countries in the region, with the highest quintile households consistently showing highest level of educational attainment. The report cited household surveys indicate that children from the wealthiest 20% of households in countries including Cambodia, Indonesia and the Philippines have primary net attendance rates close to or greater than 90%, while rates among children from the poorest quintile are much lower. This is also typically the case in regions often populated by ethnic minorities.

Figure 5: Education: Relative magnitude of different types of disparities



Source: EAPRO analysis of MICS/DHS data, 2005-2008. Bangkok, 2010

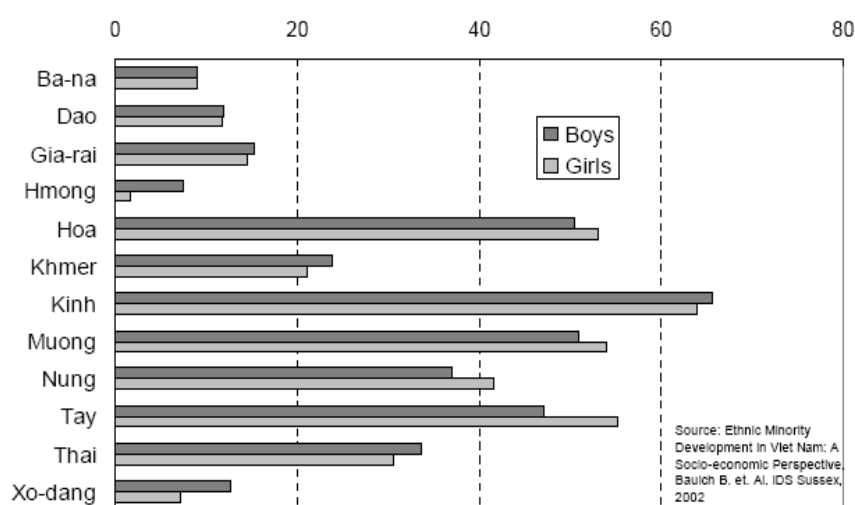
Note: While median gap is one of many possible measures, these findings are nevertheless strongly indicative of the types of disparities that are generally found in the region.

The 'gap' in Figure 5 is the difference best and worst performance (on an indicator) by population subgroups within a country. Population subgroups include: males and females (for Gender); people living in urban areas and people living in rural areas (for Urban/Rural); highest and lowest incidence provinces or sub-regions (for Geographic); and richest quintile and poorest quintile (for Wealth Quintile). The 'median gap' is based on 4-7 countries in EAP, including Cambodia, Indonesia, Lao PDR, Mongolia, Thailand, Vanuatu, and Viet Nam. Gaps are generally greatest between the richest and poorest quintiles, and between the best and worst performing province or sub-region. As shown in figure 5 for Vietnam, gender inequalities differ between ethnic groups, a further indication that national "one size fits all" decentralization policies may be locally inappropriate. In many cases, social exclusion is even larger within provinces, such as in Indonesia²⁴.

²⁴ R. Gore & I. Noor; 2008; "Social Policy Study: Prepared as input into Mid-Term Review 2008; UNICEF Indonesia."

While both are important, there is an important distinction between social inequalities and social exclusion. Inequalities may arise as a result of household poverty or supply side failure, due to resource insufficiency at local government level. Local level social exclusion may take place even in the absence of resource shortages and may be due to lack of toilets close to school for adolescent girls, to the language of instruction at primary level, or failure of schools to allow entry to children of migrants from another province, some ethnic groups, unregistered children born elsewhere, or children of international migrants.

Figure 6: Ethnic Disparities in Secondary Education Net Enrollment in Vietnam



In each of these cases of social exclusion, it may well be that children are not attending due to inappropriate national or local policies. If these policies can be adjusted during the course of, and as part of, a decentralization initiative, then that would help decentralization to achieve at least some of its goals. Redistribution of resources according to administrative area disparities would help on the supply side. Conditional cash transfers, or compensated (to schools) elimination of user fees would help on the demand side.

Administrative decentralization of education

Although free and compulsory primary education is endorsed by all governments in the region through their ratification of the Convention on the Rights of the Child, national constitutions, laws and policies often differ in their treatment of this right in practice. Most countries constitutionally guarantee free and compulsory basic education or at the least feature MDG-based policies to increase equitable access and enrolment, and improve quality and effectiveness (Figure 6). For example, Cambodia constitutionally guarantees the right to education. However, in Cambodia, as well as in Vietnam and several other countries, the right to education is formally restricted to citizens only and children of non-citizens, even if they have been in-country for some generations, are excluded by social policy, legislation or tradition.

This restriction creates a legal obstacle to the realization of those fundamental rights for children who are asylum-seekers and refugees, as well as children who are stateless and children of migrant workers. In some countries, even own country children who have moved from rural to urban areas, but who are not registered as resident of the urban area, are denied the right to attend school.²⁵

Across EAP, decentralized education systems are characterized by multilayered governance and management structures that involve, to differing degrees, central government, local governments, communities, and the private sector, in education financing, planning, management, monitoring and inspection. It is however not always clear how these responsibilities are divided. Indonesia, for example, has a mixed, and sometimes ambiguous, set of policies involving central and local government on the issue of teacher management. In Cambodia, home based and community-based early childhood education were the only decentralized services. (The newly elected provincial and district councils are expected to assume new responsibilities in this regard).

As noted earlier, for UNICEF, the appropriate assignment of education responsibilities is a critical process: greater local influence on school decisions may well improve outcomes for children, but unfunded additional responsibilities of local governments and communities could have a negative effect.

Encouraging the participation of parents and communities in decision-making can make schools more responsive to local needs. However, local power structures associated with poverty and social inequality can still limit the influence of the poor and marginalized. A recent Public Expenditure Tracking Survey in Cambodia reveals that the committees charged with monitoring children's progress, increasing enrolment, and developing school improvement plans and monitoring budgets have not been effective; that few parents know about the funds and that parental representation is limited. [UNESCO: 2009]

In some countries useful decision making authority has been transferred to schools, as part of the School-Based Management model. Giving quality assurance responsibilities to school committees, or parents associations, is linked with greater accountability and improved quality.²⁶

A recent UNESCO report noted that: "In some cases, school-based management reforms have improved learning achievements and strengthened equity. The EDUCO schools in El Salvador are an example. More widely, though, there is limited evidence either of systematic benefits in learning outcomes or of changes in teaching practices. Effects on 'voice' are also ambiguous. More localized decision-making may bring authority closer to parents and communities, but it does not follow that this will overcome wider disadvantages. An obvious danger is that local power structures associated with poverty and social inequality will limit the real influence of the poor and marginalized."²⁷

²⁵ K.Tomasevski; 2001; "Free and Compulsory Education for All Children: The Gap Between Promise and Performance"; Right to Education Primers

²⁶ UNESCO found that greater parental involvement has positive effects on pupil attendance in Brazil for example.

²⁷ UNESCO; 2009: "Regional Overview East Asia and the Pacific: EFA Progress and Challenges."

Figure 7 makes it shows that both the location of authority and the flow of greater autonomy are quite mixed. For some functions, such as teaching methods, autonomy tends to be at school or local government level. Authority to choose methods for assessing students' regular work is usually vested quite locally, but school autonomy seems to be diminishing as local government involvement increases. Resource allocations to schools and setting of exams are usually central government functions. There are country level patterns as well. The Philippines, for example, is moving towards greater autonomy in decision making.

Figure 7: Assignment of Education Responsibilities in Lower Secondary Education in five countries of EAP, 1998 and 2003

	Cambodia		China		Indonesia		Philippines		Thailand					
	1998	2003	1998	2003	1998	2003	1998	2003	1998	2003				
Instructional matters														
Instructional time	---	A-CG	A-CG	A-CG	A-CG	A-CG	C-CG	^	A-CG	A-CG	A-CG			
Curriculum design	---	A-CG	A-CG	A-CG	A-CG	A-CG	C-CG	^	A-CG	A-CG	A-CG			
Course content	---	A-CG	A-CG	A-CG	C-IG	A-CG	C-CG	^	A-CG	A-CG	A-CG			
Choosing textbooks	---	A-CG	C-IG	v	C-LG	A-CG	v	C-Sc	C-Sc	^	A-CG	C-Sc	C-Sc	
Teaching methods	---	A-Sc	A-Sc	^	C-LG	A-CG	v	C-Sc	C-Sc	^	A-IG	A-Sc	^	C-IG
grouping students	---	C-Sc	A-Sc	A-Sc	A-Sc	^	C-Sc	A-Sc	A-Sc	A-Sc	A-Sc	A-Sc	A-Sc	
Support activities	---	A-CG	A-Sc	A-Sc	A-Sc	A-Sc	A-Sc	A-Sc	A-Sc	A-Sc	A-Sc	A-Sc	A-Sc	
Creation/closure of schools	---	A-IG	C-LG	C-LG	C-IG	v	C-LG	C-CG	^	A-CG	A-CG	A-CG	A-CG	
Creation/abolition of grades	---	A-CG	A-CG	A-CG	A-Sc	A-Sc	C-IG	^	A-CG	A-CG	A-CG	A-CG	A-CG	
Setting exams	---	A-CG	A-CG	C-LG	A-CG	A-CG	C-CG	^	A-CG	C-Sc	v	A-Sc	A-Sc	
Credentialing	---	A-CG	C-LG	v	A-Sc	A-CG	v	C-Sc	C-CG	v	A-Sc	C-Sc	---	
Methods for assessing students' regular work	---	A-CG	C-Sc	^	C-LG	A-Sc	^	C-LG	A-Sc	^	A-CG	A-Sc	^	C-Sc
Personnel management														
Hiring teachers	---	A-CG	A-Sc	C-LG	A-CG	^	C-LG	C-IG	A-IG	A-CG	A-CG	A-CG	A-CG	
Hiring principals	---	A-CG	C-LG	C-LG	A-CG	^	C-LG	C-IG	A-IG	A-CG	A-CG	A-CG	A-CG	
Teacher salaries	---	A-CG	C-Sc	C-LG	A-CG	A-CG	C-CG	^	A-CG	A-CG	A-CG	A-CG	A-CG	
Principal salaries	---	A-CG	C-Sc	^	C-LG	A-CG	A-CG	A-CG	A-CG	A-CG	A-CG	A-CG	A-CG	
Career of teachers	---	A-CG	A-Sc	^	C-Sc	A-Sc	^	C-LG	C-Sc	^	A-IG	A-Sc	^	C-IG
Career of principals	---	A-CG	C-LG	C-LG	A-Sc	^	C-LG	C-IG	v	A-IG	A-CG	A-CG	A-CG	
Resource allocation to schools														
for teaching staff	---	A-CG	C-LG		A-CG	A-CG	C-IG	^	A-CG	A-CG	A-CG	A-CG	A-CG	
Non-salary current expenditure	---	A-CG	A-Sc	^	C-LG	A-CG	C-LG	C-IG	A-CG	A-CG	A-CG	A-CG	A-CG	
for capital expenditure	---	A-CG	A-LG	C-LG	A-CG	v	C-LG	A-CG	v	C-LG	A-CG	A-CG	A-CG	
Use in school for capital expenditure	---	A-CG	A-LG	^	C-LG	A-CG	v	C-Sc	C-Sc	^	A-CG	A-CG	A-CG	

Key: Symbols indicate locus and mode of decision according to this legend:

Full autonomy: A-CG = Central government, A-IG = Intermediate government, A-LG = Local government, A-Sc = School.

Consultation required: C-CG = Central government, C-IG = Intermediate government, C-LG = Local government, C-Sc = School.

^ = centralization of authority, v = decentralization of authority. -- = missing data.

Source: World Bank: 2005

Fiscal decentralization of education

Decentralization adds an additional layer of complexity to the realization of the right to free education. In a decentralized education system, financing of education may be shared between central government, local governments, communities, schools and parents. In Figure 6, the left half

shows the degree of parental contribution to education in countries of EAP. Although parental contribution (parents paying for uniforms, books, transport, etc.) may be a negligible contribution to local education finance, its existence means that education is not free. This has particular negative implications for poor children, and is inherently in violation of the CRC (and often the national legal frameworks).

Figure 8: Number of types of parental contributions and security of the right to education

Parental Contribution	Country	Security of Right		
		Const.	Legis.	Policy
0	Cambodia	1	1	1
1	China	1	1	1
1	DPRK	1	1	1
2	Fiji	1	1	1
2	Indonesia	1	1	1
2	Lao PDR	1	1	1
2	Malaysia	1	1	1
2	Mongolia	1	1	1
2	Myanmar	1	1	1
2	PNG	1	1	1
2	Philippines	1	1	1
2	Timor-Leste	1	1	1
2	Thailand	1	1	1
2	Viet Nam	1	1	1

Source: Patel M., Meyers C., Hinsz S. 2007 Decentralization and user fees in EAP. UNICEF EAPRO Draft Working Paper

While enhanced local control is appealing to local governments and communities, most EAP governments primarily decentralize education to reduce central expenditures²⁸. For most countries, education constitutes a major source of national level public sector expenditure. In many cases, decentralization of responsibilities has been followed by significant cutbacks in transfers of resources for education from central to local governments.

As noted in a recent report by UNESCO: "Evidence from many countries highlights the risks associated with financial decentralization. In China, Indonesia and the Philippines, decentralization appears to have exacerbated inequalities (in sub-national funding of education)."²⁹ These central government responses have forced local governments and communities to mobilize supplementary resources through increased tax revenues, community contributions, increased school fees, and other external channels.

²⁸ UNICEF EAPRO; 2006; "Effects of Decentralization on Primary Education: A Survey of East Asia and the Pacific Islands"

²⁹ UNESCO; 2009: "Regional Overview East Asia and the Pacific: EFA Progress and Challenges."

Without adequate finance to support the responsibilities for service provision transferred during decentralization, poor local government and communities are at risk of not being able to afford to provide adequate services. This leads to serious inequalities between regions. Key sector reviews warn that equity and quality are at risk of being compromised in the early stages of decentralization efforts.³⁰

Box 6: Objectives of Education Decentralization

- **Improve education per se directly**, for example, by:
 - Increasing the amount of inputs to schooling;
 - Improving the quality of inputs to schooling;
 - Increasing the relevance of programmes, or matching programme content to local interests;
 - Increasing the innovativeness of programmes;
 - Increasing the range of options available to students;
 - Reducing inequalities in access to education of quality;
 - Increasing learning outcomes.
- **Improve the operation of the education system**, for example, by:
 - Increasing the efficiency in allocation of resources;
 - Increasing efficiency in the utilization of resources;
 - Increasing the match of programmes to employers' requirements;
 - Increasing the use of information about issues, problems or innovations (thereby increasing efficiency);
- **Change the sources and amount of funds available for education**, for example by:
 - Increasing the overall amount of money spent on education;
 - Shifting the sources of funding from one social group to another (other than within levels of government);
- **Benefit the central government** primarily, by:
 - Relieving the central government of external political problems;
 - Relieving the central government of internal bureaucratic headaches;
 - Relieving the central government of financial burden (this include policies to shift revenue generation to local government);
 - Increasing the political legitimacy of central government;
 - Reducing corruption at the national level.
- **Benefit local government** primarily, by:
 - Increasing revenues for education available to local government.
 - Increasing the capacity of local governments;
 - Improving the responsiveness of central government to local government requirements;
 - Redistributing political power, weakening actors at the centre in favor of those outside the centre.

[UNESCO: 1999]

The key challenge is the tension between universality and affordability of education. The requirement that primary education be free of user charges to consumers simply means that costs must be covered by government. Poorer local governments have limited revenue-raising capacity to finance education costs as well as, generally, lower enrollment, so find it harder to achieve universality without user fees. Some schools in poor areas are charging 'illegal' user fees (China, Cambodia)³¹ further limiting access of the poor. Often, the result is that teachers are not getting paid, and are absent, that schools are dilapidated and over-crowded, and that children are dropping

³⁰ M. Bray; 1996; "Decentralization of Education: Community Financing." Directions in Development; World Bank

³¹ World Bank; 2005; "East Asia Decentralizes: Making Local Government Work."

out. For example, in Cambodia, average classroom size is 50 students per teacher, compared to 20 students per teacher in Japan, Malaysia and New Zealand.³²

As discussed earlier, intergovernmental transfers play a crucial role in offsetting regional differences and compensating for the abolishment of user fees. But equalization schemes are often politically driven and can contribute to a fragmented and unpredictable landscape of funding sources, making planning, implementation and monitoring difficult. As discussed earlier, for UNICEF this is an important area for advocating for the inclusion of child-related indicators, such as education enrollment, into regional resource equalization formulas.

This is a tricky issue, and perverse incentives are easily generated. Ideally, areas with lower education participation should be allotted additional resources to help enroll students. But this may produce a perverse incentive suggesting that funding will increase if more children are out of school. Generally, an inclusive resource allocation formula for running costs should comprise a capitation fee that covers the actual costs of educating a child (which varies in different levels of education), an incentive to enroll additional children, and a supplemental payment to cover high operational costs in urban areas and incentive payments to teachers to work in remote or unpopular under-staffed areas. Often a separate capital fund is used to cover school building and maintenance.

Table 6: Example of Flow of Funds in the Education Sector: Indonesia³³

Type of fund	Originating from	Channelled through local level	Used to fund
DAU (A non-earmarked general allocation grant, Dana Alokasi Umum)	MOF (Ministry of Finance)	Provincial budget District budget	<i>Used mostly for salaries and then other needs</i>
DAK An earmarked special allocation grant, Dana Alokasi Khusus	MOF	District budget	<i>To be spent on national priorities</i>
Own source revenue	Provincial revenues District revenues	Provincial budget District budget	Provincial Educ. Office District Educ. Office Schools
Tugas Pembantuan, co-administration funds	MONE (Ministry of National Education)	<i>Transferred directly from MONE</i>	<i>Mostly for physical assets</i> Provincial Educ. Office District Educ. Office Schools
Deconcentrated funds	MONE	<i>Transferred directly from MONE</i>	<i>Mostly for service delivery</i> Provincial Educ. Office District Educ. Office Schools
Central government funds	MONE	Central government agencies in the regions	Schools
BOS (Operational support to primary & junior sec schools)	MONE	<i>Transferred directly from MONE</i>	Schools

³² http://www.unicef.org/eapro/activities_3612.html

³³ R. Gore & I. Noor; 2008 "Social Policy Study: Prepared as input into Mid-Term Review 2008; UNICEF Indonesia

Conclusions for Education Decentralization

Decentralized education provision promises communities more say in local education related decision making, improving its relevance to the local context, creating greater accountability for performance, encouraging participation and local resource mobilization, and improving access, quality and efficiency. National development and education policy issues that are implicated include determining the extent to which additional responsibilities in education sector decision making and funding can realistically be assigned to civil society and communities, the effects on teacher's status of perhaps making them local rather than national or state government employees, setting standards for achievement and facility construction, determining curriculum and medium of instruction, and the potentially increased role of local private sector agents in the provision of education, to name just a few.

Appropriate levels of decentralization will vary in different contexts and for specific functions in the education sector. While the power to hire and fire teachers or choice of language of instruction may be appropriately devolved to headmasters, it may be desirable to maintain central control over examinations to ensure a national standard and minimize fraud, and to ensure adherence to a national core curriculum in government, and non-state provided, schools.³⁴ While there is no right solution, comparisons between countries are nonetheless useful – for topics in which there is a certain degree of consensus, the existence of an outlier may indicate either a potentially interesting departure from standard practice or the need for a careful review of that assignment of responsibility.

In terms of effects on equity, the conclusions are not positive. While the education sector has been extra-ordinarily dynamic over the last few decades in increasing coverage, especially in primary education, those currently remaining uncovered seem often to be marginalized populations and local areas that are unlikely to locally raise the resources required to achieve universality. To the extent that decentralization increases reliance on locally tax revenues or user fees, decentralization per se seems an unlikely to provide a solution to remaining exclusions unless compensatory block grants from central government favor poorer sub-national governments – and these governments develop the necessary implementation capacities. The combination of increased local government capacities and resources is not unthinkable, but it would require concerted policy efforts. Too often, compensatory grants do not make up for fiscal space differences between poor and rich districts.

Demand side action, such as the much discussed and often successful conditional cash transfers to households whose children, or girls, go to school, is clearly an alternative. But it can only be a successful alternative when the supply side infrastructure – accessible staffed schools – is already in place. Enhancing household financial motivation to send children to school is only helpful if schools are within accessible distance to those whose behavior can be influenced by financial incentives. In this sense, abolition of user fees could be seen as demand side action (it may incentivize poor households, but cannot make up for absence of a school within affordable commuting distance).

³⁴ J. Klugman; 1997; Decentralization: A Survey from a Child Welfare Perspective; UNICEF Innocenti Occasional Papers; #61

Demand and supply side action are of course complementary. For countries in which geographical differences in enrollment are relatively sharply delineated, there is a strong case for a review of sub-national – provincial and district – budgets, and those results linked to sub-national data on enrollment rates to check the relative fiscal status of low enrollment districts. Contextualizing these results with staffing and facility data from education sector management information systems would also be helpful.

2.2 Health Decentralization

Introduction

As with the education sector, the link between decentralization and advances in health MDG achievements remains elusive. Deeper empirical country analysis is needed to understand the real effect of decentralization on health system performance and outcomes. Decentralization is still quite recent in this region, and there is often insufficient data, especially time series data, to perform the kinds of assessments that are needed. The data problem is particularly acute as regards putting together different types of data from different sources: demographic access and outcome data from MICS and DHS, budget data from the Ministry of Finance and local governments, and administrative facility and staffing data from the Ministry of Health's health management information system (HMIS).

In principle, decentralization in health care should be perhaps more advantageous than it is for education. Education is a relatively homogeneous product, though language of instruction and local cultural variation may have some influence. Health is a wide range of quite different products. Demand for some of these products (such as anti-malaria measures) depends very heavily on variations in local epidemiology. So, in some senses, achieving appropriate local variations in the mix of services delivered is more important in the health sector. (One example has been the long standing debate as to whether standardized boxes of essential drugs should be delivered to all health centers, or whether their contents should be adapted to local epidemiology.) In practice, the complexity of the systems involved on the ground and tensions between varied local needs, economies of scale and financial arrangements, result in mixed outcomes from decentralization.

Disparities in Health

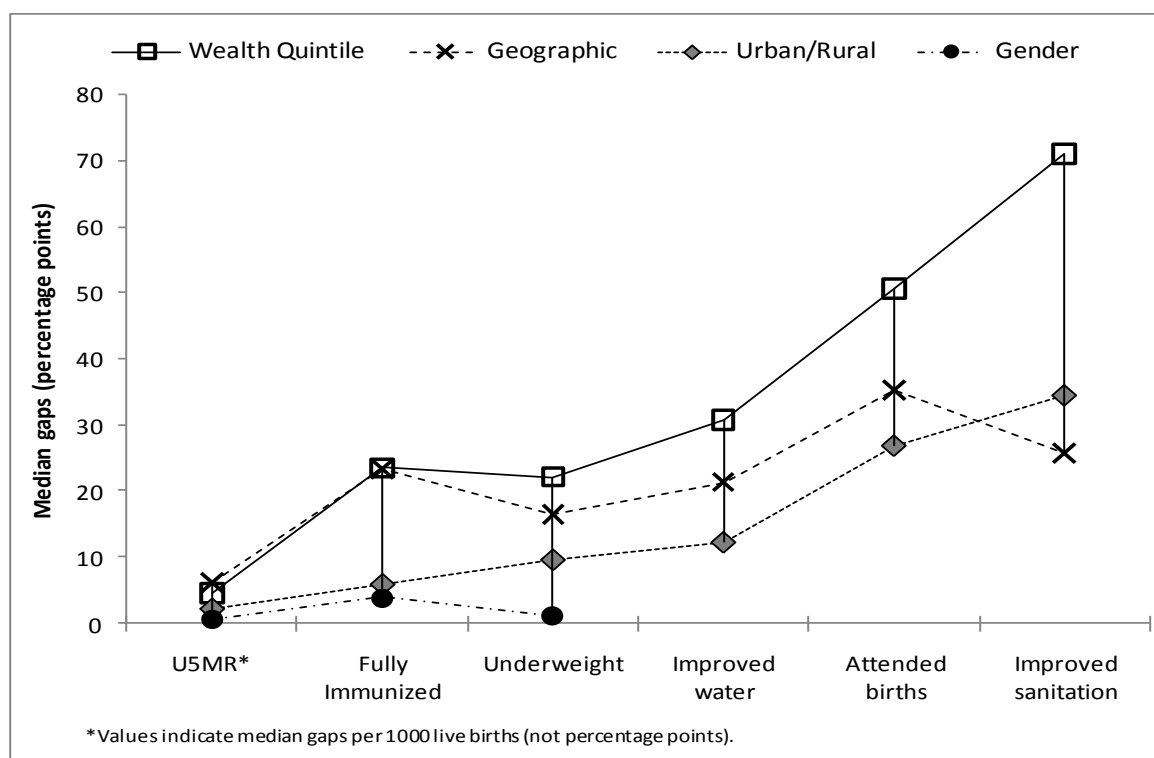
EAP has made great strides in improving children's health: mortality rates of children under the age of five (U5MR) and infant mortality rates have declined in most countries. Largely thanks to the aggressive pursuit of public health initiatives such as immunization coverage, deaths from vaccine preventable diseases such as measles and tetanus have fallen dramatically. Nevertheless, progress in health lags behind other development indicators, notably, the well-known EAP economic growth rates. Around 40,000 women still die every year because of pregnancy and childbirth.

Examination of this disturbing anomaly, along with the stubborn persistence of under-nutrition and rates of stunting in children that are fully comparable to those of much poorer countries in South Asia, reveals a picture of deep health disparities between and within countries in the region.³⁵ Vietnam reports a national average U5MR of 66. In one province the rate is over 50% higher (at 108), in another it is over 30% lower (at 44). The worst is more than twice as high as the best. In

³⁵ To a large extent, this regional variance is masked by the enormous effect of China's population on regional statistics; UNICEF EAPRO; "Situation Review on Child Survival"

Cambodia, the capital city of Phnom Penh has a U5MR of 50. Elsewhere in the country U5MR is over 200.

Figure 9: Health: Relative magnitude of different types of disparities



Source: EAPRO analysis of MICS/DHS data, 2005-2008. Bangkok, 2010

Note: While median gap is one of many possible measures, these findings are nevertheless strongly indicative of the types of disparities that are generally found in the region.

In figure 6, the 'gap' is the difference best and worst performance (on an indicator) by population subgroups within a country. Population subgroups include: males and females (for Gender); people living in urban areas and people living in rural areas (for Urban/Rural); highest and lowest incidence provinces or sub-regions (for Geographic); and richest quintile and poorest quintile (for Wealth Quintile). The 'median gap' is based on 6-12 countries in Asia-Pacific, including Bangladesh, Cambodia, India, Indonesia, Lao PDR, Mongolia, Nepal, Pakistan, Philippines, Thailand, Vanuatu, Viet Nam. Gaps between the richest and poorest quintiles, and between the best performing and the worst performing province of sub-region, are generally the two largest types of disparity.

The pervasive urban focus of narrowly concentrated economic growth and increasing economic disparities, and data on current levels of disparities in many health indicators, together suggest that disparities in health may be growing. EAP's economic progress has done little to alleviate unequal access to quality health services. In fact, the diseases that are most commonly killing children in EAP arise from poverty and are often a direct result of unequal economic and social development.

Indeed, differences between the rural and urban health sectors are pronounced across the region. Human resources are skewed towards large cities and towns, with fewer and lower-quality staff in rural areas. In Vietnam, poorer and rural populations, particularly in the hill-mountain regions and

among ethnic minorities have lower service quality, less access to and utilization of services, as well as worse health outcomes.³⁶

Access to care in Indonesia is relatively equitable throughout the country, with rural areas actually noting a higher number of medical providers per capita.³⁷ Levels of healthcare quality are consistent between socioeconomic groups in the same geographic setting, but quality declines outside of urban areas.³⁸

Administrative decentralization of Health Care

Most EAP countries have a policy and strategy for national health delivery systems in place that emphasizes local governments as the key service delivery points. In some countries, the health sector is often particularly affected by decentralization. For example, in the Philippines, 62 percent of the national Department of Health staff (46,000 personnel) and 41 percent of the department's budget were devolved as the provinces and municipalities were delegated responsibility for 595 hospitals and 13,000 primary health care organizations.³⁹ Indonesia, by mid 1990s was engaging in rapid decentralization, increasing the importance of its 700 health centers (puskesmas) providing primary health care through 21,000 local outpatient clinics, mobile clinics, village maternity rooms (polindes), etc. Puskesmas staff were tasked with supporting more than 240,000 posyandus, monthly village gatherings in which community volunteers promoted maternal and child health and nutrition.⁴⁰ However, these new functions have not been followed by appropriate funding and management capacity for health services in most of Indonesia's poorer provinces and districts. This has had a negative impact on many aspects of health care across the archipelago, especially the crucial immunization efforts.⁴¹

In Thailand, decentralization of the health sector is happening at a slower pace, partly due to lack of readiness of local governments to take on the newly assigned functions.⁴² In Mongolia, primary healthcare remains the preferred mode of delivery through the principal vehicle of the family group physician (FGP) program and strengthening the current network of 'soum hospitals' in rural areas.⁴³

As an example, the Vietnamese health system operates in a four-tiered structure. The Ministry of Health assumes responsibility for outlining and executing health policy and programs, in addition to coordinating training and running central hospitals. The Provincial Health Bureaus assume primary

³⁶ UNICEF EAPRO; 2009; "The Private Sector and Health Services Delivery in the EAP Region"

³⁷ UNICEF EAPRO; 2009; "The Private Sector and Health Services Delivery in the EAP Region"

³⁸ UNICEF EAPRO; 2009; "The Private Sector and Health Services Delivery in the EAP Region"

³⁹ S. Maccini; 2006; Do Local Government Resources Affect Child Health? Evidence from the Philippine Fiscal Devolution; Gerald R. Ford School of Public Policy; University of Michigan

⁴⁰ S. Lieberman; 2002; "Decentralization And Health In The Philippines And Indonesia: An Interim Report"; World Bank

⁴¹ UNICEF Indonesia

⁴² Thammasat University; 2009; "Decentralization and the Budget for Social Services at Tambon Administrative Level"

⁴³ UNICEF EAPRO; 2009; "The Private Sector and Health Services Delivery in the EAP Region"

responsibility for planning regional health services and programs. District Health Centers and Commune Health Stations provide primary and secondary care.⁴⁴

Appropriate assignment of health functions and responsibilities to the right levels of government and health system entities is a huge challenge and an ongoing effort. In a sincere attempt to improve service delivery, Cambodia began to decentralize its health services in 1994, shifting the jurisdiction of budgeting and implementation of health programs from the Ministry of Health to district and provincial health departments, and reorienting the Ministry of Health to focus only on broad policies and selective vertical health interventions. At present, the decentralized system has variable staffing levels, unclear roles and functions in its newly decentralized entities, a lack of financial transparency, and a recognized need for more effective management, chiefly as a result of inadequate and unclear prior assignment of functions and responsibilities (and of course failure to provide in full the capacity development required).

During a recent decentralization initiative, the HIV/AIDS prevention campaign of the Government of Thailand almost collapsed. Responsibilities transferred to Provincial Hospitals included the development of HIV/AIDS publicity materials (posters for airports, facilities and waiting rooms), production of behavioral change messages for television, and the distribution of condoms to brothels. Not knowing how to do these things, hospitals spend the funds on what they were able to do best, treat patients. So the funds decentralized as a specified line item in the budget for prevention, were in the end used to purchase ARV pharmaceutical products for sufferers from HIV. Meanwhile, key sources of HIV cases, brothels and bars, reported frequent failure and intermittent functioning of the supply chain for condoms, possibly a polite way of saying that nothing much was being delivered.

Table 7⁴⁵ illustrates how the three levels of government in Indonesia are involved in carrying out activities across the health sector. In this case, all three levels contribute in different ways to developing the infrastructure and managing the operations of the health sector functions. While this set of allocations clearly works well for Indonesia in many ways, every item could well be considered open for continued discussion.

⁴⁴ UNICEF EAPRO; 2009; "The Private Sector and Health Services Delivery in the EAP Region"

⁴⁵ R. Gore & I. Noor; 2008; "Social Policy Study: Prepared as input into Mid-Term Review 2008; UNICEF Indonesia." Source: World Bank Health PER, 2008

Table 7: Functional Assignment of the Indonesian Health Sector

	Central	Province	District
Construction of a new health centers	Define/issue minimum standards for building infrastructure Funding through allocation (DAK) or deconcentrated funds	Funding (APBD I)	Feasibility assessment Proposal to center or province Land acquisition Funding (APBD II) Procurement Construction
Recruitment of new staff	Regulation on staff recruitment Staffing quota for the section Salary through DAU	Recap of district proposals Forward proposal to center	Proposal of new staff need (Dinas Kesehatan to province) Selection process Deployment (Dinas Kesehatan)
Drug procurement	Development of national essential drug list Pricing of generic drugs Procurement and management of national buffer stock	Procurement and management of provincial buffer stock	Planning of drug need Procurement Distribution

Theory and experience both indicate that increasing community control over local health centers generally improves accountability and performance, as exemplified by community based monitoring of acute malnutrition in countries such as Indonesia. Should that local health center be constructed according to a national level specification? Arguments run both ways. Some large countries may comprise several climate zones, and construction standards for hot and cold places may correctly differ. More difficult is whether to allow poorer communities, which are perhaps financing the construction of their own health center (or local primary school) to “cut their cloth according to their means” and adjust construction standards according to local conditions and available resources.

Assignment of responsibilities for some essential components of public health care, such as salt iodization, is similarly ambiguous and depends very much on local conditions. If there are a small number of large scale producers, regulation and supervision of those facilities tends to rest with a relatively higher level of government. If salt is produced locally, by a large number of small scale community level producers, then local government involvement in licensing, regulation and supervision is essential.

Pros and cons of health sector decentralization

Potential positive effects of decentralization often cited include:

- Closer flow of information and interaction between health service providers and consumers
- Greater community financing and involvement of local communities
- Better identification of local health strategies and allocation of resources
- Improved implementation of strategies based on local realities
- Reduced duplication of services through a more unified health system
- Reduction of inequalities between rural and urban areas (including making secondary and tertiary care facilities accessible, for example provincial tertiary care hospitals)
- The capacity to innovate at the local level
- Improved local government accountability
- Cost containment from moving to streamlined, targeted programs
- Greater integration of activities of different public and private agencies
- Improved inter-sectoral coordination, particularly in local government and rural areas

Potential negative effects often cited include:

- Constrained local government capacities to invest and capture externalities linked to public health spending, or to hire staff with expert skills, undermining technical effectiveness
- Ambiguous effects on equity, or increased inequalities
- Diseconomies of scale from unnecessary replication of staffing functions in local areas
- Failures of programme sustainability with respect to disease control
- Inadequate supervision and regulation
- Deficiencies in health education, personnel, procurement and training activities
- Less local revenue raising capacity for service provision initiatives aimed at the poor
- Increased out-of-pocket expenses
- Breakdowns in human resource systems due to opposition of staff to remote deployment
- Lapses in reporting (including of communicable diseases), accountability, and quality control

Fiscal decentralization of Health Care

Health sectors are typically comprised of three main types of service sites, delivering: primary health care, secondary and tertiary health care. Each service type is itself a complex mix of many service components. Primary health care services typically involve preventative care, including immunization, family planning, maternal, and infant and child health services and prevention of sexually transmitted diseases and HIV.

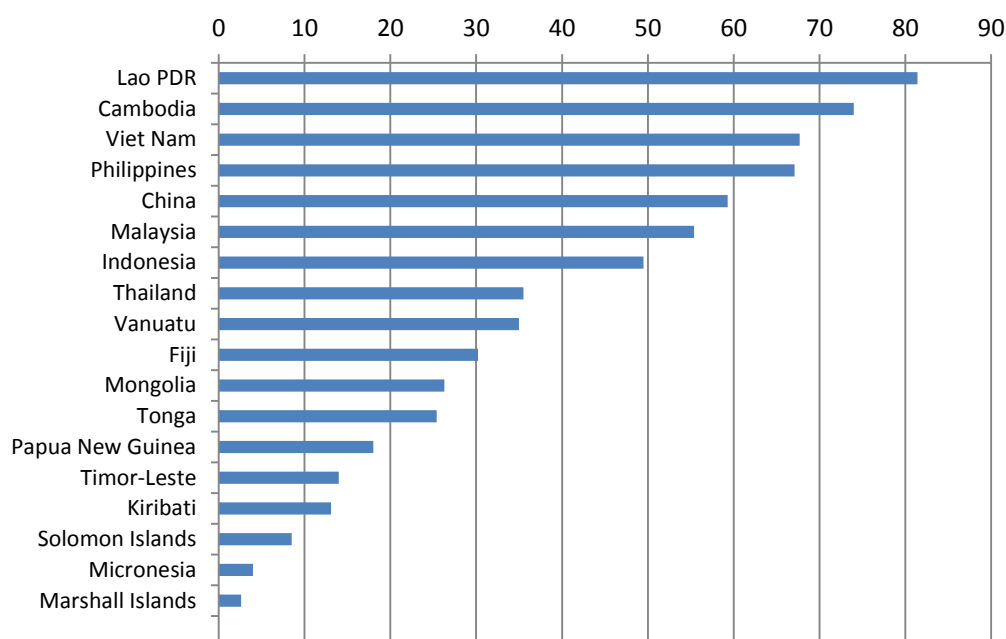
Across EAP, responsibilities for the three main levels of health service delivery (tertiary, secondary and primary) are often managed by corresponding levels of government (national, provincial, local). While the types of services provided are clearly more sophisticated at higher level of health service entities, the range of services provided also differs. Together, these make higher service levels more expensive per unit, explaining in part their association with higher levels of government more easily capable of carrying these increased costs. In some instances, higher levels of the service include capacity to treat conditions that arise relatively rarely, and hence serve a larger catchment area. Providing such facilities at local level would result in underutilized capacity.

In other cases, and especially in the case of some health communication and public health functions, economies of scale are high and national level provision from a single location is the most cost-effective option. Capacity to develop radio and television public health messages is not something that needs to be replicated at each level. In most EAP countries Ministries of Health also retain the central government function of monitoring and controlling communicable diseases, setting policy and standards, of assuring quality for devolved health services and pharmaceuticals, ensuring access of children and the poor to health services, and sustaining health financing.⁴⁶ Central governments also take the lead role in research and data collection, as this type of health information provides a foundation for national policies.

Health financing is one of the major challenges facing governments, both central and local, because 'health' care is far perhaps bounded at the upper end than the provision of primary education to a given number of children, or the management of a specific water infrastructure system, as treatment for some catastrophic events can cost many times the lifetime earnings of households.

⁴⁶ World Bank; 2005; "East Asia Decentralizes: Making Local Government Work."

Figure 10: Out of Pocket Payments on Health as a Percentage of National Total Health Expenditure



Source: WHO: 2006 National Health Accounts Data

In health care, the upper and lower limits of the expenditures required are often less clear than in education. The inputs required are more varied in their specification, and the system itself is intrinsically more complex in terms of the internal interactions of its components. (Children do not move back and forth between primary, secondary and tertiary education at unpredictable intervals, learning different subjects each time.) Issues that face decentralized clinics and hospitals often include insufficient tax funds, difficult coordination with other health service organizations, and lack of congruence in fiscal base.

With the progression of decentralization, local governments are spending more, and often more than central governments do, on health. Due to consumer pressure for more and better care, often reinforced by supplier induced demand (physicians prescribing unnecessary medication or encouraging superfluous return visits or procedures such as, notoriously, the use of caesarian sections in normal pregnancies), out of pocket payments are accounting for an increasing portion of total health expenditures. As in Vietnam, government hospitals in the Philippines may collect user fees and impose up to a 30 percent markup on drugs. In Cambodia, for example, health is financed primarily from out-of-pocket funds and foreign assistance. Utilization by the poor is low because user-fees often exceed the financial capability of families. Not surprisingly, many countries report major disparities in health status between the rich and the poor.

When state responsibilities for provision of health care are inadequately funded, the private sector often steps in to fill gaps. Across the region, private and often unregistered and unsupervised clinics are playing an increasing role in the provision of care and pharmacists are routinely performing diagnosis and prescribing “necessary” drugs. In many countries, government physicians open

private practices, to which they then refer patients seeking treatments that are rationed by waiting lists or otherwise limited in their availability, thereby creating a feed to a two-tier system of care from within the government health services. An important component of decentralization is the creation of policy and legislation that adequately ensures the licensing, regulation and supervision of private sector activities and clearly identifies the roles and responsibilities of national and local government.

Although some research⁴⁷ suggests positive correlation between improvements in children's health, and nutrition with increases in local health finance, the evidence for this is not completely clear. A Philippines government's assessment of the last decade's experience of decentralization in the health sector reveals doubt as to whether decentralization has had overall positive effects so far: it found only slight improvements in health status, a resurgence of certain diseases, and persistent inequities in service access.⁴⁸

Some would argue that only one entity in each country should be procuring pharmaceuticals, as has more commonly been implemented in countries outside East Asia. National Pharmacy could, based on the national approved drugs list, be importing all drugs as bulk purchases under their generic names. Savings from centralization of this purchasing function (based on rational selection of drugs, a public distribution system, bulk imports, use of generic names, and some domestic formulation, tablet manufacture or capsulation, and some basic component manufacture) have been estimated at 50% of current foreign exchange expenditures on drugs. Western Europe and North America spend about 10% of health budgets on pharmaceuticals. In East Asia, the figure is closer to 20%, not an insignificant item in most health sector budgets.⁴⁹

Conclusions for Health Care

To ensure that the poor have access to health care, decentralization should be accompanied by reform in healthcare funding, with policy and practices that reduce out-of-pocket payments and improve primary and public health care services. Locally appropriate cost-efficient improvements in access to health facilities can only be achieved by mapping resources to needs, and by establishing pro-poor transfers from central government to less wealthy regions. Mapping resources to needs will require information on local epidemiology, local health outcomes (available from MICS), information on staffing (from HMIS) and sub-national health sector budgets (from MoF). Putting this information together is a complex task, but should be highly rewarding – especially if the required subsequent advocacy efforts to modify budgets appropriately are successful.

At the same time, policy reforms aimed at decentralization of responsibilities for health care should play explicit attention to safeguarding the key public health services (many of which display major

⁴⁷ See for example, S. Maccini or N. Nana

⁴⁸ S. Lieberman; 2002; "Decentralization And Health In The Philippines And Indonesia: An Interim Report"; World Bank

⁴⁹ Patel M. 1983 Drug costs in developing countries and policies to reduce them. World Development, Vol. 11, No. 3, pp 195-204

economies of scale and are best delivered from central level) that are major determinants of health outcomes. Ideally, health reform should also aim to solidify regulatory frameworks that appropriately govern the activities of private agents.

2.3 Water Supply Decentralization

Introduction

In several key characteristics, the water sector is very different from health and education. It has greater infrastructural and capital investment components. At one end, piped urban water supplies are large scale high cost infrastructural entities, often managed by municipalities in partnership with private sector entities. At the other rural water supplies may be highly localized, privatized, and often single household or single community owned supplies based on wells, hand pumps and boreholes. In between are any number of technology mixes, including privately owned donkey carts feeding off urban piped supplies and delivering to peripheral urban slums. In urban areas, drinking water supplies reign. In rural areas, drinking water competes with the needs of agriculture and livestock, each of which has their own requirements, supply technology, and administrative and political tensions.

Where piped water supplies are unavailable, water supply costs increase dramatically. In health and education sectors, inequalities often arise due to the higher purchasing power of the rich and greater revenue raising capacity of richer provinces. In the water sector, there are powerful additional factors that accentuate disparities. Supply costs are much lower, per liter, for those who receive piped municipal supplies – and, further amplifying that inequity, piped municipal supplies (to what are generally richer geographic areas) are often significantly subsidized by governments.

The links between access to safe drinking water and human development are well understood and documented. Improved water services contribute to direct and indirect benefits in increased savings on time spent collecting water, on income spent on alternative provision of water, and other benefits related to improved health and education. The effects of improved water supply on infant mortality have also been quantified.⁵⁰ The WHO estimates that a \$1 investment in water services yields \$6 in co-benefits⁵¹.

Disparities in Water Access

In EAP almost all countries are on track to meet MDG targets to “Halve, by 2015, the proportion of people without sustainable access to safe drinking water (and basic sanitation).” The region’s population without access to improved drinking water sources⁵² has reduced by more than half since 2006. The proportion of children under five living

More than 213 million people living in rural areas lacked access to an improved drinking water sources, compared to 31 million in urban areas.

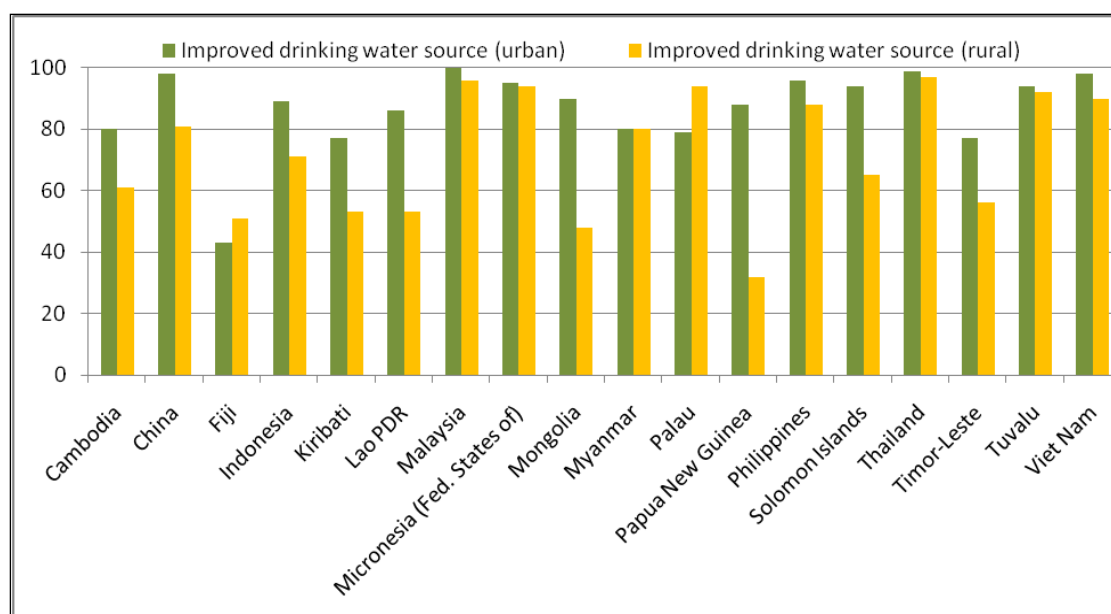
⁵⁰ Patel M. 1981 Modelling determinants of health. Int J Epidemiol 10:177-80.

⁵¹ UNICEF EAPRO; 2008; WASH for Children: Investing in Water, Sanitation & Hygiene in East Asia and the Pacific.

⁵² An improved drinking water source is defined as one that, by nature of its construction or through active intervention, is protected from outside contamination, in particular from contamination with fecal matter. Improved sources included: piped water into dwelling, plot or yard; public tap/standpipe; tube well/borehole;

in households with an improved drinking water source increased 20% from 1990 to 2006, with children living in households without improved drinking water source decreasing threefold⁵³.

Figure 11: Sanitation and Drinking Water Coverage in EAPRO Countries



Source: UNICEF, 2008.

Despite these gains, deep disparities persist between urban and rural areas with nearly one fifth of children under five in rural areas living in households that use an unimproved drinking water sources, compared to just five percent in urban areas. Yet, the greatest disparities lie between the rich and poor. In the Philippines, just 67% of the poor have access to improved water services compared to 98% for the rich⁵⁴.

Administrative decentralization of Water Supply

In response to decades of failure of centralized water service delivery management to decrease the numbers of people with unimproved supplies in rural areas and poor urban areas, many countries across the region have begun transferring various responsibilities for water supply planning, operation, and maintenance, to lower levels of government.

Experience shows that some functions are better placed at the central or provincial level, while others are best implemented by local authorities. Maintaining functions at higher tiers of government is important where the demands of service provision exceed local capacity (e.g. rural

protected dug well; protected spring; and/or rainwater. Unimproved sources include: unprotected dug well, unprotected spring, small cart with tank/drum, tanker truck, surface water (river, dam, lake, pond, stream, channel, irrigation channel) and/or bottled water. Bottled water is considered to be improved only when the household uses water from another improved source for cooking and personal hygiene (From WASH for children: Investing in Water, Sanitation & Hygiene in East Asia and the Pacific.)

⁵³ UNICEF; 2009; Status and Trends: Drinking Water and Sanitation in East Asia and the Pacific.

⁵⁴ UNICEF; 2008; WASH for children: Investing in Water, Sanitation & Hygiene in East Asia and the Pacific.

water supply); where specific functions such as large scale contracting out or establishing tariff structures are susceptible to local elite capture; in situations where regulatory decisions in one jurisdiction have spill-over effects on another jurisdiction such as with sharing of water sources; and when fiscal decentralization conflicts with equity goals.⁵⁵

While regulatory functions may be best suited for central and provincial governments, local governments are often better placed to respond to consumer preferences and tailor spending priorities and service provision to specific needs. Research has shown that users are often willing to pay for better quality provision and services that accurately target their needs, and that local communities given management control over their water supplies tend to maintain them in better condition than more distant managers.

Box 7: A Possible Functional Assignment in Water Sector

Central and/or regional responsibility

- Subsidies for capital expenditures (or, in some areas, credit)
- Policy making, especially related to general development contributions
- Technical advice and sector-wide planning (probably deconcentrated to regional/district level)

Local government

- Responsible for allocation of funds within the locality and oversight of the funds
- Responsible construction of new facilities (but with community input)

Community based organizations

- Participation in planning and implementation
- Responsible for operation and management of facility
- Probably responsible for cost sharing of construction costs, and for organizing local service charging

Yet, decentralizing responsibility for safe drinking water supply systems is rarely as straightforward as one may wish. Decentralization requires involvement of a variety of political and consumer interest groups, governance and management structures that include multiple branches of central government, local governments and communities, and the private sector. Reassigning roles and responsibilities for financing, planning, management, monitoring and inspection between these groups is no simple task. Indeed, governments faced with difficulties in untangling these structures and interests, lesser economic motivation, and fragmented voter coalitions, often end up simply ignoring rural water supply, or fail to assign responsibility to any specific governmental entity.⁵⁶

That community participation in water supply, distribution, and tariff decisions is critical for the sustainability of water systems is well known, but often overlooked in the water sector. Studies in Cambodia, Indonesia, Lao PDR, and Vietnam have shown that community-based water supply projects – that is, where communities have greater choice in type of water services provided and method of payment – are more likely to be maintained with greater cost recovery than those

⁵⁵ World Bank; 2005; East Asia Decentralizes.

⁵⁶ D. Basandorj & S.Singh; 2007; “Improving local service delivery for the Millennium Development Goals: Restoring The Image of Blue Mongolia: Rural Water Supply And Sanitation” UNICEF Mongolia, Government of Mongolia.

without community participation. Some governments in EAP have involved users in selecting specific investment priorities, based on specified budget criteria or ‘user-pay’ provisions, where communities can choose between various combinations of user tariffs and service levels.

Box 8: What we have learned from experience

Sustainable service delivery depends on decentralized authority, public and private sector resources and expertise, and communities empowered to make well-informed choices in technical, management and financial options.

Central support through an enabling policy environment, along with adequate funding and sufficient human resources capacity, at all levels, are prerequisites for going to scale.

Advocacy work at subnational levels can be effective, especially where sector budgets and planning responsibilities have been devolved to the provincial or district levels (e.g. Indonesia and the Philippines).

Priority attention and specific techniques are needed for reaching the poor and addressing gender inequities.

High-quality, disaggregated information and strategic partnerships are necessary for effective leveraging of funds and targeting of activities.

Intersectoral approaches maximize sustainable impact.

Good management and equitable distribution of freshwater resources are prerequisites to household water security. [UNICEF: 2008]

While useful development of consumer choice has been inconsistent. Programmes in Cambodia and Indonesia offer consumers an array of options with active community participation while in China, users are provided only the option of receiving private water connections at a tariff level agreed by central government⁵⁷. Users have few options but to accept the programme or refuse to pay.

Competition for final use of water results in it being of interest to a variety of ministries, such as health, agriculture, land management, and water and sanitation. Though legislative frameworks may exist indicating processes for the transfer of specific roles and functions to local authorities, these are often not accompanied by mechanisms for resolving competing requirements across central and local levels. This enhances confusion in knowing where and with whom political, fiscal and administrative responsibilities reside. Even when functions are clear, local governments are often constrained by a lack of relevant administrative and financial capacities.

UNICEF is working with local and provincial level government institutions to strengthen decentralization process.

In Indonesia, UNICEF works with district governments to improve management practices in the sector. In Cambodia and the Philippines, UNICEF inputs are part of larger integrated multisectoral programmes aimed to strengthen sub-national structures and decentralization.

UNICEF also provides support to local governments, NGOs and civil society organizations to build community capacity to plan, manage and maintain their own water and sanitation systems.

Special attention is placed on promoting meaningful participation of women and young people in decision-making bodies such as community water and sanitation committees.

UNICEF provides technical training and support to governments at all levels, such as in DPR Korea for design of county town gravity-fed system design and in Lao PDR for rural community and school rainwater harvesting. [UNICEF: 2008]

⁵⁷ World Bank; 2005; “East Asia Decentralizes: Making Local Government Work.”

Fiscal decentralization of Water Supply

Water is a commodity essential for life, consumed on a daily basis, which has massive economies of scale. Doubling the diameter of a supply pipe increases installation costs marginally, but more than quadruples the potential throughput. Doubling the length of a pipe doubles the installation cost. It is much easier to supply a large amount of water over a small geographical area than a small amount over a wide area. (While this general observation is perhaps sometimes true for health and education as well, there is a sense in which differences between the physical technology of urban and rural water delivery vastly amplify differences in economies of scale and cost per unit of supply.) The effects of all these characteristics are highly visible in the daily operations of the sector and geographic inequalities of coverage.

In support of equity, only higher levels of government are able to redistribute resources to less economically developed regions that are unable to raise own-source revenues through taxation, user fees, or access to credit. In Lao PDR, intermediate scale piped water supplies have been created through creative co-financing arrangements between national government and local entrepreneurs, including civil society organizations, while national government retained control of the levels of user fees that could be charged by means of contractual arrangements.

Where central governments have transferred budget authority to local governments, for instance in the Philippines and Indonesia, national budget allocations to line ministries have also declined. Shortly after the Philippines decentralized budget authority to local governments, local level capital investments dropped by nearly half.⁵⁸

Local governments are under increasing pressure to finance the construction and maintenance of water supply infrastructure directly through tax revenue and tariffs, but this is largely dependent on communities' willingness and ability to pay. Government's ability to expand network services to the unserved is constrained by their ability to raise revenue from middle or high-income users. Urban water is frequently sold to consumers at prices significantly lower than the cost of production. In rural areas, the agricultural sector often consumes large quantities of water at highly subsidized rates. The effects of low revenues on investment are compounded, in the case of rural areas especially, by difficulties in accessing capital for investment. Low service charges are nice for those already covered who benefit from them. But the loss of revenue means that investment in expanding coverage of supply networks to cover the unserved is highly constrained.

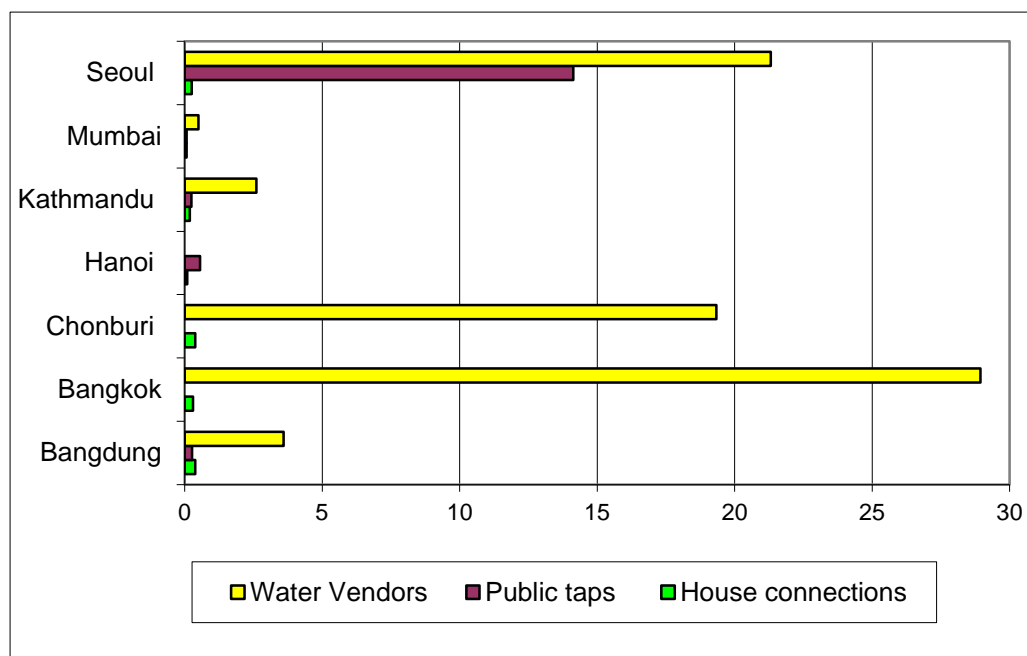
Where there are resource constraints, marginalized groups are often neglected as public and private providers tend to favor higher-income segments of the population where profits are higher and investment risks are lower.

Lack of regulatory and oversight mechanisms have led to perverse tariff schemes that charge higher than normal rates for the poor, yet lower rates for those that can afford it. In Mongolia, the poor receive water from vendors at a market rate of USD 0.5 per 1000 liters compared to USD 0.006 per

⁵⁸ World Bank; 2005; "East Asia Decentralizes: Making Local Government Work."

100 liters for the industry and mining sectors⁵⁹. Again, this trend cautions that decentralization processes without proper regulation can actually worsen poverty indicators.

Figure 12: Price of water from difference sources (US\$ per cubic meter)



Source: Human Settlements Discussion Paper Series, Theme: Water-3, IIED, 2006

While charging for water is an important tool for raising revenue and for ensuring efficient water use, human rights standards require that costs do not prohibit a person from being able to afford and access other goods and services. However, emphasis on full cost recovery means higher per unit prices for water to finance both initial investments for new infrastructure, as well as annual operating and maintenance costs. Families living at the margins of poverty would be disproportionately affected by higher user fees.

Central and local governments typically use sliding tariffs or other incentive structures to address inequities in coverage. Yet, these structures often lead to further exclusion of the poor as they typically apply a fixed price for a given volume of water, with additional costs per unit of consumption beyond that level. This creates a perverse incentive to supply water to high volume areas.⁶⁰

Subsidies face similar challenges, as subsidies to the poor are often delivered through under-pricing of tariffs in piped water systems. However, as piped water systems are based on household connections, they often exclude the poor and rural residents, who lack household connections. Unless tariff structures are accompanied by appropriate measures to ensure affordability, such as

⁵⁹ D. Basandorj & S.Singh; 2007; "Improving local service delivery for the Millennium Development Goals: Restoring The Image Of Blue Mongolia: Rural Water Supply And Sanitation"

⁶⁰ UN-Habitat et al; 2007; "Manual on the Right to Water and Sanitation"

consumption subsidies targeted to the poor or revenue transfers to the poor, decentralizing processes can worsen inequalities.

Low income users not connected to piped water supply networks have few options but to use alternative providers, which provide poorer quality water at higher prices. In other words, marginalized and excluded groups are forced to rely on patronage to obtain water connections, while existing recipients benefit from subsidized low tariffs⁶¹. Pricing structures not only threaten children's right to affordable and safe drinking water, but also their health in increased risk for diarrheal disease.

Conclusions for Water Supply Decentralization

It is hard to escape the physical hardware constraints of economies of scale in water supply. Supply cost differences are generally far greater between piped and non-piped systems than between establishing a school in an urban or rural area. Since demand is high, incentives and cost sharing arrangements are especially important as is the, admittedly politically sensitive, issue of conventionally rather large governmental subsidies to piped water users. This is one of those, fortunately rare cases, where government subsidizes the relatively rich and already well provided for.

In some cases, governments also face problems of appropriate assignation of responsibilities between a number of different departments and ministries (agriculture, fisheries, industry) supporting sub-groups of users. In others (such as Mongolia), no individual ministry has any responsibility for rural water supply. Decentralization of responsibility to local governments is perhaps one solution, but the issue of costs and finance remains acute.

Even outside of piped water supplies in urban areas, the cost of water supply improvements is very sensitive to hydro-geological conditions. So correlations with poverty are not always as sharp as they are for health and education. At most cost levels, however, community involvement is generally easily attained, provided appropriate institutional arrangements are in place. Cost sharing has been known to take the form of community level labour inputs, but the high capital costs of water supply installations do enhance the utility of credit, including micro-credit (and perhaps some intermediate level a bit above 'micro') arrangements. Cost-sharing arrangements of this type may require charging for water utilization. In practice, necessary (in LPDR, for example) charges associated with facility improvements have been found to still result in community level net financial savings. Engaging communities through contracts, and in planning (identifying water point location and resource arrangements), production (provision of labour and land) and maintenance has been found effective.

⁶¹ Batley; 2006; "Engaged or Divorced? Cross-Service Findings on Government Relations with Non-State Service Providers," *Public Administration and Development*, 26, 3, 241-251. ISSN: 0271-2075.

3. UNICEF Country Office Activities

This section briefly reviews selected examples of current UNICEF efforts in responding to decentralization and influencing related policy processes in EAP countries.⁶²

In **Cambodia**⁶³, UNICEF has a very prominent role in ensuring that children's interests are reflected in the national Decentralization and Deconcentration framework and the National Programme on Sub-National Democratic Development, the final draft of which is currently under discussion.. UNICEF has seven sub-offices which play a crucial part in this process. Through the Seth Koma UNICEF pilots and captures the work of the lowest government level, the Commune Councils, in improving the delivery of local services. The project focuses on strengthening local partnerships between commune councilors, service providers and line departments so as to ensure continuous service streams. Seth Koma, driven by principles of collaboration and accountability, complements the government's standard monitoring and evaluation processes with qualitative methodologies such as film documentaries and collection of stories used for training, awareness raising, and advocacy and influencing policy. This is helping to reinforce UNICEF's contribution of being an agency with a voice in the policy arena but with its roots in its field experience. Reflecting this principle, the local level evidence is used to inform policy development. For example, UNICEF helped establish the Commune Committees for Women and Children (CCWC), an advisory sub-committee to the Commune Council with the consultative role ensuring that social services benefit women and children without discrimination. This has shown to have a positive impact on health and education related outcomes for women and children in communes where the CCWC has been established.

In the donor-intense environment of Cambodia, UNICEF represents one of the few donors with an operational focus on decentralized social services. As such, UNICEF has supported the formulation of the Sub National Programme on Sub-National Democratic Development, facilitating key policy discussions on behalf of the donor group, and co-chairing the dialogue on the functional review. This includes technical support to the functional assignment process for which UNICEF is the main interlocutor with the government focusing specifically on the sector ministries. UNICEF Cambodia has piloted new ways of working with sub national government, including modeling social service functions at sub-national level, during the Country Programme of 2006-2010, and has been requested by the government to continue to play a key role in the next cycle.

In **China**⁶⁴, UNICEF engages in policy level processes by providing technical assistance to Ministry of Finance and the National Planning Ministry on the re-assignment of revenue/expenditure duties, particularly in relation to duties of essential social service delivery; and on governance issues of incentive/accountability alignment at local tiers of government and between government and service providers and on policy implementation enforcement. UNICEF's recent study "Governance for Urban Services" proposes the adoption of innovative mechanisms such as the citizen scorecards to monitor government accountability. UNICEF has limited engagements at the local level in China; however, recent interest in provinces for topics on social budgeting, social protection and child poverty will be reflected in UNICEF 2010 work plan.

⁶² Annex 1 contains the full list of country survey responses

⁶³ UNICEF Cambodia

⁶⁴ UNICEF China

In **Indonesia**⁶⁵, through its network of eight local offices UNICEF has a strong local presence. Recognizing the huge impact of decentralization on the socio economic development of Indonesia, UNICEF has produced a very informative Mid Term Review Social Policy study with a set of recommendations for intensified further engagement in decentralization. Also the current Situation Analysis focuses on decentralization in various ways.

Following is a sample of activities illustrating how UNICEF has responded to decentralization in Indonesia⁶⁶:

Evidence and Analysis

- Coordinating the district level Situation Analysis of Children
- Supporting district level MDG data gathering for planning in one province
- Social Budgeting analysis

Advocacy

- Building relationships with district and province parliamentarians to advocate for child-friendly policies
- Coordinating district officials in the planning process for water and sanitation
- Developing 'District Team Problem Solving' with government health officials to improve the planning of maternal health programs

Policy implementation

- Assisting Ministry of National Education to develop monitoring and evaluation guidelines for the Education for All (EFA) programme
- Replicating across provinces a model of collaboration between midwives and civil registration officers to improve birth registration outcomes

In **Lao PDR**⁶⁷, UNICEF is increasing the provincial level engagement for support in planning, monitoring and advocacy for budget allocation for children and women. In collaboration with UNDP, UNICEF is also exploring the potential for revitalization of local councils, currently not existent in LPDR. In the education sector, UNICEF is coordinating the dialogue between provincial and national governments and development partners to improve horizontal and vertical aid flow and planning. In the health sector, UNICEF is disbursing funds directly to the province level for activity implementation. Intensified provincial level engagement is foreseen in 2010 for health and child protection programmes.

In **Mongolia**⁶⁸, where trends have shifted between decentralization and recentralization policies over the last decade, UNICEF has mainly focused on studying the effects of decentralization on social

⁶⁵ UNICEF Indonesia

⁶⁶ R. Gore & I. Noor; 2008; "Social Policy Study: Prepared as input into Mid-Term Review 2008; UNICEF Indonesia."

⁶⁷ UNICEF Lao PDR

⁶⁸ UNICEF Mongolia

sectors. An example is the study (2008) of the functional assignment in the water sector which found that the existing system for the management and financing of wells, water supply and sewage systems in Mongolia is very centralized and very fragmented with some responsibilities dispersed across a wide number of ministries and other responsibilities uncovered.⁶⁹

A recent similar effort in the **Philippines**⁷⁰ has resulted in a three sector study (education, health, and water)⁷¹ assessing local service delivery systems and practices, and addressing key issues and challenges of each sector. The existence of the Country Office's section on Social Policy and Local Development reflects the importance of Philippines' decentralization process. Through its work with the Department of Interior and Local Governments UNICEF works to ensure that children are at the heart of the local development agenda. For example, UNICEF convened a series of legislative summits to assist local legislators to enact ordinances for children. UNICEF has also helped develop tools such as "Mainstreaming Child Rights in Local Development Planning," "Crafting Children's Code," "Moving Forward with Gender and Development," and "How to make provinces, cities, municipalities and barangays (villages) child-friendly," which are now widely used. In coordination with local authorities, UNICEF monitors compliance of every village to indicators of the Child-Friendly Movement. Transparent and accountable governance is encouraged through regular delivery of annual state of children reports. Philippines is one of the two countries where the child friendly city assessment tool will be pilot tested. Governments are encouraged to maintain good performance through awards for child-friendly local government units and other incentives. The national government has also been giving Presidential awards for child-friendly cities and municipalities yearly since 1998.⁷²

In **Thailand**⁷³ UNICEF began to influence decentralization policy in 2006, with the comprehensive study on budgeting for social services delivery at the Tambon Administrative (TAO) level. The recent publication of this study which coincided with the 10 year anniversary of the Decentralization Act provides an excellent overview of how decentralization has been implemented in Thailand, its impact on provision of basic social services, and examines some of the factors helping and hindering further decentralization of government services.

At the local government level, UNICEF is bringing children into focus through the Local Capacity Building Programme. 12 pilot provinces are currently including children and youth considerations in local development planning. As a result of the project more funding is allocated for child related programmes. Local multi-sectoral teams for children established by the project play a catalyst role in child related policy.

In **Vietnam**⁷⁴, UNICEF's Provincial Child-Friendly Programme, is responding to the country's increasing decentralization through activities at both national and local levels. The national component of the programme aims to support local capacity building in Socio-Economic Development Plan (SEDP) process. It supports various capacity building interventions in selected

⁶⁹ UNICEF Mongolia 2008, Restoring The Image Of Blue Mongolia: Rural Water Supply And Sanitation

⁷⁰ UNICEF Philippines

⁷¹ Improving Local Service Delivery for the MDGs in Asia: The Philippines' Case, UNICEF 2009

⁷² UNICEF Philippines website

⁷³ UNICEF Thailand

⁷⁴ UNICEF Vietnam

provinces to enhance capacity of sub national government on evidence-based, pro-poor and participatory planning and budgeting, coordination, monitoring and evaluation and management and implementation of the SEDP, ensuring the mainstreaming of children's issues into the local SEDP. This component of the programme is also involved in the policy process at the national level whereby it aims to influence national level legislation and guidelines on local planning by using the experience and lessons learned not only from this programme but also by other partners.

At the local level, UNICEF is directly engaged with local authorities in selected provinces (same provinces covered by the national component of the programme). These projects basically address the issue of "disparity" that still remain in access to quality social services in the area of health and nutrition, education, and water and sanitation, especially among the ethnic minorities and migrants who make up a disproportionate share of the poor. These provincial projects demonstrate multi-sectoral and integrated approach to tackle children issues and undertake policy advocacy with the provincial authorities to make provincial SEDP more responsive to children's issues. Given the fact that provinces have had greater authority for making decision including budget decision, there is a potential for replicating these approaches using local resources.

The UNICEF **EAP Regional Office**, together with regional UNDP, UNCDF and UNESCO offices launched a joint UN Initiative on *Improving Service Delivery for the MDGs in Asia-Pacific*. As part of this effort sectoral methodologies were drafted aimed at informing national policy processes of what it takes to establish appropriate sectoral decentralization frameworks in order to achieve the MDGs, especially in poor/rural areas. In a regional technical consultation held in Bangkok, these methodologies were approved by a number of governments and framed the study of the assignment of responsibilities carried out in Philippines, Mongolia, and Cambodia. A regional study of the education sector was undertaken and a regional review planned for 2010. EAPRO also held a one-week course on "Budget Policies and Investments in Children" in 2009 with the purpose to provide UNICEF staff with an understanding of the economic and public finance environment against which budgeting in support of children can be carried out including in decentralized contexts.

4. Conclusions

Central, and increasingly local, governments all make sectoral policy and programmatic choices that affect outcomes for children. Evidence on the effects of decentralization is partial and ambiguous – seemingly negative as often as it is positive. So decentralization has serious implications for targeting of UNICEF analysis and advocacy activities to promote equity and achieve children’s rights.

For UNICEF offices, the way forward is to find the most helpful, effective and contextually equitable ways to influence government decisions affecting children when decentralization – or indeed recentralization - is being planned and implemented. This does not imply a strategic change towards working on public administration reform per se, but an orientation towards advocacy and policy analysis that reflects UNICEF’s mandate in a way more closely aligned with changing national flows in levels of power and empowerment.

Sectoral specialists could usefully prepare to progressively engage in mapping, and increasingly integrative analysis, of three types of information as the locus of responsibility for implementation shifts:

- Sectoral coverage and outcome data from MICS/DHS
- Staffing and facility data from sectoral management information systems
- National and sub-national sectoral budgets.

Work on social budgeting should include analysis of resource equalization formulas and procedures, to ensure that resources are better matched to needs, consideration of both demand and supply sides of service delivery, and clarity on institutional arrangements including regulations governing the activities of non-state providers of services such as NGOs, FBOs, CSOs and the private sector. In some countries, an enhanced local sectoral presence, either through sub-national offices, or out-posted staff, may be helpful.

ANNEX 1: Country Office Survey on Key Issues surrounding Decentralization

CAMBODIA: UNICEF efforts and experiences working in and on decentralization reform	
<p>Background of UNICEF's engagement thus far</p> <p>a. Significant decentralization reforms and their implications on the social sectors;</p> <p>b. UNICEF's engagement in the policy process;</p> <p>c. UNICEF's engagement at the subnational government level;</p>	<p>a- UNICEF has piloted new ways of working with sub national government during this country programme of 2006-2010. UNICEF is largely recognized by government and development partners as providing an important contribution to piloting and capturing the work of Commune Councils in improving the delivery of local services. In particular, unlike many other DPs who have focused on supporting Commune Councils to deliver discrete social service projects, UNICEF Seth Koma has focused on strengthening local partnerships between commune councillors, service providers and line departments to ensure continuous service streams. In particular to ensure awareness of key services, demand and access particularly among the most vulnerable, functioning and monitoring of services.</p> <p>Much of the progress for Seth Koma reflects mechanisms around social solidarity and collaboration and joint accountability mechanisms that are not easily captured by the government's standard M&E processes. For this reason, Seth Koma is complementing existing systems with qualitative methods such as film documentaries and collection of stories. Much of this documentation exists in Khmer and English and is being used by a wide variety of partners for a variety of purposes; training, awareness raising, advocacy and influencing policy. This is helping to reinforce UNICEF's contribution of being an agency with a voice in the policy arena but with its roots in its field experience.</p> <p>b-Unicef supports the sub-national government and also the national ministries, in particular Ministry of Interior, Women Affairs, Planning, Rural development . The evidence and experiences from sub-national are fed into policy development, such as:</p> <ul style="list-style-type: none"> - Commune Investment Programme (planning and budgeting with children, women and gender sensitive) - Commune Committee for women and children (CCWC) and Commune Focal Point for Women and Children (CFPWC). - Commune modelling informal function. - Functional assignment <p>c-At sub-national government level, Unicef:</p> <ul style="list-style-type: none"> - Support Commune Council and CCWC to ensure that commune investment programme is child and gender responsive. - Support sectoral departments to respond to commune and people needs of good quality of services, such as health centre and education services. - Modeling commune functions: <ul style="list-style-type: none"> o Community preschool organization: commune council contract CPS teachers and monitor function of CPS. o Mother and child health promotion: contract transport providers for referring pregnant mothers to health centres. o Working with Water User Groups and PDRD to promote water quality and sanitation
<p>Mapping of other partners</p> <p>a. UNICEF's role vis-a-</p>	<p><u>a-Unicef role vis-à-vis other partners:</u></p> <p>There is the DP D&D TWG which was formally chaired by SIDA. From 2010, this D&D TWG will be chaired by WB and UNICEF. There are regular DP meetings to</p>

<p>vis other partners; b. Value added of UNICEF's involvement;</p>	<p>coordinate DP support. UNICEF represents one of few donors with an operational focus on decentralized social services.</p> <p>Support to formulation of the Sub National Programme on Democratic Development (SNPDD). UNICEF has been part of the core group of donors inputting to this process, including facilitating key policy discussions on behalf of the donor group. This involves:</p> <p>-Continuous review of the Sub-National Programme on Democratic Development Document</p> <p>UNICEF participates in most discussions related to the national programme and related reform agendas particularly; sub-national planning system, and sub national M&E systems to ensure they are child-friendly and to promote greater harmonization with social sector systems.</p> <p>-Support an iterative learning process for the Functional Review with DPs</p> <p>There is the formal agreement between DPs and government on the division of labor names UNICEF and GTZ as the co-facilitators for the functional review process. This implies UNICEF (on the social service delivery side) and GTZ (on the decentralization side) are the main interlocutors with government for this process. This involved UNICEF leading discussions, distilling comments, etc. for the inter-ministerial government dialogue on Functions. In July 2009, UNICEF facilitated and supported the Study tour of MoSVY D&D Working Group (10 people) and NCDD (2 officials) to learn from advanced experiences of D&D reform in Karala, India. This lesson learnt was shared with other MoSVY officials from provinces and ministry.</p> <p>In addition UNICEF convenes a meeting with other development partners involved in supporting sector ministries engage in D&D and those who are involved in the Functional Review. Before the formulation of the National Programme the group met approximately once a month. Progress was reported at the formal D&D DPs meetings as a standard agenda item. Meetings stopped when the Urban Institute (UI) was recruited by the World Bank as part of the formulation of the NPDD. During this time UI led the discussions on the Functional Review.</p> <p>Recently, NCDD has requested that UNICEF continue to play a key role in this area in the next country programme, particularly in supporting linkages with sector ministries. In response to this and requests from the DP group, UNICEF has recently reconvened this group. We report progress to SIDA as chair of the DP group.</p> <p>b-Unicef has the value added of this involvement because:</p> <ul style="list-style-type: none"> - has field experience on modeling functions, and inform policy directions based on sound evidence from the ground, and - has the support to the social sector ministries, such as Ministry of Health, Education, Social Affairs and Rural Development.
<p>Opportunities for engagement a. Other possible entry-</p>	<ul style="list-style-type: none"> • Develop evidence base as a solid platform to contribute to the policy debate <ul style="list-style-type: none"> -Experience on devolution of functions and role of the local authorities vis a vis line departments (procurement, contracting) for social services -Exploration of commune councils role in identifying community needs, providing funds to respond, referrals to NGOs and line departments,

<p>points for UNICEF (e.g. subnational planning processes, etc.);</p>	<p>managing selected activities, monitoring.</p> <ul style="list-style-type: none"> • Unique position to promote the interface between national decentralisation and sector wide approaches • Aligned to donor-govt systems and promoting Right Based Approach – Sub National Democratic Development opportunities for greater alignment to govt systems • SNDD opportunity to build in social safety net system – redo the way we route our funds • Work with the focal points and communes to raise even further the numbers of Women and Children Focal Point that become elected councilors in the 2012 commune elections • Extend what we have learned about promoting women’s voice in local governance more broadly- children and youth.
<p>Name two challenges /lessons learned?</p>	<ul style="list-style-type: none"> - It is a new reform process while the legal system is not in place yet. - It is not easy for sub-national government to support social development when they have experience only on infrastructure development. - Insufficient human and financial resource at sub-national level for support to social development. - UNICEF was seen as a small donor in D&D reform
<p>Are there any areas or issues in which you require technical assistance from the Regional Office?</p>	<p>To share experiences on how other countries in the Asia region work on the functional assignment to sub-national level.</p>
<p>Any other issues/materials particular to your country that you would like to share (including anecdotal evidence, etc).</p>	<ul style="list-style-type: none"> - Case studies on modeling function of commune councils. - CCWC Capacity assessment. - CFPWC Knowledge Attitudes, Practices study - Joint UN-GTZ Technical Assistance to the Royal Government of Cambodia in Support of Functional Review

China: UNICEF efforts and experiences working in and on decentralization reform	
<p>Background of UNICEF's engagement thus far</p> <p>a. Significant decentralization reforms and their implications on the social sectors;</p> <p>b. UNICEF's engagement in the policy process;</p> <p>c. UNICEF's engagement at the subnational government level;</p>	<p>Since the initiation of economic reforms 30 years ago, fiscal decentralization has been a central component of China's economic policy, despite the unitary political system. Expenditure duties for social sector development and delivery of social services have been primarily at hands of sub-national tiers governments, while revenues have been centralized to a large extent. Without a robust transfer payment system in place, great regional disparities in economic development lead to great disparities in levels social spending, resulting in inequity in essential service delivery.</p> <p>Another challenge faced by China in decentralization is the misalignment of incentives among the different levels of government and social service providers; The fact that the objectives of service providers and sub-national levels of government sometimes differ from the strategic priorities set by the central government erodes the implementation of national policies, standards, laws and regulations.</p> <p>In the past couple of years, in partnership with government policy bodies, UNICEF has been engaged in decentralized-related policy process. For example, to provide/support technical assistance to advise Ministry of Finance and the National Planning Ministry – National Development and Reform Commission, on the re-assignment of revenue/expenditure duties, particularly in relation to duties of essential social service delivery (health, education, social protection, etc); and on governance issues of incentive/accountability alignment at local tiers of government and between government and service providers, and on policy implementation/enforcement.</p> <p>For decentralization work, UNICEF's direct engagement at sub-national levels has been limited so far. However, there are interests expressed from provinces on pilots of social budgeting as well as particularly social protection and child poverty reduction. This will be reflected in 2010 AWP.</p>
<p>Mapping of other partners</p> <p>a. UNICEF's role vis-a-vis other partners;</p> <p>b. Value added of UNICEF's involvement;</p>	<p>UNICEF's work on local governance for services has been in partnership with World Bank, domestic academic and think-tank organizations. Other international agencies actively working in decentralization include Asian Development Bank, UNDP, etc.</p> <p>In contrast to other agencies, UNICEF's involvement has been particularly on decentralization and its implications for quality of and access to essential social services such as health, education, social protection, etc, which are crucially important for women and children's wellbeing.</p>
<p>Opportunities for engagement</p> <p>a. Other possible entry-points for UNICEF (e.g. subnational planning processes, etc.);</p>	<p>Through existing platform established with the national planning body (NDRC), there is good potential for UNICEF to leverage good local governance/decentralization policy, practices and institutions at provincial or local planning processes.</p>
<p>Name two challenges</p>	<ol style="list-style-type: none"> 1. Lack of programme funding in carrying out in-depth work in this area yet; 2. Evidence-based advocacy and actions are crucial to leverage policy

/lessons learned?	changes.
Are there any areas or issues in which you require technical assistance from the Regional Office?	Yes. Areas/issues such as intergovernmental fiscal relations for better social budgeting at sub-national levels; local governance for essential social service delivery; etc.
Any other issues/materials particular to your country that you would like to share (including anecdotal evidence, etc).	The working paper on “Governance for Urban Services” (author SPEA Chief Hana Brixi in collaboration with World Bank) reveals interest in innovative governance approaches at the local level and underscores that China needs to further develop mechanisms to: 1) Hold the provincial governments accountable for public service delivery performance; 2) Align public resources and incentives at each level of government with the national priorities; and 3) Empower the citizens. The paper illustrates that citizen scorecard survey could effectively support such mechanisms. The paper will be attached in the reply email.

Indonesia: UNICEF efforts and experiences working in and on decentralization reform	
<p>Background of UNICEF's engagement thus far</p> <p>a. Significant decentralization reforms and their implications on the social sectors;</p> <p>b. UNICEF's engagement in the policy process;</p> <p>c. UNICEF's engagement at the subnational government level;</p>	<p>Indonesia has been experiencing radical decentralization for the past ten years. The UN or UNICEF have not been substantially part of these initial political decisions but various UN agencies including UNICEF have tried to understand decentralization in Indonesia over this period with greater depth and support various decentralized processes.</p> <p>A great percentage of the work we do is in the provinces so in fact our team is working all the time and every day at the subnational level with our various sub-offices and otherwise.</p> <p>We are engaged with various policy matters at national and subnational level in all our sectors and have been for some time.</p> <p>In all above areas, there is recognition that there is room for improvement and this is very much part of our MTR recommendations and now will also be part of our new CPD preparations.</p>
<p>Mapping of other partners</p> <p>a. UNICEF's role vis-a-vis other partners;</p> <p>b. Value added of UNICEF's involvement;</p>	<p>In Indonesia, considering its size and importance, there are SO many partners involved in all areas almost, including in decentralization – from the IFIs, to the donors, to the INGOs, to the NGOs, academia, research centers etc.</p> <p>Our added value is still to highlight systematically and effective CRC, CEDAW and child-centered approached and to raise questions as to how decentralization is or is not working for children.</p> <p>Our current Situation Analysis is also focusing on decentralization in various ways as are other studies and reviews – directly or indirectly.</p>
<p>Opportunities for engagement</p> <p>a. Other possible entry-points for UNICEF (e.g. subnational planning processes, etc.);</p>	<p>Our new CPD preparation is an opportunity, as is our voice for children whom is highly regarded, as is our field presence in the country, our technical expertise and other matters.</p> <p>We have supported the Government in ASIA which is district level Situation Analysis of Children which are revamping and reenergizing. In addition we have supported the Government to do district level MDG data gathering for planning as a pilot in one province which is ready to be scaled up.</p> <p>And in each sector, we have developed various decentralized tools for the Government – in health, in malaria, in education, in child protection - again whether directly or indirectly.</p>
<p>Name two challenges /lessons learned?</p>	<ol style="list-style-type: none"> 1) It is a very complex decentralization process and finding our most strategic entry point is difficult. 2) Evidence-based advocacy is a very effective tool and pays in the long run and sometimes even in the short run.
<p>Are there any areas or issues in which you require technical assistance from the Regional Office?</p>	<ol style="list-style-type: none"> 1) Experiences from other countries in same situation. 2) Cutting edge expertise in specific technical areas related to decentralization and children.
<p>Any other issues/materials particular to your country that you would like to share (including anecdotal evidence, etc).</p>	<p>This will take a bit more time to put together but we can share the ASIA guidelines and the material from the MDG project for the time being – and the concept note for our Situation Analysis (much of this has been shared before with the RO).</p>

Lao PDR: UNICEF efforts and experiences working in and on decentralization reform	
<p>Background of UNICEF's engagement thus far</p> <p>a. Significant decentralization reforms and their implications on the social sectors;</p> <p>b. UNICEF's engagement in the policy process;</p> <p>c. UNICEF's engagement at the subnational government level;</p>	<p>Potential revitalization of local councils (led by UNDP).</p> <p>Please see Annex 1 for a list of policies in which UNICEF played a key role and is being implemented at decentralized level.</p> <p>As part of the aid effectiveness agenda, UNICEF has supported piloting of Provincial Coordination Meetings (PCMs) for the education sector in three northern provinces with the aim of harmonising planning and enhancing dialogue between Provincial Education Services and development partners working at provincial level, as well as improving vertical coordination with the joint Education Sector Working Group.</p> <p>The funds of young child survival and development programme are disbursed directly to the province level for activity implementation.</p> <p>The HIV/AIDS Programme guided by the National Strategic Plan on HIV/AIDS/STI 2006-2010, hence target districts and provinces are in line with this plan.</p>
<p>Mapping of other partners</p> <p>a. UNICEF's role vis-a-vis other partners;</p> <p>b. Value added of UNICEF's involvement;</p>	<p>Capacity development study was conducted as a part of MTR, and the role and capacities of Provincial Commission for Mothers and Children were reviewed vis-à-vis existing Government structures at the provincial level to assess the cooperation mechanisms.</p> <p>A review of decentralisation systems will take place in early 2010 in which strategic partnerships will also be analysed.</p> <p>Cooperation with INGOs has improved the accessibility of child protection services in selected provinces, i.e. Afesip on prostitution and internal trafficking in Vientiane and Champasak.</p> <p>The Education Sector Development Framework (ESDF) mandates the provision of formula-based block grants, whereby funds will flow directly from central level to schools. Block grants will also be provided for provincial and district administration, allowing for more flexibility in recurrent cost allocation at these levels.</p> <p>Support to youth radio through the Lao National Radio has contributed to the engagement of children in issues that are relevant to them. The young reporters are recruited from provincial branches of the Childrens Cultural Centres.</p> <p>Partnerships with provincial Lao Women's Union members/volunteers have contributed to personal communication efforts on influenza and exclusive breastfeeding.</p>
<p>Opportunities for engagement</p> <p>b. Other possible entry-points for UNICEF (e.g. subnational planning processes, etc.);</p>	<p>In 2010, UNICEF will strengthen initiatives to support integrated provincial planning, monitoring and advocacy for budget allocation for children and women in two convergence provinces (Oudomxay and Svannakhet).</p> <p>In collaboration with other partners, UNICEF will support the formulation and review of provincial health plans as a means to implement the MNCH package. Child Protection programme will follow up on the MTR recommendations related to decentralized programme implementation through involvement of and advocacy to provincial governments. HIV and AIDS programme will work closely with the Provincial Committee for the control of AIDS. There are on-going discussions on the potential cooperation with ADB regarding financial tracking system in the education sector.</p>

<p>Name two challenges /lessons learned?</p>	<p><u>Challenges:</u>Monitoring the implementation of activities and engagement in decentralized planning processes.</p> <p>Communication, information and experience exchange among radio teams to learn from each other.</p> <p>Tracking public health expenditure up to province and district level.</p> <p>Working with sub national governments is new to Child Protection programme so we foresee many challenges.</p> <p><u>Lessons learned:</u></p> <p>Physical presence in Provinces and face to face engagement is much more effective than a request sent from the central level.</p> <p>The involvement of district and village level volunteers for too many projects sometimes results in a burnout for these people and the feeling that they are being taken advantage of by central level. Need to explore better incentives and methods of providing these people with confidence and credibility to perform their work effectively.</p> <p>The Provincial Coordination Meetings (PCMs) have also provided an opportunity for MoE dissemination of recent policy reform, especially the Education Sector Development Framework (ESDF), a whole-sector strategic plan to guide domestic and external investments for 2009-2015.</p> <p>Lessons learned from the informal pilots on Provincial Coordination Meetings (PCMs) for the education sector will help inform MPI leadership of formal Provincial Sector Working Groups.</p>
<p>Are there any areas or issues in which you require technical assistance from the Regional Office?</p>	<p>Support to develop a strategy and tools to trace the public health expenditure from central to district level. Advocacy tools to increase provincial budget for health.</p> <p>Technical assistance o help respective implementing partners to develop easy tools for monitoring activities</p> <p>TORs and identification of consultants for the review of decentralization mechanisms in Lao PDR.</p>
<p>Any other issues/materials particular to your country that you would like to share (including anecdotal evidence, etc).</p>	<p>The flow of funds from central to sub-national governments is not very clear, including in the health sector.</p> <p>Availability of social-economic development data disaggregated at provincial and district level is limited.</p> <p>CP issues e.g. trafficking, street children, involve several provinces as children move from one place to another. It is therefore important that the provinces act/work together.</p>

Myanmar: UNICEF efforts and experiences working in and on decentralization reform	
<p>Background of UNICEF's engagement thus far</p> <p>a. Significant decentralization reforms and their implications on the social sectors;</p> <p>b. UNICEF's engagement in the policy process;</p> <p>c. UNICEF's engagement at the subnational government level;</p>	<p>a. The new constitution implies political/administrative decentralization; however, the governmental structure has been extremely centralized currently and there is no clear indication that the decentralization will be progressed soon.</p> <p>b. It is a difficult topic to engage in before the election next year.</p> <p>c. UNICEF works with the sub-national governments.</p>
<p>Mapping of other partners</p> <p>a. UNICEF's role vis-a-vis other partners;</p> <p>b. Value added of UNICEF's involvement;</p>	<p>a. UNICEF has a wide range of governmental departmental partners, including department planning, CSO, GAD etc.</p>
<p>Opportunities for engagement</p> <p>a. Other possible entry-points for UNICEF (e.g. subnational planning processes, etc.);</p>	<p>a. We are working on DevInfo training for governmental officers at the both central and sub-national level in aiming at improving their evidence based approaches to planning, implementation especially targeting township governments.</p>
<p>Name two challenges /lessons learned?</p>	<p>The capacity of governmental officers at the sub-national level is weak. Just training through workshops does not build capacity. We need to create a stronger monitoring and evaluation system in place.</p>
<p>Are there any areas or issues in which you require technical assistance from the Regional Office?</p>	<p>Ways of improving administrative data at the sub-national level.</p>
<p>Any other issues/materials particular to your country that you would like to share (including anecdotal evidence, etc).</p>	<p>The constitution in English?</p>

Thailand: UNICEF efforts and experiences working in and on decentralization reform	
<p>Background of UNICEF's engagement thus far</p> <p>a. Significant decentralization reforms and their implications on the social sectors;</p> <p>b. UNICEF's engagement in the policy process;</p> <p>c. UNICEF's engagement at the subnational government level;</p>	<p>Thailand's decentralization was officially started by the 1997 Constitution, with 1999 Decentralization Plan, which clearly specified functions and responsibilities that were to be allocated to local authorities by concerned ministries, including social sectors such as health, education and other social services.</p> <p>UNICEF's engagement in the policy process only started in 2006, with the decentralization study on budgeting for social services delivery at the TAO level, and the local capacity assessment (on children's issues). These two studies have some impacts on the ongoing process of decentralization reform.</p> <p>UNICEF's engagement at the subnational government level, was clearly seen by the introduction of the Local Capacity Building Programme, to the Department of Local Administration (DLA), 25 target provinces, and all local authorities in the target provinces. Until now, all local authorities in 12 target provinces in the North and the South, are making their local children and youth plans, included in their local development plans. More budget are allocated for children. The current local capacity building process help them to plan and act ,better for their local children to meet the CRC, as signed by the Royal Thai Government. Multi-disciplinary approach was employed at the local level with the establishment of local multi-sectoral teams for children. They play a catalyst role in child related policy.</p>
<p>Mapping of other partners</p> <p>a. UNICEF's role vis-a-vis other partners;</p> <p>b. Value added of UNICEF's involvement;</p>	<p>a) UNICEF's current role is a catalyst and about policy advocacy on child related issues.</p> <p>b) Value added of UNICEF's involvement is to form a policy forum and bring in all partners to plan and act for children's rights. The UNICEF's brand can help bring all child related ministries and departments to work together and make a better decision for children in Thailand.</p>
<p>Opportunities for engagement</p> <p>a. Other possible entry-points for UNICEF (e.g. subnational planning processes, etc.);</p>	<p>Opportunities for engagement :</p> <p>a) In the local planning process and M&E</p> <p>b) In continuous technical supports for child related emerging issues</p> <p>c) In sharing of knowlledge, lessons learned and good practices to other provinces and other countries.</p>
<p>Name two challenges /lessons learned?</p>	<p>a) Proper local planning process with budgeting for the vulnerable children</p> <p>b) Multi-sectoral teams for children need more technical support s on child related issues from UNICEF and all child related ministries.</p>
<p>Are there any areas or issues in which you require technical assistance from the Regional Office?</p>	<p>a) KM packages on local plans for children's rights, such as manuals on local planning, and M&E</p> <p>b) Good practices sharing from other countries' decentralization experiences</p>
<p>Any other issues/materials particular to your country that you would like to share (including anecdotal evidence, etc).</p>	<p>Our studies on decentralization mentioned earlier.</p>

Vietnam: UNICEF efforts and experiences working in and on decentralization reform	
<p>Background of UNICEF's engagement thus far</p> <ul style="list-style-type: none"> a. Significant decentralization reforms and their implications on the social sectors; b. UNICEF's engagement in the policy process; c. UNICEF's engagement at the subnational government level; 	<p>In Vietnam, decentralization has an important role to play for the success of economic growth and poverty alleviation in the last two decades. Vietnam's gradual move with devolution of authorities at the decentralized level has provided considerable responsibilities and powers to lower level of Government, whereby, Vietnam's 63 provinces have the autonomy to prepare their own development plans (Socio-Economic Development Plan – SEDP), allocate budgets and monitor the implementation of the plans. However this process of devolution of government authority has placed a strain on existing local government capacities especially to plan, allocate resources and execute programmes that achieve results for the most marginalized, poorest and vulnerable, including children.</p> <p>-Under the current programme cycle (2006-2011), UNICEF is responding to the above issues through the Provincial Child-Friendly Programme (PCFP), with components both at the national and sub-national levels.</p> <p>The national component of the programme aims to support local capacity building in SEDP process. It supports various capacity building interventions in selected provinces to enhance capacity of sub national government on evidence-based, pro-poor and participatory planning and budgeting, coordination, monitoring and evaluation and management and implementation of the SEDP, ensuring the mainstreaming of children's issues into the local SEDP. This component of the programme also involved in the policy process at the national level whereby it aims to influence national level legislation and guidelines on local planning by using the experience and lessons learned not only from this programme but also by other partners.</p> <p>At the sub-national level, UNICEF is directly engage to work with local authorities in selected provinces (same provinces covered by the national component of the programme). These projects basically addresses the issue of "disparity" that still remain in access to quality social services in the area of health and nutrition, education, and water and sanitation, especially among the ethnic minorities and migrants who make up a disproportionate share of the poor. These provincial projects demonstrate multi-sectoral and integrated approach to tackle children issues and undertake policy advocacy with the provincial authorities to make provincial SEDP more responsive to children's issues. Given the fact that provinces have had greater authority for making decision including budget decision, there is a potential for replicating these approaches using local resources.</p>
<p>Mapping of other partners</p> <ul style="list-style-type: none"> a. UNICEF's role vis-a-vis other partners; b. Value added of UNICEF's involvement; 	<p>Various development partners are supporting the decentralization process in Vietnam such as UNDP, WB, Belgian Technical Cooperation (BTC) and INGOs such as OXFAM.</p> <p>The unique nature of UNICEF's involvement is the work both at the national and sub-national level. The mix of national level efforts to support building of local capacity coupled with demonstration of multi-sectoral results for children on the ground has proved effective to make local plans and budgets gradually more responsive to children's issues.</p> <p>Through both the national and sub-national component of the programme, UNICEF is supporting the local capacity building almost at all levels – from central to commune (village) level, from cross-sectoral programming for children to make sector plans more responsive to children. In addition, given existing partnership with a strong national counterpart i.e. Ministry of</p>

	<p>Planning & Investment (MPI) and a profound network with other UN agencies; UNICEF ground experience is being shared to influence policies to promote effective decentralization. Compared to other UN agencies and development partners, UNICEF has strong presence on the ground, which provides opportunity for UNICEF to advocate intensively with the local authorities on children's issues and at the same time with national government on policy formulation, based upon the evidence from the ground reality.</p>
<p>Opportunities for engagement</p> <p>a. Other possible entry-points for UNICEF (e.g. subnational planning processes, etc.);</p>	<p>Through both the national and sub-national component of the programme, UNICEF is already engage significantly to influence the provincial SEDP process in selected provinces. There is already a momentum being built in these provinces where opportunity exists for UNICEF in 2010 to engage significantly in the next 5 year SEDP and to influence it from children's perspectives.</p> <p>With some initiatives taken by Planning & Social Policy in carrying out budget analysis in two provinces of the programme, opportunity exist for PCFP to engage more strategically from 2010 onwards in the whole area of SEDP planning and budgeting.</p> <p>The monitoring of SEDP implementation with a focus on the implementation of development targets relating to children is another area of engagement where our support could be effective in the interest of children. Policy and budget analysis - as initiated on a modest scale in 2 provinces in 2009 - will be a powerful tool to leverage greater resources for children.</p> <p>As we work to address children's issues as a cross-cutting one, we are in better position to play a convening role to ensure development effort is made in a coordinated manner. Partnership building at local level to influence local decision making would be our advantage.</p>
<p>Name two challenges /lessons learned?</p>	<p>The Government is not prioritizing the development of a legal framework building on the experience and lessons learned of various initiatives on local planning reform, nor is it trying to improve the existing guidelines on the development of the provincial SEDPs. Therefore the provinces are continuing with the traditional approach to planning and implementation, which hinders the replication of the various initiatives in the area of local planning reform that various partners have demonstrated successfully on the ground.</p> <p>Participatory and consultative process in planning of local plans and budgets requires significant time and efforts from the local authorities, which very often is a challenge to secure. Experience from the programme so far has also shown that getting adequate attention from the higher authorities at the local level - People's Committee and People's Council - on initiatives/ issues related to social sectors is difficult. Local SEDPs focuses more on economic development with imbalanced attention being paid to social sectors.</p>
<p>Are there any areas or issues in which you require technical assistance from the Regional Office?</p>	<p>From Vietnam perspectives, efforts are still limited to look at decentralization from sector perspective - generate strategic information and knowledge on sectors from decentralization perspectives by looking at the complete cycle of policy, planning, budget allocation, budget execution and service delivery.</p> <p>RO should ensure that adequate attention is given to decentralization by</p>

	<p>Regional Advisors in their thematic areas while working with COs to identify and lay down strategic priorities. Discussion on decentralization from sector’s perspective should be priority agenda in regional workshops and consultations in different sectors.</p> <p>RO can act as knowledge management in this area not just looking at what UNICEF is doing but also collecting information and evidence of good practices in the area decentralization in the region and elsewhere. Sharing these information will help Country Offices to to familiarize their respective government counterparts with successful initiatives and approaches from other countries in similar setting.</p>
<p>Any other issues/materials particular to your country that you would like to share (including anecdotal evidence, etc).</p>	

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