

Study on the Decentralization Process in the Maldives

with reference to the impact on services to children



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List of Abbreviations

CBDRM	-	Community Based Disaster Risk Management
CCE	-	Centre for Continuing Education
CCHDC	-	Centre for Community Health and Disease Control
Constitution	-	The 2008 Constitution of the Second Republic of the Maldives
D Act	-	Law Number 7/2010 Act on the Decentralization of the Administrative Divisions of the Maldives
DRR	-	Disaster Risk Reduction
DVA	-	Law Number 3/2012 Domestic Violence Act
EDC	-	Education Development Centre
FPA	-	Family Protection Agency
HPA	-	Health Protection Agency
IDC	-	Island Development Committees (prior to the D Act)
IWDC	-	Island Women Development Committees (prior to the D Act)
LGA	-	Local Government Authority
NDP	-	Seventh National Development Plan 2006 - 2010
MDP	-	Maldivian Democratic Party
MGFH	-	Ministry of Gender, Family and Human Rights
MoE	-	Ministry of Education
NIE	-	National Institute for Education
NDMC	-	National Disaster Management Centre
NSPA	-	National Social Protection Agency
PDCP	-	Population and Development Consolidation Programme
PHU	-	Public Health Unit
PSIP	-	Public Sector Investment Programme
SAP	-	Strategic Action Plan 2009 – 2013 (Aneh Dhivehi Raajje)
STELCO	-	State Electrical Company
UNDP	-	United Nations Development Programme
UNICEF	-	United Nations Children’s Fund
WDC	-	Women’s Development Committees (as per the D Act)
WHO	-	World Health Organisation

Executive Summary

1. The Maldives experienced a significant set of governance changes between 2008 and 2013. These reforms have roots in a process of constitutional and political reform that began in 1999. By 2004 a special Parliament was elected to draft a new Constitution which outlined a constitutional democracy for the Maldives. In 2007 the population voted in favour of political reforms and a new Constitution was ratified in August 2008. A coalition government was formed following a presidential run-off and a new President assumed office in November 2008.
2. During 2009 seven provincial administrations were formed and the heads of these administrations were appointed by the President. Under this provincial system seven health corporations and seven utility corporations were formed. These corporations were given ownership of assets required to perform their functions. The health corporations took over assets that had previously belonged to the Ministry of Health. The utility corporations took over assets that had previously belonged to the Island Development Committees. Seven regional education desks were formed and tasked with providing administrative and technical support to schools and managing continued professional development.
3. In April 2010 the Decentralisation Act was passed by the parliament. This act formalised the roles and responsibilities of Atoll and Island Councils and required that they be democratically elected. Importantly the Decentralisation Act did not include any role for the provincial administrations. The Decentralisation Act provided for the establishment of a Local Government Authority to which Island and Atoll councils are accountable. The Local Government Authority was established in late 2010 and the first local council elections were held in February 2011. The Decentralisation Act mandates Island Councils to provide primary health care and this was the first function to be decentralised to the Island Councils.
4. Even though the Decentralisation Act mandates island councils to provide basic municipal services these continued to be provided by the utility corporations who also continued to control the assets of the Atolls and Islands. In February 2012 the then President resigned and the Deputy President assumed office of the President the following day. A new coalition government was formed and began implementing a new wave of reforms.
5. These new reforms have resulted in the de-corporatisation of the health sector. Assets have been transferred from the corporations back to the health sector and the public health function has been taken away from Island Councils and is now under an agency of the Ministry of Health. The utility corporations are being centralised. Once that process is complete basic municipal services (water, electricity and sewage) to all islands outside of the capital will be provided by one utility corporation. The capital will be serviced by a separate utility. The regional education desks have been restructured and will be replaced by Atoll Education Desks in each Atoll and 4 desks that will operate from the capital.
6. Amidst these changes Atoll and Island Councils still await the transfer of assets they originally owned back to them. They also await the gazetting of regulations required by the Decentralisation Act. If these two processes happen local councils will have some clarity over the management of their resources. In the meantime Atoll and Island Councils feel they have significantly less powers and less opportunities to raise revenue than communities did prior to 2008, despite the grand visions in the Decentralisation Act of empowered local communities.
7. The above changes have occurred over a short space of time and changes introduced in 2009 were rushed and nor were they preceded by any planned institutional capacity building. The restructuring that began in February 2012 is beginning to stabilise, however Presidential elections are scheduled for 2013 and this may bring about another change in power and yet another set of reforms.

8. Official government data sets do not reveal any signs that suggest the above changes have impacted on access to services. It is too early to assess what impact these changes have had on outcomes.

1 Background

1.1 Purpose of the Study

9. This study sets out to assess the extent to which decentralisation affects services to children in the Maldives. As discussed in more detail below, the real changes as a result of the decentralisation process began with the change of government in 2008. A World Health Organisation (WHO) assessment of the health sector in 2011 discovered a wide range of problems associated with the manner in which decentralisation had been managed.
10. UNICEF commissioned this study to gain a wider understanding of the impact of decentralisation on services to children. The study reviews the main changes in policy and legislation as a result of decentralisation and assesses the impact these changes have had on services to children. The study considers health, education, social protection and municipal services.
11. The study provides an analysis of the gaps and barriers that exist in the current decentralization laws, policies and their implementation in relation to services for children. It provides policy recommendations that are relevant to services affecting children.

1.2 Study Methodology

12. Desktop reviews of the policies and legislation of the Maldives was done. Research on the decentralisation process in the Maldives was also accessed. Prior to visiting Maldives only legislation that is available in English was reviewed, which included the key legislation such as the 2008 Constitution (Constitution) and the 2010 Decentralisation Act (D Act). While in the Maldives syntheses of other legislation relevant to this study were provided verbally by UNICEF staff.
13. Based on the above information, the author of this report prepared a list of discussion points. He visited Maldives for two weeks in January 2013. During this time he conducted interviews in the capital, Male, and visited seven islands. A list of the Ministries and Islands visited is provided in Annexure 1. The only Ministry relevant to this study with which an interview was not conducted was the Ministry of Health as officials from that Ministry were not available during the time of the visit.
14. The islands included in the field visits were chosen so as to provide a sample that covered islands in the north, south and centre. This sample included the wealthiest and poorest areas of the country and therefore provided exposure to the range of issues faced in the country. Meetings were held with island Councils, an Atoll Council, two City Councils and various Women's Development Councils. Schools and pre-schools were visited and staff at these facilities were interviewed. Regional hospitals, health centres and public health units were visited and staff at these facilities were interviewed. Focus groups and/or informal discussions with communities were held on all the islands.
15. Official government publications of health and education data were analysed. Attempts were made to find trends in outcomes or changes in access to services between 2000 and 2012. The most recent health and the education data is for 2010. An analysis of official data would suggest decentralisation has had no statistical impact on services to children. The report therefore emphasises the qualitative effects of decentralisation.

1.3 Structure of this Report

16. Section two of this report is a literature review on decentralisation. The review discusses the benefits and risks of decentralisation and discusses the importance of considering the design of the overall governance system in a country.
17. Section three reviews the decentralisation process in the Maldives and discusses current arrangements. As the D Act envisages island Councils being given responsibility to administer basic health and pre-schooling, this section provides an assessment of the authority transferred to Councils. The changes in responsibilities in basic municipal services, health, education, social protection and disaster management are discussed. Each of these sub-sections includes a short summary.
18. Section four provides policy recommendations and areas for further research. Section five concludes.

2 Literature Review on Decentralisation

19. Decentralization refers to the transfer of authority from central to subnational, decentralised or local governments (Bird and Vaillancourt, 1998). According to the theoretical model, due to the proximity to their electorate, decentralised governments should be better positioned to make policy decisions that affect local citizens' demands than central governments (Oates, 1999). Decentralisation is motivated because it should bring about a number of benefits, but in practice countries often choose to decentralise as the outcome and/or compromise of political negotiations. These negotiations and the underlying motivating factors that lead to particular agreements are not always transparent. So although decentralisation is usually implemented as a top down process, calls for decentralisation are frequently driven by elites whose interests are likely to be protected by the decentralisation of authority. This may include interest groups who can bypass the political system more easily if it is decentralised (Ahmad and Ambrioso, 2009).
20. Decentralisation has attracted the interest of many scholars. A vast literature on the topic and varied experiences of decentralisation exists (Ahmad and Ambrioso, 2009). This section summarises the key arguments from a selection of that literature.

2.1 Forms of decentralisation

21. Ahmad and Ambrioso (2009) point to three different forms of decentralisation, namely:
 - a. *political decentralisation*: this is when political authority is devolved to subnational governments and their leaders are elected through local democratic processes;
 - b. *fiscal decentralisation*: this refers to the transfer of expenditure responsibilities to decentralised government. Under fiscal decentralisation the budgets of decentralised governments may be financed through a combination of own sources of revenue and budget support from central government; and
 - c. *regulatory decentralisation*: this refers to the transfer of decision-making power over regulations and standards of performance.
22. Ahmad and Ambrioso (2009) describe the transfer of decision-making power as *real* or *effective* decentralisation.

2.2 Theoretical benefits of decentralisation

23. Decentralisation involves bringing decision-making closer to the people. This closeness is presumed to result in government responding to the preferences of local communities, so enabling them to get the service mix they want. However, this depends on sub-national

governments being responsive to communities. It is also argued that the closeness of government puts in place a short route of accountability and increases the responsiveness of government to its electorate (Bhal 2009). A number of benefits should arise from this.

24. Because of improved accountability, the quality of services and efficiency of government should increase. The improved efficiency will bring about a more productive use of resources which should lead to improved economic growth. Improved government responsiveness should also increase the willingness of local communities to pay for services and thereby increase government revenues (Bhal 2009, Ahmad and Ambrioso 2009).
25. In addition to increased willingness to pay, the proximity of decentralised government to local communities means they are able to access sources of revenue that central governments can't. Such sources of revenue are either not subject to national tax policies or central government does not have the administrative capacity to collect them. Decentralisation therefore enables government to broaden the tax net (Bhal, 1999).
26. If sufficient regulatory authority and fiscal autonomy has been decentralised, local governments have incentives to promote economic innovation as they will benefit from successful innovations (Bhal, 1999). When decentralised government's respond to these incentives the country should enjoy economic growth that is driven from the bottom up.

2.3 Risks of decentralisation

27. One of the main risks of decentralisation is that poor people often have little voice, or are not aware of how to exercise their voice and therefore decentralisation may result in government being captured by elite groups who skew policy and laws to protect their interests and thereby benefit only or mostly themselves.
28. Newly decentralised administrations seldom have the institutional and administrative capacity to raise and manage revenue; consult and engage with communities; translate local preferences into prioritised programmes in a budget; and report meaningfully and transparently. As accountability arrangements will be new, so local communities don't know how to demand good governance (Grindle, 2007). They do not fully understand what functions different levels of government must perform, what their responsibilities to government are, nor do they have any experience in using accountability mechanisms. Political leaders may intentionally not build the necessary understanding to ensure that accountability mechanisms do not function.
29. The systems required to make democracy work do not exist and as the World Bank (2011, pg. 19) points out: "Countries around the world implementing decentralization reforms have repeatedly found themselves struggling with increased corruption, elite capture, and deterioration in service delivery." There is a greater risk of this where the local authorities are small as it is easier for pressure groups to exert control over local policies and the implementation of these policies for their own benefit (Dafflon, 1992).
30. Decentralisation is often implemented concurrently with a range of other government reforms. Decentralisation brings about significant changes in authority over resources and therefore wide ranging reforms are necessary. The first type of reform typically involves implementing new public financial management systems. The expected line of causality with such reforms is that a new system will produce better information and this will lead to government being held to account more effectively by the centre and the electorate as both will be better informed. The problem is that systems are only really effective when they are implemented in an environment where the capacity to use them already exists. If the capacity does not exist the systems make routine tasks more difficult. This brings about a loss of control and information. Together this creates an environment in which corrupt practices can flourish, as pointed out by the World Bank (2011).
31. Devolving revenue raising powers does not on its own increase the amount of resources available in a country. Therefore fiscal decentralisation can lead to the shifting of resources

and entrenching of inequalities and regional disparities (Bhal, 1999; Ahmad and Ambrosio, 2009; World Bank, 2011).

32. Finally, with decentralisation central government loses control over certain issues important for growth and development, such as infrastructure development and investments with large positive externalities. Decentralised governments are likely to serve local interests and therefore neglect capital investments that contribute to national objectives and create positive externalities for the rest of the country (Bhal, 2009). In addition, in the absence of sound public financial management systems central government has limited ability to constrain rampant and unsustainable spending in decentralised governments.

2.4 Getting decentralisation 'right'

33. The international experience with decentralisation has shown that there is no 'best practice' and the most appropriate way to assign functions is context dependent (Dafflon, 1992). Ahmad and Ambrosio (2009) review literature on the experience of decentralisation and find only tentative conclusions. They suggest the experience is more positive in industrialised countries but less favourable in developing countries. In developing countries decentralisation usually has additional (developmental) goals to meet and administrative capacities are generally weak.
34. There are many dimensions to decentralisation that need to be considered.
 - a. Sufficient time must be given to planning a comprehensive intergovernmental system and ensuring the various pieces fit together (Bhal, 1999).
 - b. The new system will bring about a shift in the balance of power between levels of government and ministries within government and a shift in political risks (Bhal, 2009).
 - c. Decentralisation affects how relationships function and the processes of policy making and implementation. Efficiency in policy making involves multi-functional coordination across different levels of government and ministries in government. Careful attention needs to be given to the relationships between different levels of government and how these relationships impact on policy implementation (Dafflon, 1992).
 - d. Those losing power will do so reluctantly and this affects decision making at political and administrative levels. It is therefore critical that central government maintains a strong coordinating role (Bhal, 1999; World Bank, 2011).
35. Correctly sequencing reforms and capacity building initiatives is critical to successful decentralisation. The benefits of decentralisation are most likely to be realised when sub-national governments are able to exercise decision-making powers and are accountable to the local communities who elected them. Decentralised governments can only be held to account once they have the authority to make decisions. It is vital that sufficient institutional capacity is built before this authority is fully transferred. It would be best if decentralisation could be phased in and decision-making powers incrementally transferred so that responsibility is increased along with the capacity to administer. Democratic elections are events at a certain point in time from which local communities want to exercise their rights immediately and not wait for a phased transition. The tension that results, between being able to deliver and being transferred the authority to manage delivery needs to be managed carefully.
36. Expenditure assignments must be matched with *appropriate* revenue assignments (Bhal, 1999). There are many fiscal instruments that can be used to ensure funds follow function. Examples include conditional and unconditional transfers from central government and the devolution of revenue raising powers. A challenge is getting the right balance between the value and structure (conditional verse unconditional) of transfers from central government; devolving revenue raising powers and the autonomy decentralised governments are given to prioritise and manage their resources. This is not just about matching each expenditure

assignment with a source of revenue, but combining baskets of services and revenue raising powers and the autonomy over resources and budgets to be able to deliver a mix of services that most cost effectively achieves agreed outcomes.

37. Decentralisation is often followed closely with processes for establishing fiscal equalisation across decentralised government. Realistic and equitable resource needs of decentralised governments are typically not known at the time. In the absence of effective expenditure controls, budgets are typically overspent and central government is called on to bail out profligate decentralised governments. It is important that central government establishes hard budget constraints soon after fiscal decentralisation. This means that sub-national governments must balance their budgets and not have even limited or controlled recourse to financial assistance from central government at the end of year should they overspend. Imposing hard budget constraints forces decentralised governments to take responsibility for their finances, for instilling fiscal discipline and for prioritising their resources so as to achieve allocative efficiency (Bhal, 2009, Rodden, 2000).

3 Decentralisation in the Maldives

38. The system of governance in any given country is the outcome of political conflicts and agreements. The events that led to the current intergovernmental system in Maldives are explained in the first part of this section. These events underpin the state of the intergovernmental system in Maldives at the start of 2013 when the research for this report was completed.

3.1 History of decentralisation in Maldives

39. The roots of the Maldivian decentralisation were a process of constitutional reform that started in the 1990's. In 1999 President Gayoom outlined the Maldives Vision 2020 in his Independence Day speech. In October 2002 a strategic plan for implementing various economic, social and political reforms as part of achieving Maldives Vision 2020 development goals was tabled. The 2020 Vision was a commitment to constitutional and political reform. In 2003 the death of a drug offender while in jail sparked protests which led to a range of events and further protests which ensured the reform process moved ahead speedily.
40. The elections of People's Special Majlis (Parliament) as the sole body with the power to amend the Constitution were held in May 2004. The Majlis was convened in July 2004 and was presented with proposals for reform from various constituencies, including the President, in 2005. In 2005 the Parliament voted in favour of political reform, for a multiparty political system and to legalise political parties. In June 2005 the Maldivian Democratic Party (MDP) was the first political party to be registered in the Second Republic in Maldives and became the official opposition in Parliament. In a referendum in 2007 voters opted for a presidential system of government. The new constitution, drafted by the Special Majlis, was ratified and came into effect in August 2008. The Constitution paved the way for the first multiparty presidential election. Chapter 8 of the Constitution required that the administration of administrative divisions in the Maldives be decentralised.
41. In October 2008 the first democratic presidential election was held. As no single candidate secured more than 50 per cent of the votes in the first round, the elections went to a second round run-off. The MDP formed a coalition to compete in the run-off elections, which it narrowly won. Mohamed Nasheed as the presidential candidate of the coalition became the President in November 2008. Shortly after the change in government seven Provincial Authorities (also referred to as regional authorities or development Councils) were formed by the new President. The head of these authorities were appointed by the President. The formation of the provinces and their authority is not described in an Act of Parliament but their existence was and is a significant aspect of the decentralisation process. Of particular significance was the formation of seven health corporations, seven utility corporations (whose

mandates included water, sewage and electricity) and seven regional education authorities. These arrangements are discussed in this report, but it is important to note that the corporations were given authority to take ownership of assets related to their newly established mandates that were owned by Atolls and Islands at the time. However, these assets were taken under the utilities without compensating the communities. In many islands the assets the utility corporations were given authority to take ownership of had not been provided by central government initially and were financed by the community. Most of these communities did not transfer their assets to the utility corporations.

42. The authority of the provinces and health and utility corporations would have been established had the earlier version of the Decentralisation Bill been approved. They continued to function despite the first version of the Decentralisation Bill being rejected by Parliament.
43. The final version of the D Act was passed in April 2010 and was ratified in May 2010. The ratification of the D Act established the current administrative divisions and paved the way for the first local Council elections in the Maldives. In February 2011, 188 Island Councils, 19 Atoll Councils and 2 City Councils were established, and representatives elected. The D Act provided for the Local Government Authority (LGA) which was established in late 2010. Under the D Act Island Councils are accountable to Atoll Councils and Atoll Councils are accountable to the LGA.
44. The Constitution mandates Councils to provide democratic and accountable governance; foster the social and economic well-being and development of the community; and establish safe, healthy and ecologically diverse environment. The Constitution entitles Councils to a grant from central government and to raise own revenues.
45. The purpose of decentralisation according to the D Act is to “allow the island communities to make their own decisions in a democratic and accountable manner (s3).” The D Act details the functions that should be assigned to Councils, the fees they can charge and grants them the right to establish and operate businesses.
46. The Constitution and the D Act create a legal foundation that can support sector legislation that fine tunes and limit the powers of Councils according to the needs of the sector. The special Majlis formed to review the Constitution identified existing legislation that required amendment and a long list of new legislation required to provide an enabling legislative framework for the new intergovernmental system.
47. On 7 February 2012 President Nasheed resigned. The reason of his resignation is disputed. The Vice President at the time became President and formed a coalition government with the opposition party. The coalition government was in power at the time this study was conducted. The Constitution requires Presidential elections to be held during 2013 and the elected President to take office in November 2013.
48. The seventh National Development Plan (NDP) of the Maldives covered 2006 to 2010. That document discusses a Regional Development Policy which envisaged three development regions. The NDP suggested that concentrating the development and populations in these three regions was supposed to enable greater access to and more efficient provision of services. A key strategy of the Regional Development Policy was the Population and Development Consolidation Programme (PDCP) which involved the voluntary relocation of people from islands with small populations to larger islands. The NDP was replaced by the Strategic Action Plan (Aneh Dhivehi Raajje, SAP) 2009-2013 following the changes in political power in 2008. The strategies in the SAP are aligned with a governance system in which the seven provinces play a significant developmental role. The SAP does not mention the Regional Development Policy or the PDCP. The SAP is aligned with the provincial system. This paper discusses how the provincial system was abolished, which has significant implications for how policies are implemented. The SAP is therefore not followed by any of the Ministries.
49. The change in political power in early 2012 brought an end to the provincialisation process. Subsequently all the health corporations have been dissolved, the utility corporations have

been centralised and there has been a change in arrangements to the education authorities. Essentially any authority that was transferred away from the centre has been re-centralised. The consequences of these changes are discussed in this report; however the data does not show any meaningful statistical impact.

50. The above history provides the backdrop to this report. There has been tremendous political change in the Maldives in a short period of time and more changes may occur during 2013. During this short period major governance changes were introduced, and in some instances reversed. It is fair to say that most of these changes were rushed. The changes introduced were not coherent and some of the changes implemented are not supported by legislation.

3.2 The Local Government Authority

51. The D Act establishes the LGA. The LGA started functioning in late 2010 and is housed in the Ministry of Home Affairs. It is overseen by a Board which comprise of a Cabinet Minister appointed by the President in order to make the Board answerable to the Parliament as prescribed in the Constitution, an appointed member from the Male' City Council, four members from the Atoll Councils and two additional members appointed by the Parliament representing the Civil Society and the general public respectively. The posts of President and Vice President of the Board are elected by a secret ballot held among the members of the Board. Separate to the board the LGA has 27 administrative staff, though the structure provides for 40 positions. Due to budget constraints the LGA has been unable to fill all positions. Senior managers in the LGA felt that if they were given the resources they would be able to find the right people.
52. At the time of writing, the LGA played an administrative oversight role over Councils. They do not have the capacity, or necessary skills sets, to provide technical support. They provided training to Councils in community based planning, community based monitoring, project cycle management and have also trained Council finance staff in accounting. As the capacity of Councils is built in these areas they should be able to take greater responsibility for managing their own planning, thus reducing the need for central government to play a role in this regard.
53. The LGA would like to build its own capacity so that it can provide technical support to Councils, especially legal and engineering support. It is not realistic to expect all Councils to have these skills and therefore if they are pooled in the LGA they could be accessed by Councils as and when required.
54. According to the LGA, a key challenge in the decentralisation process is building an understanding and awareness of the new roles and responsibilities and complexities that come with this. This requires a mind shift, which they feel has not happened yet.

3.3 The decentralised governance structures

55. Prior to 2008, the President appointed Island and Atoll Chiefs for each populated island and Atoll. The Island Chiefs reported to the Atoll Chief who reported to the President. All Islands had an Island Development Committee (IDC).
56. Communities would make requests to central government through their Chiefs. If a chief didn't perform his role properly the community would report him to the centre and action would normally be taken.
57. The IDCs reported to the Island Chief who is also a member of the IDC. The Atoll Development Committee report to the Atoll Chief who reported to the Ministry of Atolls Administration.
58. In addition, islands were supposed to have an Island Women's Development Committee (IWDC), although these were not active on all islands. IWDCs were subject to regulations and reported to the Ministry of Gender and Family from whom they also received an allowance. The active IWDCs raised revenue from various projects and kept any surpluses in funds.

3.3.1 Island Councils

59. The D Act formalised the roles and responsibilities of Island Councils and Women's Development Committees in legislation. The Act also formalised how these bodies should be elected. The election of local Councils in February 2011 created 188 Island Councils. In accordance with Article 25 of the D Act, islands with a population less than 3 000 must elect a Council with five members and islands with a population between 3 000 and 10 000 must elect a Council with seven members. Where the island population is more than 10 000 the size of the Council increases to nine members. The tenure of a Council is three years.
60. The substance of political battles fought during the drafting of the final version of the D Act is not known. Knowing what these battles were would help understand why the D Act requires a minimum of five councillors per Council. Earlier drafts of the Bill that later become the D Act provided that island communities would elect two councillors per island and two per Atoll (a Chief and a deputy) who would be employed part time by the Council.
61. For most islands, especially the smaller ones, five full time councillors is unnecessary and a waste of resources. Many respondents volunteered that they would prefer to have two councillors and spend the salaries of the other three councillors on the development of the island. In a few islands the political bickering between Council members results in stalemates and no decision making. According to the respondents this bickering would be less likely if there were fewer councillors to fight with each other.
62. At the time of the assessment none of the respondents seemed to be clear about who the elected Councils were accountable to. The D Act states they are accountable to the people that elected them, but community members who wanted to report their Councils to central government did not know who they could report them to. Under the Chief system this line of reporting was clearer and simpler and that was preferred by many.
63. The LGA, with the support of the United Nations Development Programme (UNDP) and other donor agencies, is providing training to councillors and administrative staff. Training programmes include planning, budgeting and results based monitoring. This training will take time to achieve a meaningful and measurable impact.

3.3.2 Women Development Committees

64. The D Act requires there to be a Women's Development Committee (WDC) for each Island and City Council elected by the women in each island and city. As mentioned above, Island Women Development Committees operated before 2008. At that time they received small allowances from central government. As the D Act formalised how these councils should be elected they stopped operating until the formal processes could be completed. The existing WDCs were elected in November 2012. They are accountable to the Island Councils. As they have only recently been formed few have progress further than initially planning and scoping exercises. They generally see their role as advising the Island Council on development needs of women and children in the islands.
65. On some islands, a WDC had not been elected because no community members wanted to stand for election. One of the WDC's interviewed had continued to function after 2008 despite the introduction of the D Act. That committee operated the pre-school on the island, ran revenue raising projects to fund various developmental projects and even lent money to women on the island to start small businesses. It was also involved in refuse removal and waste management on the island. Despite the regulatory vacuums and resulting confusion it has not stopped this group of women from being pro-active.
66. In January 2013 guidelines were issued to the Island Councils to pay the WDC allowances based on the Council's income and resources. WDC's rule of procedure indicates how financial provisions (including member allowances) are made. However, there does not seem to be any clarity as to which central government institution is responsible for building the capacity of WDCs.

3.4 Intergovernmental fiscal relations

67. The Constitution and the D Act entitle Councils to a budget allocation from central government. This allocation should provide for “office administration, provision of services and development projects” and the use of the allocation and is subject to national legislation.
68. The Constitution also entitles Councils to raise own revenues and Article 78 of the D Act lists the fees island, atoll and city Councils can collect. These include fees for municipal services and renting land and other assets. Councils are entitled to operate businesses and use the revenues of these businesses. It does not appear that there any restrictions on the types of businesses that Councils can operate and therefore could compete, potentially unfairly, with private businesses.
69. The D Act requires Councils to deposit revenue and other finances in a bank account opened in the Council’s name. The D Act requires Councils to prepare budgets based on their development plans, anticipated revenue and to identify what support is required from central government. Budgets must be submitted to the Ministry of Finance and Treasury and Treasury, and copied to the Local Government Authority.
70. The Constitution and the D Act create a framework within which substantial fiscal autonomy can be transferred to Councils. The legislation also allows central government to exercise control over the finances of Councils. This legislation however does not clearly specify how much authority over finances must be transferred to Councils.
71. Autonomy over resources and the ability to raise revenue are two key factors that will influence accountability relationships between communities and their Councils. These accountability relationships are critical as Councils are mandated by the Constitution to provide democratic and accountable governance; foster social and economic well-being and development of the community and establishing safe and healthy environments.
72. This section discusses the key factors affecting the status of fiscal decentralisation to Councils at the time of writing.

3.4.1 Revenue raising powers of Islands

73. Almost all Island Councils collect some revenues. These generally include vehicle and licence registration fees and land rents. These sources of revenue are few in number and small in value compared to what they are entitled to raise by the legislation. The Ministry of Finance and Treasury and Treasury (MoFT) has instructed the Island Councils to transfer this revenue to central government. This instruction contradicts the D Act but is potentially provided for in the Finance Act. However, certain Councils seem to keep the revenue they collect and use it for Council purposes, while others do transfer their revenue to central government.
74. The ownership of the assets, such as harbours and jetties, of most islands were transferred to the Utility Corporations shortly after they were formed. The current government has decided these must be transferred back to the Councils. To facilitate the process of transferring ownership back to the islands the LGA has drawn up a comprehensive inventory of Council assets. This has been submitted to the Ministry of Finance and Treasury for approval. Once the list is approved, the ownership will officially be transferred to the Councils. Even though the inventory was submitted a few months prior to this study it had not been gazetted. As the Councils do not own the assets they cannot use them to raise revenue or use them as collateral for raising finance, which the D Act entitles them to do.
75. The D Act also requires Councils to pass policies and regulations on their areas of mandates. Councils have written these regulations. They have been reviewed by the LGA and the Attorney General and were submitted to the President’s Office in the middle of 2012. The regulations are only valid once gazetted by the President. Until they are gazetted Councils do not have any of their own regulations in place that will govern services and fees they can charge. Many of the Councils visited want to operate businesses but central government had

not approved this. The Councils did not know why they had not been given approval. An interesting range of examples of proposed businesses were suggested such as guest houses and boat repair facilities. This does raise questions around whether these are the kinds of businesses the D Act envisaged, and what the role the Councils play in promoting and facilitating local economic development.

76. Prior to 2008 the Island Development Councils and Island Women Development Committees kept funds from which they disbursed money for projects and loans. These funds were frozen sometime between 2008 and 2010 and the Councils do not know when or if they will get access to this money.
77. So currently, the Island Councils are financially and fiscally disempowered, even more so than the preceding Island Development Committees. They are not empowered to raise revenues they are legally entitled to. In the smallest and most remote islands the potential to raise revenue is very limited, but on the larger islands there is significant potential to raise revenue which, if spent appropriately, could have significant local development benefits.

3.4.2 Budgeting and cash management

78. Councils prepare their budgets along “activity codes” (these appear to be Global Financial Statistics classifications) and submit them directly to the MoFT. In some Atolls the Island Council submit their budget to the Atoll Council and the Atoll submits to the MoFT, but this practice does not seem to be widespread. The MoFT assesses the budgets, makes revisions as it sees fit and then tables the budgets in Parliament. Once the budgets have been approved they are submitted back to the Councils. It appears that the above process is applied consistently across Councils, although there were claims of preferential treatment being given to some Councils.
79. A council may only spend against the activity codes that are funded in the budget. A Council may switch funds between codes but must get prior approval from MoFT.
80. There appear to be a range of processes for managing the cash transferred to Councils:
 - a. Certain Councils receive all their cash and make payments to suppliers themselves;
 - b. There are Councils that receive some of their cash and the rest of it gets paid directly to employees and suppliers after the Council has submitted the necessary paper work; and
 - c. There are some Councils who reportedly do not have bank accounts and the MoFT performs all their cash management tasks.
81. The D Act provides for a system where each Council must have a bank account into which part of their cash is transferred by MOFT, and the MoFT would also make some payments directly on their behalf. It is not clear whether the existing arrangements reflect a developmental path towards greater responsibility being given to Councils as they develop the necessary capacity, or whether the current arrangements are static, based on pre-existing arrangements. It would be very positive if the former situation were the case, but there is little evidence for this
82. Salaries make up an estimated 80 per cent of Council budgets. Administrative staffs are contracted to the Civil Service Commission while the Councillors are elected for a three year term and their salaries are decided by the Parliament. Salaries of both councillors and staff are paid directly from the centre through council's budget. Therefore islands can only influence what about 20 per cent of their budgets are spent on.
83. It would seem that cash management and revenue arrangements differ across Councils as a result of the confusion that exists with respect to governance arrangements in the country, and inconsistent application of the D Act by MoFT.

84. More importantly the above arrangements mean that Council finances are micro-managed from the centre. So Councils have almost no autonomy to prioritise and manage their resources. There is, thus, basically no fiscal decentralisation.

3.4.3 Budget allocations to Councils

85. At the time of writing the LGA was leading a process to draft a formula for calculating each Council's share of the allocation from central government – required by the D Act. The proposed variables include distance of the island from the Atoll Capital, distance from Male, the land area and the size of the population. A variable linked to performance is also proposed, but the indicators that would be used have not yet been developed. None of the proposed variables respond to poverty or services to children. The reason given for not including a measure of poverty is that the costs of serving poor people do not affect the budgets of Island Councils. This argument does not seem to accord with the functions allocated to Councils by the Constitution and the D Act (see paragraph 95 below).
86. The earliest the formula will be implemented is in the 2014 Budget. The MoFT use a formula at the moment, which according to them is very simple and creates allocations that don't differ much from the formula the LGA have commissioned. The process for developing and approving Council budgets described in paragraph 70 above however suggests that a formula is not used.
87. LGA's vision is that Councils will be advised in advance of the allocation what will be transferred to them during the year so that the Councils can plan how to use future allocations. The D Act requires the allocation to cover 'office administration' but the formula does not take account of staff salaries. The cost of salaries will be calculated and paid through a separate mechanism and presumably staff salaries are not considered to be office administration. As discussed already, salaries account for a large proportion of Council budgets. Therefore even if the allocation calculated by the formula is an unconditional transfer for general use it will only cover about 20 per cent of Councils' budgets and give them very little fiscal autonomy.

3.4.4 On the fiscal autonomy of Councils

88. Island Councils have no economic freedom and no incentives to support innovative economic activity. Many Councils feel their hands are tied and all that decentralisation has brought about is additional costs (councillor salaries) and less revenue. Even though the D Act allows them to operate businesses it appears that central government is preventing them from doing this.
89. In some areas of Maldives if Councils were given the space to pursue economic programmes and make use, within the confines of tight regulations, financial instruments they would be able to stimulate local economic development and create jobs. This could result in a range of benefits and create an environment in which the quality of social services could improve. In addition, if Councils operated businesses linked to the provision of services these would establish relationships between the Councils and their communities critical to accountability, responsiveness and local governance.

3.5 Services to children and intergovernmental relations in the Maldives

90. Services provided by government to children fall into three broad categories. Firstly there are services that are provided directly to children and only to children. This includes pre-schools and the formal education system from Grade 1 to 12. Secondly, the services of some sectors are targeted at children. For example immunisation and vaccination programmes are one of the many services provided by the health sector. Lastly there are services that children receive because they live in communities, such as municipal services, and they receive the same services as other community members. These are all discussed below.

3.5.1 Human resources

91. The standard arrangement for the management of human resources is that government officials are appointed and employed by the Civil Service Commission. If a school or clinic would like to appoint someone they must apply through the hierarchy in their Ministry. The application will be considered and if successful the Ministry will include the appointment in the relevant budget (e.g. school budget) when it is presented to the Ministry of Finance and Treasury and Treasury. If funds are made available the person will be appointed by the Civil Service Commission and paid directly from the centre. In the event of misconduct, the individual facility will need to go through a similar process of referring the matter up the hierarchy. If the person is dismissed he/she will be dismissed by the Civil Service Commission. Although human resource management is centralised and can be time consuming it seems to be effective.
92. It was mentioned by an Island Council that because administrative staff in Councils are not contracted by councillors but are contracted with the Civil Service Commission the administrative staff don't respect the councillors. This is likely to be the case in a few Councils, but was not raised frequently. On the other hand, the current arrangements reduces the risks of nepotism and cronyism in appointments, and can ensure greater stability and continuity, so facilitating the building of institutional memory.

3.5.2 Infrastructure

93. New public infrastructure in the Maldives is planned and funded through the Public Sector Investment Programme (PSIP). The Ministry of Finance and Treasury and Treasury runs this parallel to the preparation of operational budgets and it forms part of the overall budget. When additional infrastructure is required (e.g. new schools and clinics) the relevant Ministry will apply for funding through the PSIP. These applications will be considered during the budget process.
94. The operation and maintenance of existing and new infrastructure is included in the operational budgets that are transferred from the Ministry of Finance and Treasury and Treasury to state institutions. Councils may also apply for budget support for infrastructure spending through the PSIP but some respondents suggested that PSIP processes are too complex for Councils to follow.

3.5.3 Municipal services

95. The Constitution includes in 'other social and economic rights' the establishment of a sewage system of a reasonably adequate standard on every inhabited island and the establishment of an electricity system of a reasonably adequate standard on every inhabited island that is commensurate to that island. The Constitution mandates Councils to establish safe, healthy and ecologically diverse environments. The D Act requires Island and City Councils to provide and maintain basic public services such as water, electricity, and sewage systems; to organise to sweep and clean the roads, maintain cleanliness of the island and its beauty and to build and maintain roads. The Constitution entitles Councils to raise revenues and receive a budget allocation from central government in order to carry out these functions. The combined revenue sources should enable the Councils to fulfil their mandates.
96. Prior to 2009 sewage, electricity and waste management were provided through various arrangements, some of which were informal. Central government provided most inhabited islands with the infrastructure required to provide these services but some island communities purchased the infrastructure themselves.
97. The corporatisation of these services in 2009 involved formalising these arrangements and taking over the community owned systems that existed. As corporatisation consolidated a range of areas under one service provider it was supposed to enable cross subsidisation from richer to poorer customers within the corporation's service area.

98. During 2012 the current government agreed that the seven utility companies would be merged into one central utility company, Fenaka Corporation. It was also decided that STELCO would provide electricity in the Male Atoll.
99. Central government is yet to agree with certain Island Councils on what fair compensation is for the assets that communities originally paid for themselves. Besides these few cases, the assets in all islands have been transferred to Fenaka Corporation.
100. The Ministry of Environment and Energy are sure that a significant investment is required to bring electricity generation capacity up to a basic level as these facilities were not properly maintained by the various utility companies. A 'basic' level would provide for basic household usage and enable a sewage and water reticulation system to operate at minimum levels, but would not guarantee that sewage systems will function at safe levels. A much larger investment in electricity generation is required to ensure sewage systems can function effectively enough to assure that they do not pose a threat to underground water. Improperly operated sewage systems are among a number of factors that have contaminated underground water.
101. The centralisation of the utilities into a single utility company, the implementation of the D Act and the absence of waste management regulations has led to confusion and paralysis over the responsibilities for refuse removal and waste management. In a number of Councils the community and Council have managed to reach an agreement on how to provide these services. Many communities have not reached agreements. This is largely due to politically charged disagreements in the community and/or within Councils. In the absence of regulations that could be referred to no agreement is reached and waste is not properly managed. This has potentially serious consequences for public health to which children are particularly vulnerable.
102. This should not be the case as both refuse removal and waste management provide opportunities for job creation and electricity generation. Modest investments by Island Councils or communities in waste processing equipment (e.g. can crushers and compactors) and recycling programmes would address the problem quickly. These would also create jobs that are suitable for women.
103. The waste management regulations were due to be released in January 2013. Hopefully the regulations will provide a framework that enables islands to cooperate with each other and convert waste into electricity; encourage recycling waste and set minimal cleanliness standards that Councils must adhere to. These regulations could also require that waste is separated at the household and business level to enable recycling.
104. Government, and development partners, should embark on awareness programmes that promote recycling and drive this from a women friendly job creation perspective. This is very much aligned with the mandate given to Councils in the Constitution, namely to foster the social and economic well-being of their communities to establish safe, healthy and ecologically diverse environments. These suggestions are returned to in the recommendations.
105. Urgent attention needs to be given to generating sufficient electricity to guarantee sewage systems function well enough not to leak into underground water. The use of solar energy must be part of these plans. If all sources of ground water contamination are stopped, of which sewage is a major contributor, these sources of water will eventually return to safe levels. This will have a range of public health benefits.
106. It is worth noting that Councils have less authority in 2013 over municipal services than they did prior to the establishment of provinces and the corporations in 2008. Besides a few exceptions, island communities now receive municipal services through Fenaka Corporation and Island Councils play no role in this. This is in direct conflict with the D Act. The only municipal service that they continue to exercise control over is refuse collection and waste management and there is much confusion over how they should carry this role out.

107. The literature review discussed how the willingness to pay for services has an influence over the overall mix of services that are delivered. Because Island Councils cannot charge fees for municipal services as they have no role in these services an important dimension of the relationship that should exist between Island Councils and their communities is not developed. Communities cannot hold their Island Council accountable for the overall mix of services that they receive – at the time of writing the only services island Councils could influence were pre-schools and waste management. Services are not closer to the people as envisaged in the D Act. Indeed, by centralising control over most services in Fenaka Corporation, communities say over what services they require, what they are prepared to pay and their scope to complain about the quality of services has been greatly reduced.

3.5.4 Health services

108. Section 23(c) of the Constitution lists “good standards of health care, physical and mental” as an economic and social right that the government must progressively realise within reasonably available resources. The D Act mandates City and Island Councils to “provide primary health care and other basic health security services” in accordance with national legislation.
109. The decentralisation of public health to Island Councils was used as the pilot to test decentralisation. Health services in the Maldives have been provided along two arms, curative health and preventative health. Prior to 2008 the Ministry of Health and Family (at the time) oversaw public health through the Public Health Department. After 2008 the department changed to the Centre for Community Health and Disease Control (CCHDC) which was responsible for overseeing the Public Health Units (PHU). These units were decentralised to the Island Councils but the extent to which this happened varied across the country. In some islands physical facilities that the PHU could operate from already existed and the PHU was established and operated under the Council. In other islands no physical facilities from which the PHUs could operate existed and had to be built, through the PSIP process.
110. The CCHDC was officially abolished by the President in January 2013 and its functions transferred to the newly formed Health Protection Agency (HPA). This was because the functions of the HPA according to the National Health Act are the same as the CCHDC. The Public Health Units have been transferred from the Island Councils and now report to the HPA. One PHU visited said the transfer to the HPA happened in August 2012 but a regional hospital claimed staff and facilities shifted after the change of government in February 2012. It is important to note the level of confusion that exists on the ground.
111. Some of the Councils visited were unhappy that PHU’s have been taken away from them. They felt PHU’s worked well under the Council; however officials in the health sector felt that when the PHUs were under the Island Councils they were disconnected from the health system and had difficulty accessing specialised health support when it was needed. The existing arrangements are more streamlined and even though they may be governed by the National Health Act they contradict the D Act.
112. The perception of people interviewed from various health facilities and various islands is that there was no noticeable impact on service levels that can be associated with the decentralisation of the PHUs to the Island Councils. Health statistics don’t show any changes that can be linked to these administrative changes. However, according to respondents in hospitals, the negative changes in the performance of the health sector are more likely to have been caused by corporatisation which came into effect in March 2009.
113. In 2009 seven health corporations were formed. All regional hospitals reported to a health corporation which operated as for profit entities. The corporations took over ownership of all assets related to health services. Primarily these assets were hospitals and health centres, but also included boats and other vehicles used for emergencies.
114. No respondent spoke positively about corporatisation in the health sector. It was alleged that corporatisation gave rise to a deterioration in management, a lack of oversight and monitoring in the sector, escalating health expenditure and caused a flight of skills from the sector. Health

services were funded by a National Health Insurance (Madhana). Madhana (the fund) would pay corporations for services rendered, but it was poorly managed and lacked effective controls. The health corporations allegedly abused the system by not choosing the most cost effective medical treatments and recommending patients return for follow up visits more frequently than required.

115. Poor supply chain management of medical supplies also affected the quality of health services. Coordination between the regional hospitals and health centres and the PHU's was non-existent as they belonged to different systems. This reportedly resulted in increased demand for curative health services.
116. A new health insurance scheme, Aasandha, became effective on 1 January 2012, and a process of dissolving the health corporations was initiated in response to the problems noted above. By the beginning of 2013 nearly all the health corporations had been dissolved and all health staff had moved back into the employment of the Civil Service Commission. Most assets had been transferred back to the hospitals that originally owned them. Some assets have not been transferred back or were disposed of by the corporations. In certain instances this is impacting on the hospital's capacity to provide certain services, especially emergency services.
117. From the start of 2013 health centres on islands reported to and were managed by regional hospitals, including their finances (in 2011 there were 32 Atoll and regional hospitals and 158 health centres). The regional hospitals report directly to the Ministry of Health. The regional hospitals prepare budgets that cover their operational needs and the operational needs of the health centres. These are submitted to the MoH who reviews them and submits them to the MOFT. The budgets allocated to regional hospitals by central government cover the cost of salaries, operations and maintenance and consumables. Medicines are paid for by Aasandha, which patients purchase from registered pharmacies.
118. Most Public Health Units are located at a health centre but they report directly to the HPA. Their medicines, which are mainly vaccines, are provided by the HPA. The HPA manages the distribution of the vaccines to the PHU's.
119. In smaller islands pharmacies maintain small stocks and do not stock certain medicines. This is understandable as these medicines are not frequently used and stocks would expire if pharmacies stocked them. When medicines are not available it appears that Male is the first port of call, even for very remote islands.
120. The Ministry of Health sponsors students who want to study medical degrees. The cost of tuition, travel to a foreign university and living expenses are covered. Students are required to work in the public service for a few years as repayment. Despite these very favourable terms not all bursaries are applied for. A large proportion of the health workers at all health facilities visited were expat – up to 90 per cent of highly trained medical staff and 30 per cent of nurses. This points to the skills shortages, both present and future in the sector. In addition, expat workers don't have any roots in the Maldives and therefore the turnover is high. This turnover constrains the development of skills, local health knowledge and quality of health services. It appears to be most acute in the health sector as staff turnover wasn't identified as a problem in education.
121. In January 2013, Atoll and Island Councils played no role in the provision of health services of any kind despite a clear mandate of this being stated in the D Act.
122. The only official and relevant health statistics from the Maldives known of at the time of the research was the Annual Communicable Disease Report (2011) and Maldives Health Statistics (2011). The former reports data over three years and therefore trends cannot be established and besides the data does not show any clear correlation between decentralising the PHU's and reported levels of communicable diseases. The Maldives Health Statistics (2011) shows general improvements in health outcomes since 2000 with the exception of maternal mortality. Maternal mortality rates reached a low in 2007 and have climbed steadily since. The report is inconclusive on the causes of changes to maternal mortality rates but

does also stress that due to the small populations in the Maldives just a few deaths have a significant impact on the ration. A more in-depth investigation is required to establish links to decentralisation. It is possible that when PHU's were under Councils they either neglected services that would prevent maternal deaths and/or didn't communicate high risk cases to health centres or hospitals as they were disconnected. It is also likely that the corporatisation of health services lead to a reduction in preventative health services in general, which normally play an important role in preventing maternal mortality.

123. Annexure 2 contains a summary of the current arrangements in the health sector.

3.5.5 Education

124. The Constitution identifies "education without discrimination of any kind" as a basic right and that primary and secondary education shall be freely provided by the state. The D Act mandates City and Island Councils to provide pre-school education and organize and conduct educational and vocational programs to train adults.

125. Annexure 3 provides a summary of the organisational arrangements in the health sector.

Formal basic education

126. Formal basic education (primary, secondary and higher secondary) was not listed as a service that would be decentralised to Councils, but the school system was affected by the provincial system. Seven Education Units were established in 2009 to provide administrative and technical support to schools and facilitate continued professional development. These were the provincial administrations of the Ministry of Education during this period. All schools were supposed to be overseen by an Education Unit and report their needs to an Education Unit. The Education Units were supposed to facilitate the hiring and firing of staff, coordinate the distribution of learning materials to schools and submit budgets to the Ministry of Education on behalf of the schools.

127. It was envisaged that each Education Unit would employ an education superintendent. That skill level would be sufficient to provide the technical support the schools needed. However the Ministry of Education was only able to appoint superintendents in three education units and therefore the other four units could not fulfil their intended roles, due to a lack of leadership.

128. Due to a combination of lack of skills, budget constraints and a change in policy direction by national government the Education Units were closed at the end of 2012. Staff from the units that are willing to move to Male will be provided support from the capital.

129. As from January 2013 an "Education Desk" is in process of being established in each Atoll which will be staffed by a leading teacher. The Education Desks will play an administrative support role, facilitate continued professional development and school improvement programmes. The Education Desks will report to the Ministry of Education who will provide them with technical support. They are funded by the Ministry of Education.

130. For the purposes of allocating budgets, the education system has been divided into three regions plus Male. Schools with more than 500 learners and schools that offer A levels report directly to and receive their budget directly from the Ministry of Education. Schools with less than 500 learners outside of Male will report through their regional desk housed in Male and those with less than 500 learners in Male will report to a separate desk also in Male.

131. Schools that need new teachers or need to discipline teachers will, depending on their size, either apply for a new teacher or report an issue directly to the Ministry of Education or to their regional desk. Teachers are contracted to the Civil Service Commission.

132. In October 2012 the Education Development Centre (EDC) and the Centre for Continuing Education (CCE) were merged to form the National Institute for Education (NIE). The EDC was mainly responsible for developing the national curriculum, research and providing resources to teachers. The CCE promoted community education, life-long learning and adult

literacy. Few people in the field were aware of this merger. This further highlights the confusion that has resulted from the many changes currently underway.

133. As required by the Constitution, primary and secondary education is free and government provides textbooks and learning materials. There are special facilities through which families can apply for assistance to cover the cost of school uniforms. Examination fees of all students enrolled in public schools are paid by the Government. Since 2007 the Ministry of Education has been providing travel allowances or covering the cost of ferries to islands where there are no schools. This payment goes directly to the relevant schools. This arrangement has not been effected by the legislative changes since 2008.
134. The above (envisaged) arrangements of a strong technical capacity in the centre that supports reasonably strong technical capacity in the Atolls is probably the most cost effective option for overseeing the formal education system in the Maldives. Staff in the Education Desks will be able to perform supervisory visits of all schools in each Atoll frequently enough to maintain control and/or identify learning problems at their early stages.
135. It is worth noting that the Thaulaemee fund had sufficient resources to disburse 1 000 student loans for all fields of study in 2013 yet it received only 600 applications. There is a separate and special facility that covers the cost of teaching degrees yet the applications received were far fewer than the places available. This shortage could be primarily caused by too few children progressing to A-levels but it does provide some insight into the future skills shortages in the Maldives and the education sector.

Pre-schooling

136. Pre-schooling is one of the very few mandates assigned to City and Island Councils that is fully recognised and respected by national government. Pre-schooling remains outside the formal education system and is subject to different regulations to the rest of the school system. Prior to 2008, pre-school education was informally provided by Island communities. It was subsidised by central government but it is not clear how this subsidy worked. According to the only respondent who had been involved with pre-school prior to 2008 this subsidy came from the Thaulaemee Fund, although this was not verified by the Ministry of Education.
137. A reasonably consistent description of the financial arrangements for pre-school as they existed in 2012 was shared during the field trips. A subsidy per registered pre-school is calculated based on the number of students in the school. When Island Councils submit their budgets to the MoFT they include this information and receive an allocation per learner which they then transfer to the pre-schools (assuming cash is transferred to the Island Council). The Ministry of Education will pay the cost of the salary of qualified teachers. The number of qualified teachers whose salaries will be covered is determined by a student to teacher ratio. It is presumed that the Civil Service Commission pays the salaries of the teachers directly as those funds do not go through the Island Councils. Pre-schools can charge fees and they use the subsidy and school fees to cover the cost of operations, maintenance and salaries not provided for by central government. The pre-schools can also receive donations from parents. There are facilities such as the centrally managed Zakat Fund that will consider applications for the building of pre-school facilities. At the community level Zakat al-Fitr Funds are also used to fund the building of pre-school facilities.
138. Island Councils set the fees that pre-schools can charge. These vary across the country and are much higher in the Cities than on the more remote islands. In 2009 a policy for financial assistance was introduced which applied until July 2012 when new regulations were introduced. The new regulations were gazetted on 2 January 2013 but this is not well-known, again illustrating the confusion on the ground created by the many changes happening.
139. At the time of writing it is not clear who monitors pre-schools. Island Councils appear to take the lead in applying for funds for new infrastructure and expanding infrastructure. As they also transfer subsidies to pre-schools which are used for operations it is assumed they should monitor the physical condition of facilities. The appointment of teachers is regulated by the Ministry of Education and therefore it is assumed they will be responsible for monitoring

programmes in pre-schools. The regulations discussed above deal with finances. The NIE is planning to develop a curriculum for pre-schools during 2013 and during that process the responsibility for monitoring curriculum implementation will hopefully be clarified.

140. Given the very diverse living conditions between Male and remote island, policies must allow for differentiated service delivery models across the country. In the capital and similarly densely populated areas pre-schools should provide stimulation as well safe and alternative places of care. In less densely populated areas multiple session schools are a viable option. In these environments children can receive targeted stimulation for limited periods and should then play and socialise informally in the beautiful natural environments the Maldives is globally famous for. Home based play groups were not mentioned in any of the discussions which would be a very cost effective pre-school mechanism in the Maldives. These issues are discussed in the recommendations.
141. The most recent data on school enrolment at the time of writing was for 2010. This data shows that enrolment in pre-schools grew steadily between 2002 and 2010 and there is no noticeable change in this trend between 2008 and 2010 which suggests the reforms discussed above have not had a significant statistical impact on pre-schooling.

Vocational Training

142. The D Act mandates Councils to “organize and conduct educational and vocational programs to train adults”. There appears to be very little planned vocational training programmes happening and almost no Councils are providing any services in this field. A number of respondents felt this was problematic as students are given very little guidance about careers when they leave school. Unemployment is particularly high amongst 16 – 24 year olds but yet there are very few government supported programmes to assist this age group.
143. Without targeted interventions to build the capacity of Councils to provide vocational skills training Councils are unlikely to take the initiative to play a role in this area. They have not played a role in this area in the past and therefore cannot be expected to have the relevant skills.

3.5.6 Social security and protection services

144. This study was conducted alongside an investigation into social protection in the Maldives. The key state delivery arm for social protection is the National Social Protection Agency (NSPA). NSPA’s mandate is to manage the National Health Insurance and social benefits. It was formerly under the Ministry of Higher Education, Employment and Social Security and moved to the Ministry of Health in November 2008. It became an agency after the National Health Insurance Act (Law 15 of 2011) was ratified in November 2011.
145. In 2009 the then Ministry of Gender and Family was merged with the Ministry of Health to form the Ministry of Health and Family. The Ministry of Health and Family was responsible for health policies, implementation mandates of NSPA as well as policies and programmes aimed at the prevention of domestic violence, addressing the needs of victims of abuse and managing programmes for people with special needs and disabilities. During this time, it was reported that the Ministry neglected the physical facilities that provide services to people with special needs, the disabled and victims of sexual and domestic abuse. In March 2012, the Ministry of Health and Family was abolished and replaced by the Ministry of Health and the Ministry of Gender, Family and Human Rights (MGFH). NSPA remains under the Ministry of Health and administers social assistance cash transfers and oversees Aasandha. The above history is important for understanding some aspects of the current arrangements.
146. The Constitution entitles children and young people to special protection and special assistance from the family, the community and the State. It requires that children and young

people shall not be harmed, sexually abused, or discriminated against in any manner and shall be free from unsuited social and economic exploitation.

147. The Constitution requires City and Island Councils to take all necessary steps to establish safe and peaceful environments and request the assistance of the police to investigate suspected crimes in matters that fall within their jurisdiction. The D Act requires that Councils must run centres to provide social security services, take measures to stop domestic violence and provide victims of domestic violence with assistance.
148. The Domestic Violence Act (DVA), ratified into law in April 2012, establishes the Family Protection Agency (FPA) as an authority under the MGFH. It is responsible for determining national policy for combating domestic violence and enforcing such policy. The FPA is required to coordinate the work of relevant government institutions (including the police and health sector) and is given the authority to set standards for the prevention of domestic violence. The DVA allows the Minister to determine that the City, Atoll, or Island Council is the agent responsible for enforcing the Act in their areas but must first provide the required facilities' and establish a 'mechanism for the Council to adopt in combating domestic violence'.
149. The FPA received its first budget in 2013 and was not fully operational at the time the research for this paper was performed. It had not yet established any facilities or delegated any functions to any Council. The DVA was drafted when the Ministries were still merged and officials from the newly formed MGFH were not clear why an authority with its own management structures was required. It may have been formed to ensure there was an agency that could operate independently and receive a ring-fenced budget when it was still in the Ministry of Health and Family. It was also suggested that the DVA allows the FPA to hire people who are not subject to working hours of the Civil Service Commission. This is necessary to ensure that staff of the FPA can respond to cases of domestic violence at any time.
150. The legislation (Constitution, D Act, Domestic Violence Act) are not clear on the exact mechanisms that should exist in Councils to combat domestic violence. This may be clarified in the regulations. The regulations should identify a role for Women's Development Committees that gives them power to force the police to act when a duly elected member of the WDC reports an instance of alleged domestic violence or child abuse. It is however important that the Women's Development Committees are not the only mechanism depended on as they do not exist in all islands.
151. As part of the assessment of social protection, facilities that are under the mandate of MGFH were visited (such as a school for children with special needs). It is clear these facilities have not been monitored properly and that there is confusion over roles and responsibilities and who to report to in central government. One facility visited reported to the Ministry of Education even though it clearly should be overseen by the MGFH. Yet again this is an example of the confusion resulting from the many changes that have occurred over the last period. As pointed out by officials, it is vital that the capacity of the MGFH is developed so that it can perform its functions properly.
152. In the study on social protection, Island Councils and beneficiaries of social assistance programmes were asked how much Island Councils assist community members apply for social assistance. Very few Councils assist communities in this regard. Given the level of confusion over roles and responsibilities discussed in this report this is hardly surprising. As discussed above, community members enter into very few transactions with Island Councils, especially poor families that qualify for social protection. There is therefore no real incentive for Councils to provide such assistance. This is a gap in the overall governance system in Maldives. Councils know which of their community members should apply for assistance and could provide very valuable support.

3.6 Disaster management

153. The D Act requires City and Island Councils to establish a mechanism that provides assistance in the event of an emergency. The Act requires central government to provide financial assistance to Councils in the event of an emergency and for Councils to pass a special budget in the event of an emergency.
154. As an island nation the Maldives is affected by regular swelling and tidal waves, but the damage from these events is usually isolated to a few islands at any one time. While most reports that discuss climatic issues emphasise that the Maldives is vulnerable to the effects of climate change and extreme climatic events the National Disaster Management Centre (NDMC) suggest that the Maldives is not disaster prone.
155. The 2004 Tsunami caused significant damage and awareness of the need for disaster preparedness, but the only disaster event since then was sea swelling caused by a cyclone in 2012 which affected 53 islands. Due to the infrequency of disasters, disaster management is not prioritised and processes of developing legislative frameworks and disaster response mechanisms lose momentum.
156. The NDMC was established by a Presidential decree after the 2004 Tsunami. Initially it was placed in the Ministry of Defence and National Security. It was moved to the Ministry of Housing and Urban Development in 2008 and then back to Defence in 2012. The placing of the NDMC in the Ministry of Defence is logical as this facilitates quick access to military transport (air and boats) in the event of an emergency.
157. The UNDP assisted the NDMC to write a Disaster Management Bill in 2006, which has not moved in the legislative process since then. Given how frequently the NDMC has been moved between Ministries this is hardly surprising. In January 2013 new sections were being added to the Bill to place an emphasis on disaster mitigation and risk reduction. At that time the Bill was due to be tabled in Parliament in March 2013.
158. The Maldives therefore has no legislative framework that defines disasters or the process for declaring disasters. The MOFT sets aside an emergency fund each year which is a contingency reserve for disasters. Due to the 'lack' of disasters, allocations to this fund have been decreasing. Despite the existence of the fund, the Finance Act does not allow for the quick release of funds in the event of an emergency.
159. The NDMC would like to build on the provision in the D Act that requires all City and Island Councils to establish disaster response capacity. How they can do this is not clear and very few Councils have developed any meaningful capacity in this area.
160. The UNDP has trained councillors in 35 islands in Community Based Disaster Risk Management (CBDRM), but those trained have either left or are likely to leave the Councils after the next elections. The NDMC intends to identify individuals who will act as Disaster Risk Reduction (DRR) focal points in all islands and train them in CBDRM and mainstream DRR into local level planning. This is being supported by the Asian Disaster Preparedness Centre.
161. The UNDP developed guidelines for schools in emergency operations and the NDMC plans to hold workshops with these guidelines in all schools in the country. Some progress in rolling out these guidelines has already been made. Pre-schools will fall under these guidelines. Schools will be responsible for managing their own disaster preparedness. The NDMC will help the Ministry of Health develop a technical needs assessment, but they were vague about the timing for doing this.
162. The Maldivian Red Crescent was officially established in law in August 2009 and is given the mandate of first responder for disasters and emergencies. The Red Crescent supports the NDMC in many of their capacity building programmes. They are actively involved in promoting awareness at island level and feel that awareness and preparedness is very low. One of their key strategies is to train at least a few people on each island in first aid so that when disaster strikes this knowledge is distributed around the country.

163. If the NDMC enacts the Disaster Management Bill in 2013 and goes ahead with all the awareness and capacity building programmes it has planned over the next two years the Maldives will be in a greatly improved position to respond to most disasters. The only clear gap is a financial instrument within the MOFT that enables quick release of funds in the case of emergencies. It is possible that this could be addressed by exempting the emergency fund from some clauses of the Finance Act.

4 Decentralisation as an approach to governance in the Maldives

164. The discussion has reviewed the rapid and somewhat incoherent changes that have occurred in the Maldives since the end of 2008. This paper was written at the beginning of 2013 and therefore discusses a period of just over three years.
165. During that time a new level of provincial government was introduced and subsequently abolished within two years. Legislation that formalises governance arrangements at the local level has been introduced, but the central government is clearly reluctant to transfer ownership of assets back to the islands and give them authority over their resources. This is constraining the implementation of these decentralisation reforms. At the time of writing, Island Councils have less control over resources and services than they did prior to 2008. Therefore there has been no real or effective decentralisation.
166. The type of decentralisation envisaged in the D Act involves island communities making decisions in a democratic and accountable manner. The D Act can be interpreted to imply this will lead to an improvement in living standards through social, economic and cultural development that comes from people being empowered and by having services delivered by institutions that are close to them.
167. The registered population of the Maldives in July 2012 was 350 759 (statistics from the Department of Planning Yearbook 2012¹). Besides the Atoll Councils there are 188 Island Councils and 2 City Councils. The population of the smallest city is just over 15 000. There are five other islands (seven in total) with populations over 5 000 people. There are only 29 other islands (36 in total) with populations larger than 2 000 people. The statistics show there are 65 islands with a population between 1000 and 2000 people and 87 islands with populations smaller than 1000 people. This population is spread across an estimated 1 190 physical islands which cover 300 km². The Maldives is approximately 750km long and is 120km wide.
168. Decentralisation needs to be assessed in the context of these small populations. Accountable decision making appears to be a cornerstone of 'successful decentralisation' in the D Act. There about 150 islands with a population of less than 2 000 people. The literature review raises the issue about how easily elite capture can happen in small communities characterised by high levels of inequality or traditional class structures.
169. The improvement in living standards envisaged from decentralisation in the D Act will be driven supposedly by social, economic and cultural development. The socio-economic dynamics of small populations and job migration is a key driver of these forms of development as well as the quality of social services in Maldives. It therefore determines how successful decentralisation can be. An island that supports a relatively larger economy will attract job seekers who take their families with them. A proportion of these families that move with the job seeker will be teachers and health workers and thus an unintended outcome of the job migration is the creation of a pool teachers and health workers that are available to work at state institutions. The proximity of skilled people to similarly skilled people enables cross pollination of ideas and sharing of knowledge that is critical to quality education and health services. This is all driven by numbers of people. On the other hand, islands with small to

¹ <http://planning.gov.mv/yearbook2012/yearbook/Population/3.3.htm>

non-existent economies will struggle to attract a large enough population to support a significant number of health workers and teachers.

170. This implies that the benefits of decentralisation as envisaged in the D Act are likely only to be realised where populations are sufficiently large. Research reviewed in the NDP shows that a vulnerability index reduces from 4 for islands with populations of less than 1000 to 2.4 in islands with populations over 2 000. It reduces further to 2.1 where populations are over 4 000. Once the populations become overcrowded there will be an increase in the index again. Therefore the research shows that, within limits, living standards are higher on islands with larger populations. It is not clear what the threshold size of population or population density is. It was noticeable that skills shortages in the two cities (populations of over 150 000 and 15 000) were related to general skills shortages in the country and not the specific characteristics of those islands.
171. As mentioned in the section on the history of decentralisation, a policy of the government prior to decentralisation was the Regional Development Policy which included the Population and Development Consolidation Programme (PDCP). The PDCP was first proposed in 1998 and envisaged the population of Maldives being concentrated in 25 – 30 islands. The programme funded the voluntary relocation of people.
172. The PDCP aimed to achieve economies of scale by consolidating populations on larger islands. These economies of scale would enable more affordable access to quality infrastructure and services. Larger populations would also encourage businesses and home industries to develop supported by an enabling environment where adequate infrastructure is available. Scant mention has been made of this strategy since 2008.
173. The decentralisation process aims to achieve development by empowering communities to choose their development trajectory. The objectives of the PDCP and decentralisation are not at odds with each other and a combination of both approaches may be feasible. This will be especially so if local Councils are given greater autonomy over their economic resources.
174. A consequence of decentralisation has been an increase in what is perceived to be necessary additional institutional capacity. It must be questioned whether the existing layers of government are necessary in such a small population. In a country with a population as small as the Maldives and the skills shortages it faces these many layers of bureaucracy dilute skills that may be more effectively used if they were concentrated in a central Ministry such as the Ministry of Finance and Treasury and Treasury.
175. The reforms that have occurred since the end of 2008 in the Maldives were rushed and were not preceded by sufficient planning, testing and capacity building. The only new service that was decentralised to Councils was public health. Following a process of corporatisation and the subsequent abolishing of the health corporations all health services have now been re-centralised.
176. Other municipal services were corporatized at regional level and are now centralised within a national entity, Fenaka Corporation. Some education functions were decentralised to the education desks, but have since been restructured. The undoing of corporatisation in the health sector, centralisation through the corporatizing of municipal services and the restructuring of the education desks can be validly motivated on the basis of a lack of skills and resources. However, the underlying reason for such rapid change is appears to be primarily political.
177. Government reforms take a long time to take effect, especially something as major as a shift to democracy and decentralisation. It is important to note that the wide reaching changes discussed in this document occurred between the end of 2008 and the beginning of 2013. Mind shifts, which happen slowly, need to happen at various levels to make any one of the reforms that were undertaken to be successful. The frequency of change creates a lot of confusion. A change in power in 2013 has the potential to create even more confusion and damage. It should therefore be no surprise that the mind shifts required to make local democracy and decentralisation work are not happening.

178. In a different political context, a phased approach to decentralisation along with a continuation of the PDCP may have been feasible. During the first phase administrative and technical capacity would have been built across the country. During this phase social sector policies would be finalised and norms and performance standards that must be met to achieve policy objectives could have been developed. So too could the building of capacity in decentralised governments been planned during this phase.
179. The norms and standards would provide an objective measures to evaluate when decentralised governments are ready to receive autonomy and how much, which would happen during the second phase. Had this route been embarked upon in 2008, it is unlikely that the first phase would have been even half-way complete when this study was done in 2013. This is not only due to capacity constraints in the Maldives, but the amount of time it takes to build the institutions that are required to support the style of decentralisation envisaged in the D Act.
180. The literature review pointed out that the Constitution and the D Act provide a legal foundation on top of which sectors can fine tune central and Council roles through their own legislation. At the time of writing local Councils perform such a limited number of functions that communities cannot hold their local Councils accountable for the overall mix of services they receive. It appears the only sectors where a role for Councils is envisaged is waste management, disaster management and pre-schools. Political change in 2013 may change this, but that change could result in even fewer powers for Atoll and Island Councils.

4.1 Recommendations

181. Policy recommendations must at least be compatible with the political arrangements in a country. A big unknown and area of uncertainty at the time of reporting was what kind of governance system the recommendations should be geared towards. In such a fluid context it is perhaps preferable to focus on issues that are not expected to change.
182. Based on discussions with all the respondents during the field visits it appears that there is a mixture of wanting to return to the style of governance that existed up until 2008; reducing the number of councillors to two per island and implementing decentralisation properly. It does not seem that decentralisation is fully supported by the current parliament, and the it is only being selectively implemented by Ministries.
183. In drawing up the recommendations a few assumptions were made:
 - a. The first is that local Councils continue to be held to account and elected by their communities. There are no indications this will change, but this assumption is made explicit as the extent of changes in the Maldives suggest this could easily change.
 - b. Second, the asset register the LGA has prepared will be gazetted and legal ownership of the assets set out in the register will be transferred to Councils. The regulations the LGA has prepared will be gazetted and Councils will be entitled to operate businesses. Councils will thus be given some economic freedom and they will be able to raise certain revenues.
 - c. Third, the health and education sectors will not go through any substantial structural reforms and pre-schools will remain under the management of City and Island Councils.
 - d. Lastly, it is assumed that the municipal services will remain under the management of a central utilities corporation.
184. It was suggested that a combination of continuing the PCDP and decentralisation should be pursued in the Maldives. The extent of the recommended decentralisation is summarised in the above paragraphs.
185. Based on the above assumptions the following further recommendations are provided.

4.1.1 Build capacity

186. There are capacity shortages across all sectors in the Maldives. This is despite high levels of unemployment and a very large expat workforce. Each Ministry should conduct skills audits in their sectors so that skills development strategies are properly informed. However, these audits must not delay plans to build skills immediately.
187. Consideration must be given to sequencing and targeting of capacity building to ensure optimal value for money and knock on effects. In education this is likely to be achieved by first building the capacity in the Ministry to monitor and supervise teachers at school levels. Once this capacity exists teachers can be assessed and targeted and interventions tailored to the specific needs of individual teachers can be developed.
188. In health the approach needs to be different. Different types of skills are missing in different areas. In some islands a pharmacist would revolutionise the quality of care provided, whereas in others additional nurses are urgently required. The Ministry of Health should conduct a preliminary skills audit to identify where the gaps are on each island. The aim of this preliminary audit should be to identify the few skills that would provide the most relief on each island or Atoll. Over the longer term assessments of the sector should be conducted to establish the most cost effective distribution of skills across the country and to plan capacity building accordingly.
189. There are a wide range of bursary schemes and loan facilities for undergraduate studies in the Maldives. These need to be marketed and targeted more effectively, by the respective sectors. Respondents commented that not enough guidance is given to students about post-school opportunities. Sectors must promote career and study opportunities to students in lower secondary school so that they start thinking about and planning their careers at a young age. Sectors must aim to get students from as many of the islands as possible on training programmes in the hope that islanders from remote islands return to their home islands to apply their skills.
190. Special emphasis must be given to encouraging girls to complete their schooling and supporting female applicants for bursaries for university studies.
191. The capacity building of Island councillors must continue and programmes must be put in place to develop the capacity of Women's Development Committees.

4.1.2 Allow Councils to impose surcharges on municipal services

192. The D Act allows City and Island Councils to charge monthly fees for electricity, water and sewage, but are currently not able to do this. There are benefits associated with the current centralisation of these services as efficiencies from economies of scale are gained. Cross subsidisation across services and regions is also possible. The centralisation enables the sequencing of maintenance and capital upgrades without creating financial shocks for any individual communities.
193. However, the current arrangements strip Councils of key revenue sources that are normally raised by local governments. It also prevents them from entering into frequent transactions with their communities that would help foster relationships which could stimulate accountability.
194. Councils should be given the option to perform a role in collecting revenues on behalf of Fenaka Corporation and/or charging surcharges on these services. There are three key motivations behind this recommendation:
 - a. First, in the physical act of performing this role and sending out bills to community members and collecting revenue from them a relationship between the Council and community members is established. This is the basis of an accountability relationship. That accountability relationship is critical for stimulating local governance.

- b. Second, the revenues that Councils will earn from the surcharges will contribute towards their fiscal autonomy and give them some fiscal space to invest in the development of their areas.
 - c. Thirdly, due to the nature of the services local Councils currently provide they only collect revenues from a small proportion of their communities and generally from the non-poor (vehicle and business registration fees are not typically collected from the poor). Island Councils therefore have no real role or incentive to help qualifying poor people or households to access social protection benefits. It was also found during a study conducted alongside this study into social protection that few Island Councils actively help potential beneficiaries to access social protection benefits. However, Island Councils have and/or can easily access local knowledge about their communities. If all community members had to pay the Island Council for municipal services and some community members could only afford to pay for the services if they had access to social protection benefits there would be a real incentive for the Council to help them access these social protection benefits.
195. It is recommended that Councils be given some flexibility over how they charge their surcharges. First, they should be able to implement indigent policies which could be used to exempt certain households from paying fees or a proportion of their fees. Councils should also be allowed to apply different levels of surcharges for different services. If they have this flexibility they could try influence certain activities in their areas by imposing context specific surcharges (e.g. charging higher rates for electricity in unwanted industries, or charge stepped tariffs to encourage water conservation).

4.1.3 Pre-Primary Education

196. Pre-schooling should remain under the Ministry of Education but it must be seen as distinctive from schooling. It is widely recognised in the literature on early childhood development that the aim of pre-schooling should be to prepare children to learn, and that this is best achieved through an active play approach.
197. It is not known if there is a role envisaged for home based play groups in the Pre-School Act or the regulations (see 140). Home based play groups should be recognised as a pre-schooling mechanism, especially for children under four years.
198. Pre-school programmes and standards pertaining to pre-schools should be developed at the national level and central government should monitor their implementation (it appears this is the case).
199. There should be a 'pre-school desk' in each Atoll that reports through to central government (similar to in education). Each desk should be staffed by a teacher trained in early childhood development. This person's role must be to monitor the quality of programmes in pre-schools and homes running home based groups in their area of responsibility. Formal reporting relationships between these desks and the Ministries of both Health and Education should be established. The relationship with the health sector is important to ensure access to preventative health services.
200. Councils should remain responsible for monitoring whether basic levels of cleanliness and standards of health are maintained in the pre-schools. The responsibility for facilitating access to funds from PSIP for infrastructure upgrades and the building of new schools should remain with Councils (see 138).
201. The Ministries of Education and Health should advocate for an active supporting role for Women's Development Committee in pre-schools. The pre-school desks should work closely with these WDCs. This should ease access for young children and enable the provision of the comprehensive package of early childhood services from conception through to primary school.

202. As mentioned in this body of the report (at paragraph140), policy on pre-schools should differentiate between urban/highly dense areas and more remote islands. Pre-schools in densely populated areas should also be alternative places of care, but in more remote islands children should be encouraged to play in natural environments.

4.1.4 Child nutrition

203. A critical government service that appears to have been neglected during all the changes in the health sector and the reorganisation of Ministries responsible for health and families is child nutrition.
204. In 2010 UNICEF drafted a 'Micronutrient Policy and Strategy' for the then Centre for Community Health and Disease Control (now Health Protection Agency) under the then Ministry of Health and Family. There is also a draft nutrition strategic action plan dated February 2011. The policy document shows there have been significant improvements in certain key performance indicators related to malnutrition. Despite these improvements these levels were still unacceptably high in 2009.
205. During the study reference was made to the above documents, but it appears that no Ministry has explicit responsibility for preventing malnutrition and intervening when malnutrition occurs. It may not be clear which section is now responsible for implementing the nutrition strategy because of the organisational changes in the Ministry of Health and Family since 2009.
206. The policy document and the action plan mentioned above appear to be well thought through. Though the scope of those strategies must be expanded to include children younger than 6 years. The approaches for leveraging assistance from relevant institutions such as schools and Island Councils identified in the strategic action plan must also include Public Health Units and pre-schools. Critically, responsibilities must be made explicit in legislation, as is recommended in the policy document.
207. Both the preventative and intervention side of malnutrition should be a responsibility of the Ministry of Health which should be primarily driven by the Public Health Units. While child nutrition is the responsibility of parents, health policies and existing strategies on nutrition must be amended to explicitly mandate the Ministry of Health to implement preventative and interventionist programmes.
208. City and Island Councils should be mandated to promote school- and home-gardening programmes so as to increase food security and address malnutrition issues at source – in the home.

4.1.5 Prioritise building the capacity to prevent domestic violence

209. The construction and/or purchasing of facilities required to provide the services identified in the Domestic Violence Act must be prioritised. Even though the D Act identifies a role for Councils in the prevention of domestic violence, the FPA must not rush into delegating authority to Councils. The facilities must be staffed and establish appropriate managerial routines before delegation should be considered. It is also unlikely that Maldives has enough social workers for the FPA to delegate its responsibilities to all Councils and therefore delegation across the country may never be a reality.

4.2 Areas for further research

210. The following section suggests areas of research that UNICEF, or its United Nations affiliates, may want to consider including in future work plans. These suggestions are included here in response to a request by the UNICEF Maldives office.

4.2.1 Monitoring and evaluation frameworks and capacity

211. Respondents in national government, at facilities and at Councils were asked to describe reporting requirements. It was established that Councils, health facilities, schools and pre-schools report both financial and non-financial information frequently. It was not possible to perform an in-depth analysis of reporting requirements or how reports are used to improve service delivery. There definitely is no electronic health information management system used in the public sector, despite widespread access to the internet and availability of computers.
212. Given the many changes in the Maldives since 2008 it would not be surprising if sectors have not yet developed reporting frameworks that enable improved service delivery. The capacity to use reporting systems also needs to be developed for them to produce meaningful information. Enabling reporting frameworks would ensure data is generated during routine processes, be meaningful to and help those responsible for collecting data improve their productivity and facilitate accountability relationships.
213. An assessment of reporting frameworks, capacity building needs and their effectiveness in social services should be considered.

4.2.2 Aligning planning processes

214. The budgeting and planning processes of councils and ministries was discussed in Sections 3.4.2 and 3.5. It is clear from the discussions that informed that part of the report and made clear by the MoFT and the LGA that existing planning frameworks do not link national and local planning processes. This can be expected given the state of flux in intergovernmental relations. These frameworks must be developed; they must be enabling; inform and informed by the budget process and require a medium term perspective.
215. Planning processes were not interrogated in detail which is why they are identified as an area for research. The D Act outlines a planning process and dates that must be adhered to but a more detailed intergovernmental planning framework needs to be developed.
216. The planning framework should continue to separate operational planning from capital planning as is currently the case. Capital planning is conducted through the Public Sector Investment Programme and this is done separately to operational planning. The planning framework should maintain this separation but must ensure that operational and maintenance implications of PSIP projects is catered for in operational plans.

4.2.3 Provision of pharmaceuticals

217. The non-availability of pharmaceuticals can undermine the quality of health services even if equipment, infrastructure and skills are present. In many of the island visited the shortages of pharmaceuticals was cited as a problem, as mentioned. The current arrangements probably prevent stocks of medicines from going to waste in storage in public health facilities and shift the financial risk of managing medicines to pharmacies. This has its merits. But it also creates health risks as some medicines are not readily available.
218. An assessment of the risks of the current arrangements with respect to the supply of medicines should be performed.

4.2.4 Intra health ministerial coordination

219. There were coordination problems within the health sector when the Public Health Units were under the control of Councils (see paragraphs 108, 109 and 110). The new, existing arrangements in the health sector should overcome this. However, the Public Health Units report to the Health Protection Agency and the rest of the health sector report to the Ministry of Health. Coordination between agencies and the department within a Ministry can be as weak as coordination between two different departments or even corporations and Councils.

220. The coordination between preventative health and curative health must be monitored closely. Too little coordination between the two creates the risk of increasing expenditure on curative health.

4.2.5 Waste management

221. The service most neglected after the recent governance changes in the Maldives is refuse removal and waste management. On the smaller islands this service is a potential source of piecemeal employment. Due to the size of populations on the islands it only requires a small team of workers to work for a few hours a day to collect all refuse and process the waste. Processing can include making compost, burning waste, separating materials for recycling and recycling waste into re-usable materials.
222. As this does not need to entail long working hours it is suitable work for women looking after young child. There are probably enough good practices in the Maldives already for case studies of these to be made and then promoted to Island Councils.

4.2.6 Policies and legislation should promote more differentiation

223. It appears that too few policies in the Maldives require or promote differentiated approaches to service delivery. This is surprising given the geographical layout of the country, and the demographic differences between islands. Differentiation may also not have been given due consideration yet as the changes in governance structures has happened so recently. It may take a bit more of time before differentiation in policies becomes politically acceptable. Time may also be required to achieve the necessary mind shifts.
224. Differentiating horizontally allows different approaches to the same service across the country. Differentiating vertically would lead to different approaches to the same service across categories of the population. Differentiation would lead to cost efficiencies in a number of services. The example of differentiation within pre-school service provision is one example. The D Act required all councils to provide public health services but not did consider allowing for different arrangements across islands.

5 Conclusion

225. The purpose of this study was to assess the impact of decentralisation in the Maldives with specific reference to services to children. It was conducted at the beginning of 2013.
226. After 30 years of rule under one president and a centralised approach to governance the Maldives has gone through radical changes in the subsequent four years (2008 – 2012). During these four years a provincial level of government was created and has since been abolished. Health services were corporatized and now the health corporations have been abolished. Public health services were decentralised to Island Councils but have since been moved back to the Ministry of Health. Municipal services were corporatized into seven corporations and these are now centralised in two corporations. Education was administered through regional education desks, which have been restructured and centralised. Amidst all these changes it is difficult to isolate the impacts on services to children.
227. Most islands were stripped of ownership of their public assets during the above changes. Ownership will be transferred back to the Island Councils once the President gazettes an asset registry that was submitted to that office during 2012. Island Councils have prepared regulations that would govern their activities. At the time of writing these had been in the President's Office for six months but have not yet been gazetted. Local Councils are now less empowered than they were in 2008 which was when they officially had even less functions and revenue raising powers.
228. Between 2008 and 2012 the now Ministry of Gender, Family and Human Rights was merged with the Ministry of Health and has since been established as its own ministry again (in May

2012). This ministry is still finding its feet, but during the above period the facilities and capacity required to fulfil its mandate have been neglected.

229. Reforms as far reaching as envisaged in the 2008 Constitution and the Decentralisation Act take decades to be implemented successfully.
230. A thorough legislative reform process should have been planned before any mandates or functions were decentralised. The progress made during the legislative reform should have been the basis for decentralising functions. The required reforms were identified during the drafting of the 2008 Constitution, but were later ignored.
231. Even though decentralisation involves transferring authority away from the centre, capacity at the centre is absolutely critical. Decentralisation should therefore be preceded by significant capacity building at all levels. This must be planned, carefully sequenced and coordinated with legislative reforms. Changes must be phased in gradually.
232. The decentralisation process in the Maldives was rushed, especially the establishment of the provinces and corporations who were given immense powers. Those decisions have since been reversed after a change of government in February 2012. There is a lot of confusion at all levels of government and especially so in Island Councils. It could become a lot more confusing after the Parliamentary elections due to be held during 2013, unless the incoming government adopts a very systematic, gradual approach to further decentralisation.

6 References and Resource Material

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7 Annexure 1: Ministries and Islands Visited

Ministries and Agencies interviewed (in Male):

- Local Government Authority
- Ministry of Environment and Energy
- Ministry of Gender, Family and Human Rights
- Ministry of Finance and Treasury and Treasury
- National Social Protection Agency
- National Disaster Management Centre
- Ministry of Education

Other Meetings in Male

- Maldives Red Crescent
- Male City Council

Meetings in the Islands

Maafushi (population 1555)

- Island Council
- Women's Development Council
- Education and Training Centre
- Informal discussions with community members

Addu City (population 15183)

- City Council
- Women's Development Council
- Hithadhoo Regional Hospital
- Education Unit
- Focus group with NGOs

Maradhoo (Population 3489)

- Maradhoo Health Center

Kulhudhufushi Island (8974)

- Atoll Council (Haa Dhaal)
- Haa Dhaal Regional Hospital
- Women's Development Committee
- Focus Groups with community members
- Two pre-schools

Nolhivaramfaru (population 1714)

- Island Council
- Focus group discussions with community members

Hanimaadhoo (population 1885)

- Island Council

8 Annexure 2: Summary of organisational arrangements in the health sector

- The Ministry of Health became the Ministry of Health and Gender in 2009. It was changed back to the Ministry of Health in 2012.
- Seven health corporations were established in 2009. Atoll and regional hospitals reported to the health corporations and their assets were transferred to the corporations. Hospitals were funded through the Madhana Health Insurance Scheme.
- Public Health Units were transferred to Island Councils and reported to the Island Councils and the CCHDC. Operations were financed by councils, medicines (vaccines) were provided by the CCHDC.

Current Arrangements

- Ministry: the Ministry of Health
- Aasandha is the national health insurance, every citizen has a limit of MR 100 000 subject to rules of the scheme.

	Regional Hospitals and Atoll Hospitals	Health Centres	Health Protection Agency	Public Health Units
Functions	Curative health treatment	Curative health treatment	Setting policies, overseeing and carrying out preventative health	Perform preventative health services in islands
Financing	Prepare plans and budgets and submit to MoH who assesses and submits to MoFT. Receive funds directly from MoFT. Submits budget reports to MoH and MoFT	Plans and budgets prepared by Hospitals, receives funds from the Hospitals	Financed by the MoFT	Operations funded by the Health Protection Agency
Accountability	Report to the MoH	Report to Atoll or Regional Hospital	Report to the MoH	Report to the Health Protection Agency
Staff	Contracted by Civil Service Commission, but recruited on request by hospitals through the MoH	Contracted by Civil Service Commission, but recruited on request by hospitals through the MoH	Contracted by Civil Service Commission,	Contracted by Civil Service Commission
Medicines	Hospitals purchase consumables with their own budgets, patients purchase medicines from pharmacies, paid for by Aasandha	Consumables purchased and supplied by hospitals, patients purchase medicines from pharmacies, paid for by Aasandha	Purchases medicines directly from suppliers and distributes through PHU's	Supplied by the Health Protection Agency
Infrastructure New	- Apply via the MoH, MoH applies via the PSIP	Will fall within the hospital planning process		
Infrastructure Maintenance	- Budget allocation must be used to maintain infrastructure	Hospital manages maintenance from their budget		Are located in Health Centres so maintenance covered by hospitals

9 Annexure 3: Summary of organisational arrangements in education

- In 2009 Seven Education desks were established and tasked with school supervision and continued professional development.

Current arrangements:

- Atoll Desks will be created in each Atoll to provide administrative support to schools and facilitate continued professional development. The main administrative functions of the Education Desks will be performed by the Regional Desks in the capital.
- National Institute for Education (NIE) is responsible for curriculum development. Work will begin in 2013 to develop a programme for pre-schools.

	Regional Desks (situated in the capital)	Education Desks (situated in each Atoll)	Schools larger than 500 and/or provide A levels	Schools with less than 500 students	Pre-schools
Functions (other than teaching)	Oversee needs of schools with less than 500 learners,	Administrative support to schools, facilitate staff development, technical support will be provided by MoE			
Accountability		Reports to Ministry of Finance and Treasury	Report directly to MoE	Report to the regional desk	Report to Island Councils
Staffing		Staffed by the Ministry of Education	Staff contracted by Civil Service Commission, new appointments and discipline dealt with via MoE	Staff contracted by Civil Service Commission, new appointments and discipline dealt with via regional desk in Male	Qualified teachers paid by MoE, other staff paid from fees and subsidy
Budgeting		Budget directly from the MoE	Receive budget directly from the MoE and submit budget reports to the MoE	Receive budget from regional desk in Male and submit reports to the regional desk	Receive subsidy based on number of students from Island Council, charge fees
Infrastructure – New			Make applications via the MoE, MoE applies via PSIP	Make applications via regional desk, applications few new infrastructure submitted to MoE with requests from other schools in the region	Island Councils apply for funding via PSIP and/or community funds
Infrastructure – Maintenance			Included in budget from MoE	Included in the budget received from regional desk	Managed by centres from budget
Learning materials			Provided directly to schools from the Ministry	Provided to schools via the Atoll Desks	Purchased by centres

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