



DECENTRALISATION &
LOCAL GOVERNANCE

The Local Public Sector's Role In Achieving Development Goals: Subnational Governance, Finance, and the Post-2015 Global Development Agenda

Country Survey Instructions



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Prepared by the



**THE LOCAL PUBLIC SECTOR'S ROLE
IN ACHIEVING DEVELOPMENT GOALS:
SUBNATIONAL GOVERNANCE, FINANCE, AND THE POST-2015
GLOBAL DEVELOPMENT AGENDA**

COUNTRY SURVEY INSTRUCTIONS

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SECTION 1: INTRODUCTION

1.1 BACKGROUND: THE IMPORTANCE OF THE LOCAL PUBLIC SECTOR

While development and public service delivery are mostly local in nature, the arrangements that governments use to provide people with key public services vary dramatically from country to country. A common obstacle to development in many developing countries, however, is that the share of public financial resources that flows down to the local level—where these resources can be used for the pro-poor front-line public services that matter to the lives of people—is often inadequate. Instead, funds often remain stuck at the central government level, where resources frequently fund bloated and inefficient bureaucracies. This systemic problem limits the ability of many developing countries to effectively deliver critical, pro-poor public services such as basic education, health services, and other public services that are essential for economic development and poverty reduction.

Relatively little is known about the degree to which public finances remain stuck at the central level in developing countries across different sectors, versus the share of sectoral resources that flow below the national level and are ultimately used for front-line services. Likewise, little is known about the degree to which subnational officials are actually given discretion over the financial resources that trickle down to the local level, or whether accountability mechanisms are in place for community's to hold officials at the regional and local level accountable. Ultimately, however, we would expect the level of funding available for front-line services and the way in which these resources are governed at the subnational level to have a major impact on service delivery outcomes within their respective sectors. In line with this gap in our knowledge about the functioning of the public sector, the Local Public Sector Initiative (LPSI) seeks to promote international development and public sector governance worldwide by advancing the understanding of the local public sector.

A comprehensive analysis of the local public sector should take into account that there are different approaches by which governments interact with—and deliver services to—the people. Many countries around the world rely on elected regional or local governments to interact with the communities and residents at the grassroots level and to provide certain public services, in a process known as devolution. Indeed, much of the existing analysis of the local public sector and local public sector finances has focused on the expenditures and revenues of devolved state and local governments.¹

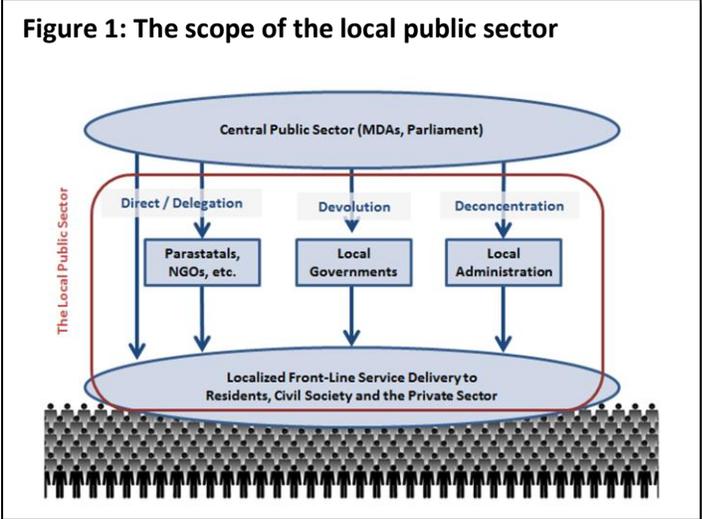
However, roughly half of the countries around the world deliver public services predominantly or exclusively through mechanisms other than devolution. Many of these countries rely on local “deconcentrated” administrative bodies, which are not elected and are a hierarchical part of the state administration. In other cases, central government may delegate the delivery of public services to para-statal organizations or NGOs, or may even deliver certain public services directly through central government agencies.

¹ Unless otherwise indicated, the term “local” is generally used in this document to indicate activities at any (local or regional) level or tier below the central government level. The scope of the “local public sector” is discussed more fully below.



In order to capture the various ways in which the central public sector interacts with the population and delivers public services, the local public sector could be defined as that part of the public sector that regularly interacts with residents, civil society, and the private sector in a localized manner; it is where residents and businesses receive services from the public sector and where residents interact with government officials.

This means that local public sector encompasses not only the activities and spending of ‘devolved’ state and local governments, but also the activities of deconcentrated administrative bodies below the central level, as well as delegated or direct (central) spending on front-line service delivery. Indeed, in many countries, front-line services within a sector are provided and funded through a number of different mechanisms at the same time.² As such, all of these mechanisms and funding flows should be taken into account in order to arrive at a better understanding of the role of the local public sector in delivering public services and reducing poverty (Figure 1).



1.2 THE LOCAL PUBLIC SECTOR’S ROLE IN ACHIEVING THE POST-2015 GLOBAL DEVELOPMENT GOALS: STUDY OVERVIEW AND RESEARCH METHODOLOGY

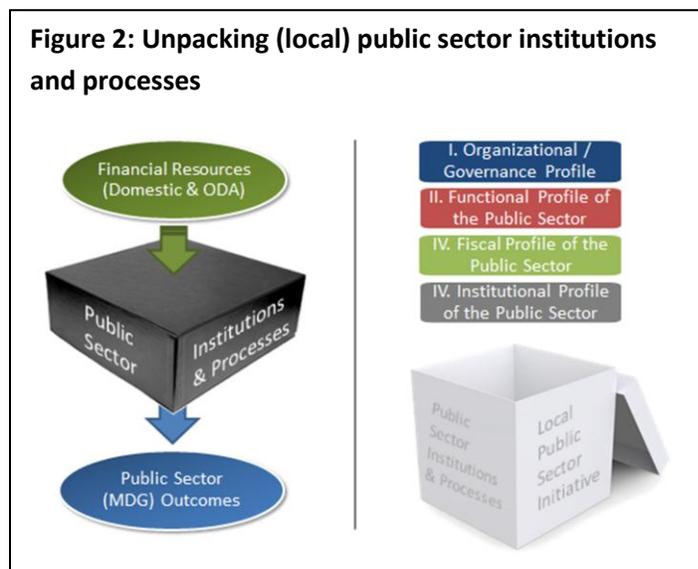
Local governments and the local public sector have an important role to play in the achievement of the set of global development goals that has been pursued since 2000. Most development experts agree that the bulk of pro-poor public services that are relevant for the MDGs – including the provision of public education, basic health services, agricultural extension services, access to clean water, and so on – have to be delivered in a localized manner (Boex, 2010). Therefore, it would be reasonable to expect that since 2000, an increasing share of official development assistance as well as an increasing share of public sector resources in developing countries has been funneled towards the local public sector.

Many economic development and poverty reduction strategies, however, seem to have overlooked the role of local governments and the role of the local public sector more widely. In fact, relatively little is known about how the public sector in different countries transforms public sector “inputs” (e.g., financial resources) into public sector outputs or outcomes (such as progress on global development indicators). Few systematic measures are currently available to capture how the organizational (governance) structures, finances and institutions within the (local) public sector effectively help transform financial resources into public sector outcomes (Figure 2, next page).

² Different countries follow different approaches. For instance, in some countries, employing teachers and ensuring the operation and maintenance of schools may be the responsibility of local governments, while capital infrastructure and textbooks may be procured by the Ministry of Education and provided to the local level in-kind. Yet, in other countries, employing and supervising teachers may be a task performed by the central government, while the construction, operation and maintenance of schools is a local responsibility.



Anecdotal evidence suggests that in most developing countries, a considerable share of the additional funding that has become available for pro-poor government services over the past ten years (both from domestic as well as international sources) has remained stuck at the central government level. If the assumption is correct that countries which spend a high share of their public finances at the local level are more effective at achieving MDG outcomes, this means that greater progress towards the MDGs and inclusive development could have been made if central authorities would have been willing to rely more on the local public sector. It is our ambition to quantify the extent to which this may have been the case.



In order to more carefully study the role of the local public sector in achieving “the world we want” as part of the post-2015 global development agenda, the Development Partner Working Group on Decentralization and Local Governance (DeLoG) in collaboration with the Urban Institute’s Local Public Sector Initiative, has developed a Country Survey in order to analyze the structure and functioning of the Local Public Sector in different countries.

In short, it is the ambition of this study to analyze changes in global development outcomes (as reflected by MDG indicators for the education sector and the health sector) from 2000 through 2010 for approximately 60 developing and transition countries.³ The study will then analyze whether countries that spent a greater share of resources at the local level –among other factors- were able to have a bigger impact on poverty reduction as measured by the MDG indicators. In addition, the study will examine whether differences in local governance and local administrative practices have an impact on MDG outcomes in health and education. For instance, do countries that rely on elected local governments for the provision of health and education services have better sector outcomes than those that rely on more centralized systems?

The description of the complete research design and methodology for this study are available in a separate document. The research methodology, along with all other relevant study documents, are available online at: http://www.localpublicsector.org/lps_development_study.htm.

Understanding the role that the local public sector plays in achieving global development goals is not just a backward-looking exercise. In contrast to the eight MDGs that have guided the global development agenda since 2000, the discussions surrounding the post-2015 global development agenda place much greater emphasis on issues such as governance, equity and inclusiveness.

³ It was decided to focus on the health and education sectors since these sectors are responsible for delivering key pro-poor services that are critical to social and economic development in most developing countries. These two sectors also represent a lion share of the expenditures channeled through the local public sector in most countries. Although the methodology can equally be applied to other sectors (such as agriculture and rural development or water and sanitation), it was decided to focus the current study on health and education for the purpose of expediency.

Experience to date has shown that, in many cases, sustained progress towards the MDGs has been underpinned by strong democratic governance and women’s empowerment, and hampered by their absence (UNDP/UN OHCHR, 2013a). As such, the post-2015 consultations thus far have highlighted governance—including subnational governance—as a catalyst for development gains in other areas of social and economic development, including basic education, improved health outcomes (including for mothers and children), access to drinking water and improved sanitation. The consultations surrounding the post-2015 framework explicitly recognize that the global development agenda should build on existing accountability mechanisms—not only at the national level, but also at the subnational levels—and that governance is not merely about engaging with institutions; it is about empowering people to engage with these institutions and access mechanisms to hold them to account (UNDP/UN OHCHR, 2013b). All these points speak to a much clearer recognition of—and potentially a more dominant role for—the local public sector in the post-2015 global development framework.

1.3 STRUCTURE OF THE LPS COUNTRY SURVEY (AND THE INSTRUCTIONS)

Data for the current research study will be collected using a four-page Local Public Sector Country Survey. The survey is based on a set of metrics that was recently developed by the Urban Institute (2012) to measure the most important dimensions of the local public sector’s institutions and processes (Figure 2).⁴ The first three pages of the survey cover the four basic components of the Local Public Sector Country Profile:

1. Organizational / Governance Profile of the Public Sector. What number of levels or tiers does the public sector have? What is the (average/range) size of jurisdictions at each level? What is the legal and organizational nature of entities at each level, and how are they governed?

2. Functional Profile of the Public Sector. What are the functions and responsibilities of jurisdictions at each level or tier?

3. Fiscal Profile of the Public Sector. For each public sector function (or within each sector), how much does the public sector spend at the central level, as well as at each level or tier below the central level, respectively? Likewise, how are the functions and services provided at each regional or local government level (or at each subnational administrative tier) funded?

4. Institutional Profile of the Local Public Sector. What are the political, administrative and fiscal institutions and processes that guide the authority, autonomy, accountability and capacity for each level or type of local entity?

The fourth page of the Local Public Sector Country Survey collects information and data on **public sector outcomes and performance of the public sector**. In particular, this consists of the MDG indicators of interest.

In line with this structure, sections 2-5 of these instructions provide detailed guidance on the completion of the LPS Country Survey. Specific guidance on the preparation of the Organizational-

⁴ The Local Public Sector County Profile Handbook (Measuring The Local Public Sector: A Conceptual And Methodological Framework) is available online at: <http://www.localpublicsector.org/methodology.htm>.



Governance Profile and the Functional Profile of the public sector (page 1 of the Country Survey) is provided in Section 2. Section 3 provides instructions on the preparation of the Expenditure Profiles for Education and Health (page 2 of the Country Survey). Next, Section 4 presents guidance on the preparation of the political, administrative and fiscal institutional aspects of the local public sector that together comprise the LPS Institutional Profile (page 3 of the Country Survey). Section 5 seeks to capture progress on the MDG indicators, which measure the improvements in public sector outputs and outcomes over the period from 2000 to 2010 (page 4 of the Country Survey). Finally, Section 6 provides some information on the data collection processes and the completion schedule for the Country Surveys, as well as the next steps of the research study on the role of the local public sector for achieving the MDGs.



SECTION 2: THE ORGANIZATIONAL-GOVERNANCE STRUCTURE OF THE PUBLIC SECTOR

The first worksheet of the LPS Country Survey provides country background information, as well as the overall organizational / governance structure of the country. Understanding the organizational / governance structure of a country's public sector requires answers to basic questions such as: What number of levels or tiers does the public sector have? What is the (average/range) size of jurisdictions at each level? What is the legal and organizational nature of entities at each level, and how are they governed? What are the functions and responsibilities of jurisdictions at each level or tier?

By no means is the country information captured by the Country Survey intended to be all-inclusive. Instead, the Country Survey only tries to capture the basic information relevant to the (local) public sector in each country in a way that is as objective and comparative as possible. Answers provided as part of the LPS Country Survey should reflect the actual (*de facto*) situation in a country, rather than merely reflecting the legal (or *de jure*) situation.

The first page of the Country Survey (related to organizational / governance structure of the public sector) is organized into four tables:

- Table I. Country Background Information
- Table II. Structure of the Public Sector
- Table III. Organizational / Governance Structure
- Table IV. (De Facto) Assignment Of Functions & Expenditure Responsibilities

There are a number of country-specific reference sources that provide good source materials for the completion of the General Country Profile. These reference sources include United Cities and Local Governments (UCLG), the Commonwealth Local Government Forum (CLGF), and the Forum of Federations:

- http://www.cities-localgovernments.org/gold/country_profile.asp
- <http://www.clgf.org.uk/policy-and-research/>
- http://www.forumfed.org/en/federalism/by_country/index.php



2.1 BASIC COUNTRY INFORMATION (TABLE I)

C1.1	Country Name:	
C1.2	Financial Year (2010 or 2010/11?):	
C1.9	National population:	
C1.10	Population density (pop per sq. km):	
C1.11	Percent Urban Population	
C2.1	Administrative Tradition:	
C3.1	Unitary or Federal Country:	
	Major Decentralization Reforms, 2000-10:	

Table I provides basic country information for the profile. Please enter the Country Name in row C1.1. The name entered can be the country's commonly used "short form" (rather than a country's longer, more formal name).

In order to be consistent, the Country Survey wishes to collect information for the budget year (or fiscal year) that began in 2010. If your country's budget year follows the calendar year, please collect data for 2010. Otherwise, collect data for the 2010/11 budget year. If data are unavailable for the 2010 financial year, please collect data for the closest year available.⁵ Enter the financial year in row C1.2 (e.g., "2010" or "2010/11").⁶

The next three rows reflect basic demographic information (C1.9 – C1.11). Total national population is to be entered in persons (i.e., not in thousands or millions). In addition, population density (people per square kilometers) and urban population (as a percent of total population) are to be entered into the profile in order to provide country context. Country-specific demographic estimates can vary considerably. In order to maintain a degree of uniformity, the preferred data source for 2010 is World Population Prospects, the 2010 Revision.⁷ Reliable domestic estimates (e.g., produced by the national statistics bureau) may also be used.

C2.1 What is the administrative tradition of the country (at the central government level)? Possible responses that are available include 'British', 'French' or 'Other'. It should be noted that France and the UK's own (local) public sector traditions have changed considerably over the past fifty years; nonetheless, the influence of the British Commonwealth and French colonial administrative traditions continue to play a strong role in many countries.

C3.1 What is the country's intergovernmental political structure? Valid responses to this question include 'Federal', 'Unitary' or 'Other'. A federal country is a country where the constitution assigns certain powers to state or regional governments, which cannot be unilaterally abrogated by the national government. In contrast, a unitary country is a state governed as one single unit in which the central government is supreme and any subnational units (whether local administrative units or local governments) exercise only powers that their central government chooses to assign to them. Many

⁵ As discussed in Section 3, whenever possible, the Survey should be completed using actual (realized) expenditures, rather than budget plan figures.

⁶ Whenever possible, non-fiscal data (e.g., population, GDP, etc.) and other institutional arrangements should be matched with the 2010 calendar year.

⁷ Available online at: < http://esa.un.org/unpd/wpp/Sorting-Tables/tab-sorting_population.htm > .



states in the world have a unitary system of government. There are only a select number of federal countries in the world (see the Forum of Federations, <http://www.forumfed.org>). It should be noted that decentralization by devolution is possible in both federal as well as unitary countries. Indeed, many unitary countries have a relatively decentralized public sector. The degree of devolution within federal countries varies considerably, although many federal countries are often more decentralized than unitary countries.

The final question in Table I asks whether a major decentralization reform took place during the decade from 2000-2010. Appropriate responses to this question are 'Yes', 'No', and 'Mixed/Other'. Only answer 'yes' if a major decentralization reform was actually implemented during this period that resulted in a major *de facto* change in the structure, functioning or financing of the public sector. A major decentralization reform is a reform that has resulted in a LPS County Profile for 2010 that is substantially different (either in terms of its organizational structure, expenditure profile, or institutional arrangements) when compared to 2000. Typically, such reforms are the result of constitutional reforms or major public administration reforms. Do not answer 'yes' if a new constitution or decentralization act was adopted during this period, without the accompanying reforms being (at least, in part) implemented during the period from 2000-2010.



2.2 STRUCTURE OF THE PUBLIC SECTOR: MAIN LEVELS / TIERS / TYPES (TABLE II)

G1.1	Name of subnational level / tier / type	Number of jurisdictions	Average population
	Central (national) government	1	
1.			
2.			
3.			
4.			

Table II seeks to capture the main organizational (administrative or governance) structure of the public sector. In order to complete Table II, the country researcher should choose up to four government levels, administrative tiers, or government types below the central (national) government.⁸ The four (or fewer) subnational levels or tiers selected for inclusion in the survey should reflect the main organizational (territorial-administrative or governance) levels responsible for public service delivery in the country, and should represent most -or all- public sector spending on key sectoral services (such as education and basic health services). *The rest of the Country Survey will focus on the levels or tiers selected in Table II.*

The territorial-administrative structure of a country is sometimes defined in the constitution, whereas in other countries, the organizational architecture of the country is defined by the legislative framework. In the latter scenario, the entire public sector structure may be defined by a single decentralization framework law or local administration law, or the structure may result from a variety of different laws, each of which define part of the subnational architecture.

It is the intent of the Country Survey to reflect the *de facto* nature of the country's territorial-administrative structure. For instance, the legislative framework may contain references to an administrative tier that in practice does not exist or does not function as a deconcentrated tier of the central administration. In this case, this level should not be considered in the Country Survey. Similarly, if a law is passed that states that districts should be led by elected councils, but in reality no elections have been held or the elected council is not actually given the leadership over the jurisdiction, then the true structure should be reflected in the profile.

It is not always necessary for the Country Survey to reflect *all* government levels or administrative tiers. In particular, in countries with four or more territorial/administrative levels or tiers, intermediate administrative tiers may be omitted or combined into the higher-level government if no front-line services are delivered by the relevant tier or level; if the budgetary resources at that tier are fully controlled by the higher level; and if no substantial administrative power exists at that level.⁹

⁸ Local public sector entities are expected to engage in some type of public (service delivery or governance) functions. In other words, does the jurisdiction have binding decision-making authority over certain affairs within its territorial jurisdiction? For instance, does it provide certain public services or infrastructure, regulate the use of public space or other common resources, provide public order or dispute resolution, engage in civil or local administration, engage in other activities for the common good of the jurisdiction, and/or does the jurisdiction engage in taxation? If the local entity provides one or more of these functions, then this entity should be considered part of the public sector. If the entity or jurisdiction at hand does not engage in any of these governance functions, it should not be considered a public sector entity that should be considered as part of the Local Public Sector Country Survey.

⁹ Likewise, administrative/governance levels that are political or administrative in nature, but that are not relevant for the delivery of key public services (such as basic education or basic health services) may be omitted (or combined into the

In selecting and determining the composition of up to four main local public sector levels or tiers, insights may be drawn from the IMF Government Finance Statistics: the Institutional Tables presented at the back of each Statistical Yearbook indicate which regional and local governments the IMF considers to be included in its institutional definition of the State and Local Government Sub-Sectors. Of course, the local public sector –as defined here- is conceptually somewhat broader than the IMF’s definition, as the current Country Survey also seeks to capture deconcentrated expenditures (as well as certain central expenditures that contribute to front-line public services) as part of the local public sector.

Differences between urban versus rural organizational structure. It is not unusual for a country to have a different subnational governance structure in urban areas when compared to the administration or governance of rural areas. In some of these countries, urban and rural jurisdictions are essentially equivalent in how they operate despite the different label (or despite being empowered by different laws). In other countries there are only relatively minor differences in functions and operation of urban and rural local governments, whereas in yet other countries, urban and rural structures are completely different and virtually unrelated.

Whenever possible, the Country Survey should combine urban and rural jurisdictions at the same territorial level or jurisdictional tier. For instance, the legislative framework in a country may differentiate between urban local governments (such as Cities, Towns, and Municipalities) and rural (district) local authorities, but for all intents and purposes, these two types of local entities may generally have the same functions and governance structures. In this case, these entities may be combined in a single row in Table II, and may be reported on together throughout the remainder of the Country Survey.¹⁰

Only when the governance, finances and administration of urban and rural areas in a country diverge completely will it be necessary to reflect urban and rural local jurisdictions as separate governance entities on different rows in Table II.

Non-hierarchical local jurisdictions and asymmetrical structures. In completing the organizational profile it should further be noted that in some countries, there may be parallel systems that are not necessarily hierarchical, or that do not necessarily follow the hierarchical structure of the main territorial-administrative system. For instance, in Mozambique, municipalities essentially operate alongside the hierarchical state administration system (which includes provincial and district administrations). In such cases, it may be practical to list the parallel or non-hierarchical governance structures below the hierarchical public sector structures.

In some countries, there are asymmetrical subnational governance structures, which may be difficult to capture in the profile. For instance, a metropolitan government may be formed as a separate

higher-level government) for the purposes of the Country Survey. For instance, whereas Local Governments or District Authorities may be divided into Wards (each with a Ward Administrative Officer), such ward-level jurisdictions seldom play an important role in the delivery of basic education or health services.

¹⁰ When reporting on the finances for two or more combined types of local entities, the finances should be added together. When reporting on the governance or institutional characteristics for two or more combined types of local entities, please focus on the governance/institutional characteristics of the most prevalent type of entity (typically rural local governments).



governance entity for the capital region, or for a handful of large urban areas. Sometimes metropolitan governments fulfill the functions of a regional government as well as the functions of lower-level local governments. Depending on the exact nature of these entities, they may either be captured in the survey together with the equivalent higher-level government, or may need to be assigned a separate level or tier in the territorial-administrative structure within the alternate structure.

Traditional authorities and community-level public entities. In some countries, traditional authorities form an important part (either formally or informally) of the public sector. The roles and responsibilities of these traditional authorities vary from country to country. For the purposes of the LPS Country Survey, traditional authorities should only be included in the Country Survey if they play an important role in public service delivery. Traditional authorities should be incorporated in the Country Survey if they (*de facto*) are responsible for providing key public services; if they contribute significant financial resources to the provision of public services; or if they have a substantive formal role in administering public services.

In addition to (or instead of) traditional authorities, many countries rely on a variety of community-level public entities or quasi-local governments in the delivery of a range of public services. For instance, whereas Community Development Councils (CDCs) in Afghanistan are not officially recognized as local governments, they are locally elected bodies that have corporate status; they control their own bank accounts; and they provide public infrastructure for the good of their local community. As such, if such quasi-local governments exist in a country and are an important part of public service delivery (and if adequate information is available for them), they may be included in the LPS Country Survey.

Alternatively, many countries rely on School Committees, School Boards or Parent-Teacher Committees (or similar formalized user groups) in order to monitor the operation of schools or the delivery of other front-line public services. In some countries, however, such community-level public entities also involve themselves with the funding and/or delivery of public services. If such formal community-level public entities exist and are an important part of public service delivery (for instance, by funding the salaries of teachers), and if adequate information exists about their organization, finances and institutional arrangements, they may be included in the LPS Country Survey as a separate government level or tier.¹¹

¹¹ While such community-level entities are an important element in monitoring and supporting public service delivery in many developing and transition countries, in most countries, adequate information will not be available to include these entities as a separate level or tier in the LPS Country Survey.

2.3 ORGANIZATIONAL / GOVERNANCE STRUCTURE OF THE PUBLIC SECTOR (TABLE III)

	Subnational Level / Tier / Type	1.	2.	3.	4.
G1	Main features of local entities				
G1.2	Are local entities corporate bodies?				
G1.4	Do local entities have their own political leadership?				
G1.6	Do local entities prepare/adopt/manage their own budgets?				
G1.7	If G1.2 no, are local entities budgetary sub-units of the higher-level?				
	If G1.7 yes, horizontal deconcentration or vertical deconcentration?				
G1.8	If G1.2 no, are local entities non-budgetary sub-units of the higher-level?				
G2	Governance of local entities				
G1.5	If G1.4 yes, is the local political leadership (at least in part) locally elected?				
G2.2	If G1.5 yes, have elections been held in the past seven years?				
G2.3	Does the local political leadership include elected local councils?				
G2.4	If G2.3 no, is there a local advisory / supervisory council?				
G2.5	Is the local executive directly or indirectly elected?				

The organizational nature of regional and local entities is often very different in different countries. For instance, the legal, budgetary and institutional characteristics of a “province” in Canada are very different from a “province” in Cambodia. Likewise, the legal and budgetary (organizational/governance) status of municipalities, districts, or villages often varies considerably from country to country. Questions G1.2 –G1.8 ask elementary questions about the governance of the four levels/tiers/types of local entities selected in Table II, so that Columns 1-4 in Table III correspond to Rows 1-4 in Table II. Appropriate responses to the questions include ‘Yes’, ‘No’ and ‘Mixed/Other’.¹² Respond ‘-’ if the question/answer is not relevant.

As noted above, answers provided as part of the LPS Country Survey should reflect the actual (*de facto*) situation in a country, rather than merely reflecting the legal (or *de jure*) situation.

G1.2 Are local entities at this level/type corporate bodies? Is the entity a separate legal entity, which can own and transact property in its own name, open and manage its own accounts, and sue and be sued in its own name?

G1.4 Do local entities at this level/type have their own political leadership? Political leadership is considered to exist if there is degree of authority and autonomy vested in local leaders over deciding the affairs of the local jurisdiction. When a local jurisdiction or entity has its own political leadership, it is often (but not always) the case that part or all of the local political leadership is elected. It should be noted that the presence of an (elected) advisory council which does not hold executive or legislative authority at the local level should not be considered to be part of local political leadership.

G1.6 Do local entities at this level/type have their own budgets? Answer ‘Yes’ if the local entity prepares and approves its own (operating and/or capital/development) budget. For the purpose of this question, do not consider “deconcentrated budgets” as “own budgets” if the budget for an entity is

¹² As noted in Section 2.2, if a local level/tier/type combines two (or more) types of local entities in Table II, Table III should be completed for the most common local jurisdiction type.

prepared and approved by a higher government level, and then contained (as an organization or sub-organization) in the budget of the higher level.

Local entities for which Questions G1.2, G1.4 and G1.6 are answered with ‘Yes’ are commonly referred to as *local governments*. However, not all entities at the local level are true local governments (as defined here). In many countries, local bodies are local deconcentrated administrative entities or hybrid local entities that combine features of local government bodies and local administration entities. Questions G1.7 and G1.8 should be answered for local entities for which Question G1.2 was answered with ‘No’.

G1.7 Are local entities budgetary sub-units of the higher-level government? In some countries, local jurisdictions or local departments are deconcentrated budgetary units that are organizationally part of the higher-level government. A deconcentrated budgetary unit or department can be defined as a subnational territorial jurisdiction or department that (i) is an organizational part of the national (state) administration; (ii) delivers public services or performs its functions in accordance with a territorial mandate; and (iii) is a formal budgetary entity (e.g., organization or sub-organization) in the national Chart of Accounts. Note that this definition accommodates both horizontal (or territorial) deconcentration, as well as vertical (or sectoral) deconcentration, as discussed immediately below (G1.7B).

G1.7B Nature of the deconcentrated system. In some deconcentrated systems, regional or local line departments are organizationally and budgetarily part of their respective line ministries. In this case, their budgets are reported as part of their respective line ministries’ budgets. This is known as ‘vertical deconcentration’. In other deconcentrated systems, regional or local line departments are organizationally and budgetarily part of their respective subnational jurisdictions. In this case, the budgets of all local departments within a territorial jurisdiction (e.g., within a province or district) are presented together in the national budget as the budget for that respective province or district.¹³ This is known as ‘vertical deconcentration’. Please answer ‘Vertical’ or ‘Horizontal’ (or leave blank as appropriate).

G1.8 Are local entities non-budgetary sub-units of the higher-level government? A final type of local body is a deconcentrated non-budgetary organizational unit. This is a local entity that (i) is an organizational part of the national (state) administration; (ii) delivers public services or performs its functions in accordance with a territorial mandate; (iii) is funded from the national budget but is NOT a formal budgetary entity in the Chart of Accounts. This type of entity is institutionally and budgetarily the weakest of all subnational entities: while being placed at the subnational level, a deconcentrated non-budgetary organizational unit does not even have its own formal budget line within the budget of its higher-level parent organization. As such, it does not have any formal political, administrative or fiscal power or authority; instead, is fully under the political, administrative and financial control of the higher level government.

G1.5 If G1.4 is ‘yes’, is the local political leadership (at least in part) locally elected? In a handful of countries, local governments are led by appointed (unelected) local political leaders in the absence of

¹³ In other words, in addition to the budgets of central line ministries, under horizontal deconcentration, the national budget also contains budget chapters or budget votes for deconcentrated provinces, regions or districts.

any elected local leadership. In most other countries where local bodies have their own local political leadership (as defined above for G1.4), either the local executive or the local (legislative) council, or both, are (directly or indirectly) elected. Answer 'yes' if the local political leadership is, at least in part, locally elected.

G2.2 If G1.5 is answered with 'yes', have elections been held in the past seven years?

G2.3 Does the local political leadership include elected local councils? If only local executives are (directly or indirectly) elected, answer 'No'. However, if the local political leadership includes (directly or indirectly) elected local councils, then answer 'Yes'.

G2.4 If G2.3 is answered with 'no', is there a local advisory / supervisory council? In some countries, local councils are elected that only have monitoring or advisory powers, but that do not form part of the jurisdiction's political leadership. For the purpose of this question, a local council is considered to be merely advisory or supervisory if it does not have the power to approve (or reject) the budget of the local jurisdiction.

G2.5 Is the local executive (directly or indirectly) elected? Answer 'yes' if the local executive is elected either directly by the local electorate or indirectly by the local council. Otherwise, answer 'no' (or leave blank as appropriate).

2.4 (DE FACTO) ASSIGNMENT OF FUNCTIONS & EXPENDITURE RESPONSIBILITIES (TABLE IV)

In some countries, especially in federal countries, the assignment of functional responsibilities is made in the constitution. However, this is not the norm around the world, especially not in unitary countries. Instead, in most countries with devolved (elected) local governments, the assignments of functional responsibility is often made by law (e.g., by a Local Government Act). In other cases, the assignment or functional responsibilities is contained in different pieces of sectoral legislation. It is not unusual for the functional assignment to be vague or inconsistent, or for there to be gaps between the *de jure* expenditure assignment and *de facto* practices. In deconcentrated countries, the assignment of responsibilities between different administrative tiers is typically done by a Local Administration Law, while in other countries the assignment of responsibilities is defined by (sectoral) policy, regulation or simply driven by practice.

Indeed, different terms are used in different countries with the regard to the assignment of functional responsibilities and authority. Legislation may refer to the assignment of powers; functions; responsibilities; mandates; or make distinctions between different types of functions, such as mandatory functions versus optional functions (and sometimes prohibited functions).

It should be noted that the assignment of functional responsibilities are multi-dimensional in nature. For instance, the responsibility for the delivery of primary education can be “unbundled” into the responsibility for the development of the school curriculum, setting of educational standards and norms; the responsibility for providing the financial resources for primary education; the actual “provision” of primary education (i.e., making sure that the service is provided); and the production of the school (which may be done by public sector itself, or by a private provider).

Table IV in the LPS Country Survey focuses exclusively on the responsibility to *provide* or *deliver* the public service: in other words, which government level or administrative tier is responsible for making sure that a public service is actually delivered?¹⁴ Which government official has the responsibility for making sure that schools are operated and maintained, that teachers show up in the classroom, and that learning materials are present; who is responsible for making sure that solid waste is picked up and transported to the land fill; who is assigned the responsibility for operating health clinics and providing health services; or –more generally- who makes sure that the public sector’s resources are transformed into public service outputs for any specific function?

The final table on the first page of the LPS Country Survey (Table IV) seeks to capture the *de facto* assignment of functions and expenditure responsibilities with respect to two sectors: health and education. The classification of functional responsibilities contained in the rows of Table IV is based on the classification of functions of government (COFOG) as defined by the IMF (2001).¹⁵

Each cell in Table IV should reflect the government level or administrative tier that is mainly or primarily responsible for each function on a *de facto* basis. As such, each cell in the table should be completed

¹⁴ Table IV does not deal with the policy; financing; or production aspects of specific public sector functions – only with the *provision or delivery responsibility* of a function. For instance, for the purpose of the current discussion, if primary school teachers are local government employees while their salaries are funded by 100% by a wage grant from the central government, the provision of primary school personnel should still be considered a local government function.

¹⁵ The numeric codes used here reference IMF’s functional classification codes.



either with a 'C' (signifying central government) or the number 1-4, corresponding to the four levels/tiers/types of local public entities included in Table II. If multiple government levels share the responsibility for a specific function, multiple answers may be provided in each cell, separated by a comma.

		Pers.	O&M	Supplies	Capital
707	Health				
F1.18	Public health and outpatient services (7072,7074)				
F1.19	Hospital services (7073)				
709	Education				
F1.22	Pre-primary Education (70911)				
F1.23	Primary Education (70912)				
F1.24	Secondary Education (7092)				
F1.25	Vocational (post-secondary, non-tertiary) Education (7093)				
F1.26	Tertiary Education (7094)				

Responsibility for Health Services. In order to get an accurate picture of the assignment of responsibility for the delivery of health services, the responsibility for health services is broken down further into Public health services and Outpatient Services (7072, 7074) and Hospital Services and other health services (7073).

Public health services include the administration, inspection, operation or support of public health services such as blood-bank operation, disease detection, prevention (immunization, inoculation), monitoring (infant nutrition, child health), epidemiological data collection, family planning services and so forth. Outpatient services include preventative and curative medical, dental and paramedical services delivered on an outpatient basis by medical, dental and paramedical practitioners. Outpatient and public health services may be delivered at home, at health centers, dispensaries or other outpatient facilities. Public health services and outpatient services include the medicines and medical supplies that are supplied directly to outpatients by medical, dental and paramedical practitioners. Outpatient services are often performed at the local level. Likewise, public health services are often delivered in a localized manner. Nonetheless, it is not uncommon for central government institutions and officials to be directly involved in the provision of certain public health services, especially when public health services (such as immunizations or child/maternal health care) are provided by so-called vertical or parallel programs.

Hospitalization is defined as occurring when a patient is accommodated in a hospital on an in-patient basis for the duration of the medical treatment. This category covers the services of general and specialist hospitals. Technically, the definition of hospitalization also covers the services of medical centers, maternity centers, and other medical facilities which chiefly provide in-patient services. However, the main emphasis here is on the operation of general and specialist hospitals. In many countries, specialized hospital services are often only offered by national hospitals and/or regional hospitals. General hospital services may be delivered on a more localized basis, and may be provided and managed at the local level in addition to the general hospital services provided by national or regional hospitals.

Responsibility for Education Services. In order to get an accurate picture of the assignment of responsibility for education services, the responsibility for educational services is broken down further by education level or type. As such, Table IV separately considers pre-primary Education (70911); Primary Education (70912); Secondary Education (7092); Vocational (post-secondary, non-tertiary) Education (7093); and Tertiary (higher or university) Education (7094).

Different aspects of functional responsibilities. It may be the case that performing a specific function or the delivery of a specific public service –both by law and in practice- is fully the responsibility of a single government level or tier. In that case, this government level would be responsible for employing and overseeing the personnel that provides the service; as well as for the operation and maintenance of service delivery facilities; for the construction of the necessary capital infrastructure; as well as for the necessary supplies required for delivering that service. In Table IV, this would be reflected by all answers in a single row referring to the same government level. For instance, the responsibility for tertiary (higher or university) education in a country may solely be the responsibility of the central level.

In contrast, it may be the case that (either by law or in practice) different aspects of the responsibility for performing a certain function or delivering a certain public service are assigned to different government levels. For instance, as already noted in Footnote 2, in some countries, employing primary school teachers and ensuring the operation and maintenance of schools is the responsibility of local governments, while procuring capital infrastructure (including school buildings) and textbooks might be the (de facto) responsibility of the Ministry of Education. In a similar vein, in other countries, employing and supervising primary school teachers may be a function performed by the central government, while the construction, and/or the operation and maintenance of school buildings is a local responsibility.

It should be reminded that the Country Survey (Table IV included) ought to reflect the actual situation in a country rather than the legal situation. Thus, for instance, it may be the case that the Local Government Act assigns the responsibility for providing public health infrastructure and services to the local government level. However, in reality, it may be the case that for a variety of reasons, some (or all) of the health sector’s capital infrastructure is actually being constructed under the auspices of the Ministry of Health.¹⁶ In that case, the *de facto* responsibility for health infrastructure actually lies (partially or fully) with the central government. Likewise, it is not unusual for central government ministries to be accorded the de facto responsibilities for providing sectoral supplies.

Sectoral Supplies. The concepts of personnel (and associated spending on wages and salaries), operation and maintenance (O&M) expenditures (or spending on goods and services), and capital infrastructure spending are common elements of most countries’ budgets. In addition, however, Table IV contains one more column: supplies. For the purpose of the Country Survey, sectoral supplies are understood those materials provided by the public sector to the end users of public services as part of the production of sectoral outputs and outcomes.

¹⁶ A common reason is that the financial resources that are available to the local level are inadequate to fund the construction of such capital infrastructure. Analyzing the underlying reason for this funding inadequacy –whether it is weak local own revenue effort or the lack of central institutional will to provide adequate grants to the local level – is beyond the scope of the current discussion.

For instance, the procurement and the (direct or indirect/in-kind) provision of textbooks, science kits, other learning materials (in the education sector) as well as pharmaceuticals (drugs) and medical supplies (in the health sector) should be considered ‘sectoral supplies’.

In international practice, the responsibility for procuring and providing sectoral supplies varies significantly from sector to sector and from country to country. Indeed, it is not unusual for the (*de facto*) responsibility for providing sectoral supplies to differ from the provision of ‘regular’ operation and maintenance items. For instance, in many countries, drugs and medical supplies are procured in bulk by the Ministry of Health (or a similar central government agency) and provided to the local level in kind. In this case, this should be reflected as centralized provision (‘C’) in Table IV.

SECTION 3: EXPENDITURE PROFILES FOR THE EDUCATION AND HEALTH SECTORS

The second worksheet of the LPS Country Survey seeks to capture expenditure profiles for the education and health sectors. For each of these public sector functions or sectors, how much does the public sector spend at the central level, as well as at each level or tier below the central level, respectively?

The second page of the Country Survey contains four tables:

- Table V. Background on Public Health and Education Expenditures (Including Development Assistance)
- Table VI. Sectoral Spending: Health Expenditures (E707)
- Table VII. Sectoral Spending: Education (E709)
- Table VIII. Sectoral Human Resources / Staffing Levels: Health and Education

The primary focus of the LPS Country Survey is on the public expenditures (in the health and education sectors) of the host country government. However, special attention is also paid to the role of expenditures financed by official development assistance in these two sectors.

3.1 BACKGROUND ON PUBLIC HEALTH AND EDUCATION EXPENDITURES – INCLUDING DEVELOPMENT ASSISTANCE (TABLE V)

C1.5	Currency Name:	
C1.6	Currency Unit (e.g., thousands, millions):	
C1.7	Exchange Rate (US\$ 1 = X Local Currency)	
C1.8	Gross Domestic Product	
Z5.9	Actual spending or budget estimates?	
	ODA spending included in public accounts?	

For clarity and consistency, all budgetary/expenditure tables in the LPS Country Survey should be prepared in the local currency. Please identify the Currency Name (C1.5); the Currency Unit used in budget tables for this survey – for instance, “thousands”, “millions”, “billions” (C1.6): and the Exchange Rate (C1.7), specified in terms of US\$ 1 = X Local Currency.¹⁷ Current or historical exchange rates may be obtained online as needed (for instance, see < <http://www.oanda.com/currency/converter/> >).

Gross Domestic Product (GDP, C1.8) reflects the gross value of all production an economy. This variable is included in the expenditure profile for comparative purposes. GDP should be reported in its total amount (i.e., not in per capita), at current prices (i.e., not in constant prices) and in the same currency and currency unit as selected in C1.5 and C1.6. In order to ensure consistency between profiles, it is preferable to use a consistent cross-country data source for GDP figures (whenever available). For this purpose, data for 2010 GDP may be available from the World Bank at < <http://data.worldbank.org/indicator/NY.GDP.MKTP.CN> >.

In preparing the sectoral expenditure profiles, whenever possible, the aim should be to use actual expenditure and actual revenues figures (i.e., budget execution data) for the relevant budget year. This is in line with the intent of the LPS Country Survey to reflect the *de facto* status of the local public sector in a country. Only if actual expenditures or revenues are not available should the researcher consider using budget plan (or so-called ‘budget estimate’) figures. Question Z5.9 asks whether the LPS Country Survey (Tables VI and VII) reflects actual expenditures or budget estimates (or mixed/other)?

The final question in Table V asks whether the majority of official development assistance (ODA) spending is included in the host government’s budget and public accounts. The focus of this question is primarily on the health and education sectors. In many countries, projects or programs funded by official development assistance are contained in the host country’s development budget. Appropriate answers include ‘Yes’ (most or all ODA is accounted for in the host government’s public accounts); ‘No’ (little or none of ODA is accounted for in the host government’s public accounts); and ‘Partial’ (ODA is only partially accounted for in the host government’s public accounts).

¹⁷ The exchange rate for the mid-point of the reporting period should be used (e.g., in the case of a July-June budget year, January 1, 2011 should be used for FY 2010-11).

ODA Spending by Sector (US\$ millions)	2000	2005	2010
Health Sector			
Education Sector			
Total ODA (all sectors)			

ODA Modalities	SWAp (Yes / No)	Sector Basket (Yes / No)	Budget Support (Yes / No)	Local ODA 2010 (US\$ million)
Health Sector				
Education Sector				

The continuation of Table V asks several questions about the level of ODA spending by sector for the years 2000, 2005 and 2010 (in US\$ millions). For many countries, these data are prepared by the OECD and available online at: < <http://stats.oecd.org/Index.aspx?datasetcode=CRS1> >. However, please feel free to use the most accurate data that is locally available if it is believed that the locally available ODA data are more complete than the OECD data.¹⁸

Next, Table V asks about the practices of the sectoral development partners in the health and education sectors. First, for each of these two sectors, please answer whether or not a sector-wide approach (SWAp) exists, which allows for sectoral harmonization and coordination between the host government and its sectoral development partners. Second, please answer whether (two or more) development partners rely on a sectoral basket fund to provide financial support to the sector. Third, please indicate whether general or ring-fenced budget support is used as a significant means to (directly or indirectly) fund sectoral expenditures in health and education.

Finally, out of the total sectoral ODA reported above for 2010 (in US\$ millions), Table V asks the amount of official development assistance in each sector (for the same year) that was directly used in the localized provision of public services. Included in this amount should be financial support for the payment of salaries for front-line public servants (teachers, school staff, doctors, nurses, health care worker);¹⁹ support for operation and maintenance expenditures made at the local level (by schools, clinics, other service delivery units, or by local governments or other local bodies), support for the procurement and provision of sectoral supplies; and support for the procurement, construction and/or rehabilitation of local capital infrastructure (including school buildings, university buildings, hospitals, clinics, and other related local infrastructure). In other words, 'local' ODA should include all sectoral ODA that visibly reached the end-user of the relevant public service.

Sectoral ODA should not be considered 'local' to the extent that it was used for project administration purposes (predominantly) at the central level; to the extent that it built capacity (predominantly) at the central government level; expenditures for project planning, communication, transportation, or monitoring; or to the extent that policy reforms or other efforts only indirectly benefitted local-level officials or the population.

¹⁸ If so, please note this under the remarks in Table XIII.

¹⁹ Capacity building spending directly benefitting front-line public servants or local (government) officials may also be considered local ODA spending.

3.2 SECTORAL EXPENDITURE PROFILES (TABLE VI and VII)

		Pers. Exp.	O&M Exp.	Supplies Exp.	Capital Exp.	Total Exp.
C	Central (Non-Local) Expenditures					
D	Direct & Delegated Expenditures					
1						
2						
3						
4						
	Total Expenditures					
	Substantial Central Control over LPS Exp?					

The purpose of the Sectoral Expenditure Profiles (Tables VI and VII) is to capture the sectoral expenditures that take place at the central level as well as at the different levels within the Local Public Sector for the health and education sectors, respectively. These tables recognize that public services are seldom funded by only one government level or tier at the same time. The tables further ask sectoral expenditures at each level to be broken down by personnel expenditures (wages and salaries); operation and maintenance (O&M) or expenditures on goods and services; supplies; and capital infrastructure expenditures. Total expenditures should reflect the sum of the different spending categories (across levels and/or types of expenditures within the sector).

What expenditures should be included in the sectoral expenditure profiles? It is the intent of the sectoral expenditure profile to capture the totality of public sector funds that are directed to the health and education sectors.²⁰ Based on the selections made in Table II of the Country Survey, Tables VI and VII allow the user to incorporate up to four subnational government levels, administrative tiers, or types of local entities. Consistent with the concept of the local public sector defined in Section 1 of these instructions, the LPS Country Survey not only considers the expenditures of devolved regional and local governments to be part of the local public sector; instead, deconcentrated expenditures at different administrative tiers are also counted as part of the local public sector. In addition, as further noted below, some central expenditures should be counted as ‘local’ expenditures under the category ‘direct/delegated expenditures’.

In addition to funding flows that are directed from the central government level, the sectoral expenditure profile (Tables VI and VII) should also (attempt to) capture sectoral expenditures made at the local level that are funded from local own revenue sources (including fee revenues that are collected by front-line service facility). Expenditures should be counted as long as the relevant funds flow through public sector accounts at any level (e.g., through the central budget, through local government accounts, or the accounts of a service delivery facility).

The sectoral expenditure profile should not include private expenditures on education and health when these expenditures do not flow through public sector accounts. As such, household spending on private schools or private health facilities is not counted in the sectoral expenditure profile. However, public

²⁰ Whenever development resources are accounted for on-budget, these on-budget sectoral expenditures should be included in public sector expenditures.

subsidies of grants provided to private health facilities or school *is* counted as part of the sectoral expenditure profile.

It is important to note that the sectoral expenditure profiles should capture all sectoral expenditures. Within the health sector, the whole range of public health services that involved interaction between health officials and patients (whether by local dispensaries or clinics, regional hospitals or national hospitals) are considered to be part of the delivery of ‘front-line’ services, and therefore part of the local public sector. Likewise, the delivery of all public education services –ranging from pre-primary education to higher (university) education are considered to be the delivery of ‘front-line’ services, and therefore part of the local public sector. This means that in the sectoral expenditure profile for education, the profile should include all expenditures that are made by the Ministry of Education as well as by the Ministry of Higher Education (if a separate ministry).

Budget estimates versus actual expenditures. As already noted in Table V, in preparing the sectoral expenditure profiles, whenever possible, the aim should be to use actual expenditure and actual revenues figures (i.e., budget execution data) for the relevant budget year.

Deconcentrated expenditures. If a country has a deconcentrated budget structure, deconcentrated sectoral expenditures should be reported at the respective administrative level at which they are incorporated in the national budget. For instance, if the national budget breaks down each ministry’s budget expenditures between ‘central administration’ and ‘provincial administration’, deconcentrated expenditures should be reported as part of the provincial level (where presumably the provincial level is Level 1 in Table II).

Central and direct/delegated expenditures. The recurrent expenditures as well as the development expenditures of the central line ministry (e.g., the Ministry of Health or the Ministry of Education) along with the sector expenditures of other central sector agencies are often the most obvious starting point for preparing a sectoral expenditure profile. It should be noted that the first two rows of Table VI and VII should only capture the expenditures of the central line ministry in terms of wage expenditures, O&M, supplies, and capital expenditures;²¹ intergovernmental transfers provided by the line ministry to lower level governments should NOT be counted as central expenditures (or as direct/delegated expenditures), since these resources should be counted at the (local) level where the final expenditure is made.

Table VI and VII consider two types of central government expenditures. Pure central government expenditures within each sector (row C) are central government expenditures (e.g., by line ministries or other central agencies) that are strictly central in nature and that have no direct impact of front-line service delivery. For instance, the spending of the central line ministry’s policy department is a clear example of a central expenditure. However, in other cases, central government expenditures have a direct impact on (or provide a direct contribution to) front-line public services. These are referred to here as “direct and delegated expenditures” (row D). Central government expenditures can be

²¹ As noted on footnote 21 below, to the extent that the central government provides subsidies to central-level parastatal organizations (e.g., universities or hospitals), NGOs, or other third party entities to provide public services, these subsidies should be included in central expenditures as part of ‘direct/delegated’ expenditures.

considered as direct or delegated expenditures (and thus, as part of the local public sector), if the funding directly supports the front-line delivery of public services in the respective sectors.

Included in the amount of direct and delegated central expenditures should be any central expenditures that directly fund the wages or salaries for front-line public servants (such as teachers, school staff, doctors, nurses, health care worker); direct central financing of operation and maintenance expenditures made for the benefit of facilities at the local level (by schools, clinics, other service delivery units, or by local governments or other local bodies); central spending for the procurement and provision of sectoral supplies (e.g., schoolbooks and medicines); and support for the procurement, construction and/or rehabilitation of local capital infrastructure (including school buildings, university buildings, hospitals, clinics, and other related local infrastructure). In other words, direct and delegated public expenditures should include all central sectoral spending made directly by central government entities that visibly reaches the end-user of the relevant public service.²²

A careful review of central government expenditures is often required to determine whether a specific central expenditure should be counted as central public spending or whether the expenditure reflects 'direct or delegated' expenditures. Sectoral experts should be consulted in order to ensure that central government expenditures are properly categorized.

Sources of expenditure information. Naturally, the source of budgetary information that is required to prepare a LPS Country Survey differs from country to country, in large part based on the country's intergovernmental fiscal architecture. In most countries, however, central government expenditures as well as centrally-funded direct and delegated functions are most likely be contained in the national budget which is publicly available. In other countries, the completion of Tables VI and VII may require an analysis of more detailed budget documents prepared by the relevant line ministries. Deconcentrated expenditures are contained in the national budget, since –by definition- deconcentrated expenditures are made by subnational entities that are classified as budgetary (sub-) organizations of the national government. In contrast, the expenditures of devolved (elected) regional or local governments are generally reported by local governments themselves, but may be monitored and reported (in aggregate form) by either the Ministry of Finance and/or the Ministry responsible for Local Government. Many developing and transition countries have difficulty compiling accurate data on the revenues and expenditures of devolved local governments.

Secondary data sources should be avoided for completing these expenditure tables. It would be prudent to retain the source documents/data used for the completion of these tables for future reference. If public budget documents do not provide sufficient detail, the researcher should attempt to contact the Ministry of Finance, the Ministry of Local Government, and/or the relevant line ministry in order to request further information.

Avoid double-counting expenditures. Please avoid the double-counting of public expenditures by making sure that intergovernmental grants provided from one level to another are not counted as expenditures by the higher-level government. For instance, if the Ministry of Education provides a grant of \$1 million

²² Central government subsidies, grants or transfers to NGOs, para-statal organizations or other non-government entities that provide front-line services (such as universities or hospitals) should also be considered as part of 'direct and delegated' expenditures.

to municipal governments for the construction of schools, these resources should not be counted as central (or direct/delegated) expenditures; instead, these resources should show up in the expenditure statistics for the municipal level.

Likewise, even though in many countries local government salaries (such as for teachers) are funded by an earmarked grant from the central government to the local government level, these expenditures should be counted at the local level, rather than at the central level. If these wage grants are contained in the recurrent budget of the Ministry of Education, please be sure not to include these wage grants in the recurrent (wage) expenditures of the central line ministry.

Substantial Central Control over LPS Expenditures? The final row in Tables VI and VII ask whether the central government has substantial control over local public sector expenditures within each of the sectors, and for each type of local government expenditures. Possible responses include ‘Yes’, ‘No’ and ‘Mixed/Other’.

For instance, if teacher wages are paid by local governments (and hence, are recorded in the table as local government expenditures), but the central government has considerable control over the number of local teacher positions and/or over the hiring and firing of teacher (or the central government provides local governments with an earmarked wage grant that is based on the number of teachers that it has approved), then it is reasonable to claim that substantial central control over local wage expenditures exists.²³ Similarly, central officials may exert substantial control through administrative mechanisms over how subnational officials spend their O&M resources, supplies, or capital expenditures.

Similarly, in some deconcentrated systems, the expenditure choices of subnational administration officials (within each specific type of expenditures; for instance, O&M spending) are largely controlled by higher-level officials. In other deconcentrated countries or systems, the composition of deconcentrated expenditure may leave greater discretion to subnational officials. The degree of central control over subnational spending should be reflected in the final row of Tables VI and VII.

3.3 SECTORAL HUMAN RESOURCE / STAFFING PROFILE (TABLE VIII)

	Subnational Level / Tier / Type	Education Sector	Health Sector
C	Central Government Staff		
1	...		
2	...		
3	...		
4	...		
	Total Sectoral Staff		

A final indicator of interest regarding sectoral expenditures at different government levels and at different tiers of administration is the distribution of sectoral human resources across the public sector.

²³ Table X (discussed further below) seeks greater detail about local discretion or control over local administrative processes.

Table VIII seeks to capture the number of sectoral staff that are employed at different levels or tiers of the public sector. To the extent possible, these staffing levels should reflect all public sector staff within these sectors, including central ministry staff, staff of para-statal organizations, as well as local government staff or deconcentrated staffing levels.

As a rule, staffing should be recorded at the level where they are administratively posted. In many countries, this will coincide with the government level or the administrative tier where their salaries are paid (as reflected in Tables VI and VII) and/or with the public sector level that is responsible for monitoring/managing the performance of these staff.

SECTION 4. THE INSTITUTIONAL ASPECTS OF THE LOCAL PUBLIC SECTOR

The third page of the LPS Country Survey covers the institutional profile of the local public sector. It explores the political, administrative and fiscal institutions and processes that guide how each level or tier of the local public sector functions and operates. This involves questions regarding the authority, autonomy, accountability and capacity of each level or type of local entity. Consistent with the underlying assessment framework for the Local Public Sector (Urban Institute, 2012), the third page of the LPS Country Survey contains three tables:

- Table IX: Political institutions at the local level
- Table X: Administrative institutions at the local level
- Table XI: Fiscal institutions at the local level

The intent of these questions is to reveal something about the degree of discretion that local bodies have over the delivery of sectoral services. In addition, some of the questions are aimed at uncovering the degree of accountability that exists at the local level (both in terms of upward as well as downward accountability).

It should be noted once again that the survey response should reflect the actual situation on the ground (i.e., the *de facto* situation rather than the *de jure* situation).

Generally, possible responses to the questions in Table IX-XI include ‘Yes’, ‘No’ and ‘Mixed/Other’.



4.1 POLITICAL INSTITUTIONS AND PROCESSES AT THE LOCAL LEVEL (TABLE IX)

	Subnational Level / Tier / Type	1.	2.	3.	4.
C3.4	The central government recognizes the principles of local autonomy and subsidiarity in law and in practice.				
C3.7	Local government elections have been regularly held over the past 20 years.				
P3.3	Local political candidates are (s)elected at local level with little or no central party involvement.				
P3.5	The ruling national party does not have a dominant position in local elections; other parties control at least 25 percent of local governments.				
P4.2	Local records and documents are required to be available (and are available) to the public.				
P4.4	Alternative participatory mechanisms (such as referendums) are used at local level.				

Well-designed political institutions below the central government level require that the roles and functions of elected and non-elected branches of government are clearly identified, and that –to the degree that political discretion or authority is decentralized- that appropriate political accountability mechanisms are in place. Table IX seeks to capture the key features of the political relationships at the local level(s), as well as the political relationships between central authorities and the entities at the local level.

It should be noted that some (or in fact, many) of the questions regarding subnational political institutions are not relevant for local levels that are formed by deconcentrated administrative units. In that case, the corresponding answers can be marked with ‘-’ or left blank.

C3.4 Does the central government recognize local self-governments and the principle of autonomy and subsidiarity? Most constitutions (and/or the relevant legislative framework) recognize the existence of local governments. This does not necessarily mean that central governments recognize local self-governments and the principle of autonomy and subsidiarity. Instead, the concept of local self-governance requires the recognition that local governments have their own decision-making space and that local bodies exist primarily in order to promote the priorities, interests and well-being of its constituents (rather than local governments primarily being agents of the central government). Recognition of the principles of autonomy and subsidiarity is demonstrated when local autonomy is protected by constitution or law (and respected by central government in practice), with central supervision generally confined to *ex post* verification of the legality of local government decisions. This questions should only be answered ‘yes’ if the local level has—both *de jure* and *de facto*—a considerable degree of control over a set of own functions, consistent with the principles of autonomy and subsidiarity.

C3.7 Local government elections have been regularly held over the past 20 years. Answer ‘yes’ if regular local elections have been held consistently over the past 20 or more years, with intervals of less than 7 years between local elections.

P3.3 Local political candidates are (s)elected at local level with little or no central party involvement. Answer 'no' when central organs of the political party/parties are involved in the selection of local political candidates. In contrast, answer 'yes' when local candidates are selected by political party officials at the local level in a bottom-up process, or when local political candidates are determined through primary elections.

P3.5 The ruling national party does not have a dominant position in local elections. A ruling national political party is seen to have dominant position in local elections if it is able to leverage its political strength at the national level in order to ensure that more than 75 percent or more of localities or locally elected positions (councils and/or executives) are consistently won by ruling party candidates. Answer 'yes' if the ruling national party does not have a dominant position in local elections, revealed by the fact that other political parties control at least 25 percent of local governments.

Participation and accountability are not automatic outcomes of increased discretion of the local government level. Specific mechanisms should be designed to ensure that citizens and higher officials are able and willing to hold local governments accountable for their discretion. Political accountability can be the result of public accountability mechanisms as well as social accountability. Accountability mechanisms may be imposed by the central government for elected local governments as well as for deconcentrated administrative jurisdictions, including:

P4.2 Local records and documents are required to be available (and are available) to the public. Transparency in local operations and local finances requires that key local documents (including council meeting records, detailed budgets, procurement documents, financial statements, and regular financial accounts made available to the council) are available to the public upon request. A positive answer requires both that there is a legal requirement for these documents to be available, as well as an indication that these documents are *de facto* generally publicly available at the local level.

P4.4 Alternative participatory mechanisms (such as referendums) are used at local level. Answer 'yes' if (in addition to the election of the local executive and/or the local council), alternative participatory mechanisms are used at the local level. Alternative participatory mechanisms may include mechanisms such as referendums on key local decisions, the substantive involvement of school boards or user groups in prioritization and implementation, or extensive reliance on other consultative forums in the planning and implementation of local projects.

4.2 ADMINISTRATIVE INSTITUTIONS AND PROCESSES AT THE LOCAL LEVEL (TABLE X)

	Subnational Level / Tier / Type	1.	2.	3.	4.
A2.2	Local jurisdictions engage in procurement of all infrastructure and goods/services needed to perform local functions.				
A3.4	Local jurisdictions determine own staff structure and the number of local employees without requiring central approval.				
A3.5 /A3.6	Local jurisdictions have the authority to set their own salary scales and allowances.				
A3.7 /A3.8	Local jurisdictions recruit, hire, promote, and fire their own employees.				
A4.4	Heads of local service delivery units (such as schools and clinics) have a degree of managerial autonomy in administering services.				
A4.5	Local service delivery units (such as schools and clinics) have their own formal public oversight mechanisms.				

Local governments as well as local administrative jurisdictions need to be endowed with administrative autonomy in order to be able to respond to local needs effectively. Four broad powers can be identified as being crucial for local governments to be administratively autonomous: the power or authority (i) to make, change and enforce regulatory decisions (including the planning and regulation over physical space), (ii) to govern a procurement system, (iii) to manage its own human resources, and (iv) to have substantive administrative control over local public service delivery.

A2.2 Local jurisdictions engage in procurement of all infrastructure and goods/services needed to perform local functions. Answer ‘yes’ only if local jurisdictions engage in the procurement of all infrastructure and goods/services needed to perform their functions, including sectoral supplies (as discussed in Section 2.4). Answer ‘mixed/other’ in cases when local jurisdictions engage in the procurement of most of the infrastructure and goods/services needed to perform local function, while sectoral supplies are centrally procured. Answer ‘no’ if there are statutory limits to the ability of local entities to procure the infrastructure and goods/services needed to perform their functions, or if in practice, most or all of the infrastructure and goods/services needed to perform their functions is procured for them by higher-level governments.

A3.4 Local jurisdictions determine own staff structure and the number of local employees without requiring central approval. Answer ‘yes’ only if local jurisdictions are able to determine their own staff structure and the number of local employees without requiring central approval.

A3.5 /A3.6 Local jurisdictions have the authority to set their own salary scales and allowances. Answer ‘yes’ if local jurisdictions have the authority to set their own salary scales and allowances. Answer ‘mixed/other’ if local jurisdictions have the authority to set their own allowances, but not their own salary scales.

A3.7 /A3.8 Local jurisdictions recruit, hire, promote, and fire their own employees. Answer ‘yes’ if local jurisdictions recruit, hire, promote, and fire their own employees. It is understood that local human resource administration may be subject to public service legislation or regulations. Answer ‘no’ if local staff (including sectoral staff, such as teachers or doctors, but also local sectoral directors) are typically

recruited, hired, transferred and/or fired by central authorities such as a national public service authority. Likewise, answer 'no' when central line ministries or other central authorities have the ability to recruit, transfer, post or second local staff without prior approval by the local jurisdiction.

A4.4 Heads of local service delivery units (such as schools and clinics) have a degree of managerial autonomy in administering services. Answer 'yes' if heads of local service delivery units (such as schools and clinics) have a degree of managerial autonomy in administering services. Answer 'no' if the successful management of the service delivery unit is primarily judged by the compliance with top-down instructions, rather than by the service delivery outcomes and/or the satisfaction of local users.

A4.5 Local service delivery units (such as schools and clinics) have their own formal public oversight mechanisms. Answer 'yes' if public oversight mechanisms are used on a regular basis, such as school committees (also referred to as school boards or parent-teacher associations) or health user groups.

4.3 FISCAL INSTITUTIONS AND PROCESSES AT THE SUBNATIONAL LEVEL (TABLE XI)

	Subnational Level / Tier / Type	1.	2.	3.	4.
REV	Local own source revenues exceed 20% of local expenditures.				
F2	Local jurisdictions have at least one major revenue source over which it sets the tax base and/or tax rate.				
F3.1	Size of intergovernmental transfer pool is determined by fixed rules.				
F3.2	Allocation of intergovernmental transfers is determined by rules or by transfer formulas.				
F3.3a	Intergovernmental transfers are provided in complete, timely and consistent manner.				
F4.1	Local entities generally have the right to borrow in their own name without obtaining specific central permission.				

In addition to the size and composition of sectoral expenditures, the way in which fiscal resources are managed below the central level are extremely important in achieving efficient and accountable public sector outcomes.

REV Local own source revenues exceed 20 percent of local expenditures. Answer ‘yes’ for a local government level if, for the jurisdictions at that level, local own source revenues exceed 20 percent of local expenditures at that level.²⁴

F2 Local jurisdictions have at least one major revenue source over which it sets both the tax base and/or tax rate. Answer ‘yes’ if local jurisdictions have at least one major revenue source over which it sets the tax base and/or tax rate without central government interference. In many countries, the most obvious candidate for such a local revenue source is a local property tax (or local property rates).²⁵

F3.1 Size of intergovernmental transfer pool is determined by fixed rules. Answer ‘yes’ if the size of the transfer pool for the country’s most important intergovernmental grant scheme (or central-level revenue-sharing arrangement) is determined by a fixed rule (e.g., defined as a fixed percentage in the constitution or by law). In contrast, answer ‘no’ if the total size of the most important intergovernmental grant or transfer scheme is determined in a discretionary (or *ad hoc*) manner from year to year as part of the annual budget process at the national level.

²⁴ Since deconcentrated jurisdictions are typically funded from the national budget, they are typically required to deposit any ‘local’ revenue collections into the general revenue account of the national government. Such ‘local’ revenues should not be considered own revenue sources. Therefore, this question should almost always be answered ‘no’ for deconcentrated entities.

²⁵ Even though the property tax is often the most important local tax, central legislation or regulations may define the tax base for the local property tax and/or determine floors or ceilings for local tax rates. These central government regulations should not be considered as binding constraints as long as local jurisdictions are effectively able to increase local revenue collections from the tax by expanding the (valuation of the) local tax base and/or by raising local tax rates without central government interference.

F3.2 Allocation of intergovernmental transfers is determined by rules or by transfer formulas. Answer 'yes' if the horizontal allocation of intergovernmental transfers (i.e., the distribution of the available grant among eligible local jurisdictions) is determined by a set of fixed rules or by one or more transfer formulas. In contrast, answer 'no' if the distribution of the most important intergovernmental grant or transfer scheme is determined in a discretionary (or *ad hoc*) manner from year to year as part of the annual budget process at the national level.

F3.3a Intergovernmental transfers are provided in complete, timely and consistent manner. Answer 'yes' if intergovernmental transfers are generally provided in a complete, timely and consistent manner. In other words, during budget execution, are intergovernmental fiscal transfers fully disbursed compared to the budgeted amount? Are transfers released in a timely manner (consistent with an explicit or implicit disbursement plan)? Are transfers disbursed in accordance with the allocation formula or the disbursement pattern determined in the budget?

F4.1 Local entities generally have the right to borrow in their own name without obtaining specific central permission. Answer 'yes' if local entities generally have the right to borrow in their own name (from banks and/or bond markets) without obtaining specific central permission. It is understood that local entities may have to comply with certain (centrally-defined) regulatory standards or borrowing limits. Answer 'no' if local entities generally do not have the right to borrow in their own name, or if local entities are required to obtain specific central permission in order to borrow. Answer 'mixed/other' if limited avenues for local borrowing are available, such as through a Municipal Bank, a Local Government Finance Corporation or through a Local Government Loans Board.

SECTION 5. GLOBAL DEVELOPMENT OUTCOME INDICATORS

The fourth page of the Local Public Sector Country Survey collects information and data on public sector outcomes and performance of the public sector. For the purpose of this study, global development outcomes are measured by selected MDG indicators in the health and education sectors.

5.1 GLOBAL DEVELOPMENT OUTCOME INDICATORS (TABLE XII)

	Basic education outputs/outcomes	Outcomes: 2000	Outcomes: 2005	Outcomes: 2010
MDG 2.1	Net enrolment ratio in primary education			
MDG 2.2	Proportion of pupils starting grade 1 who reach last grade of primary			
MDG 2.3	Literacy rate of 15-24 year-olds, women and men			
MDG 2.Z	Passing rate for primary school leaving exam			

	Public health outputs /outcomes	Outcomes: 2000	Outcomes: 2005	Outcomes: 2010
MDG 4.1	Under-five mortality rate			
MDG 4.2	Infant mortality rate			
MDG 4.3	Proportion of 1 year-old children immunized against measles			
MDG 5.2	Proportion of births attended by skilled health personnel			
MDG 6.1	HIV prevalence among population aged 15-49 years			
MDG 6.6	Incidence and death rates associated with malaria			

	Other MDG outputs /outcomes	Outcomes: 2000	Outcomes: 2005	Outcomes: 2010
MDG 1.1	Proportion of population below \$1 (PPP) per day			
MDG 7.8	Proportion of population using an improved drinking water source			

In order to track progress over time, Table XII incorporates the country's performance on selected MDG indicators for the years 2000, 2005 and 2010. The rows in Table XII correspond to specific, standardized MDG indicators.²⁶

²⁶ The only non-standard indicator contained in Table XII is Row 2.Z ("Passing rate for primary school leaving exam"). If no data are available for this indicator for your country, please leave the row blank.

Data on MDG performance (outcome indicators) may be regularly available from host country data sources. For convenience, however, MDG performance indicators for many countries may also be drawn from the following UN website: <<http://mdgs.un.org/unsd/mdg/data.aspx>>.

5.2 PROFILE COMPLETION / CONTACT PERSON (TABLE XIII)

Contact person (name):	
Email:	
Remarks about completion:	

The final table included in the LPS Country Survey requests the individual who coordinated the completion of the survey to include his or her name (and organization); his or her main email address; along with any remarks about the completion of the profile. If necessary, the coordinator of the Country Survey may attached a separate Word document to provide detailed remarks or concerns with regard to the content of the survey.



6. DATA COLLECTION PROCESS, SCHEDULE AND NEXT STEPS

The first phase of collection of Local Public Sector Country Surveys will take place from August– October 2013. Due to its global reach, the Development Partners Working Group on Decentralisation & Local Governance (DeLoG) is well-positioned to play a strong role in the collection of the Country Surveys, and will coordinate the initial survey collection efforts with several Development Partners that have opted to be part of the first phase of the research study. The data collections process and schedule is organized as follows:

- Within each country, the lead development partner on decentralization and local governance (or one of the development partners that is contributing to this practice area) will be asked to complete the Country Survey. This development partner will coordinate the completion of the survey with the host government and other development partners, and will also coordinate the completion of sector-specific data with their colleagues in the education and health sectors, as needed.
- Local Public Sector Country Surveys should be completed and returned by **October 31, 2013**.
- DeLoG will coordinate the overall collection of the Country Surveys. Selected DeLoG member organizations will assist in coordinating the data collection of the Country Surveys through their global and regional structures. The main contact person within the DeLoG Secretariat is Jochen Mattern (jochen.mattern@giz.de).
- The Urban Institute's Local Public Sector Initiative will provide additional technical backstopping when technical questions arise in the completion of the Local Public Sector Country Survey. The main contact persons for the Local Public Sector Initiative and the study on *The Local Public Sector's Role in Achieving Development Goals* is Jamie Boex (jboex@urban.org).

