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Localizing Global Agendas in Multilevel Governance Systems

The Benefits of Functional Assignment as Core Element of Decentralization Reforms

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Introduction

In September 2015, the United Nations (UN) General Assembly adopted a new reference for the global development efforts, the Agenda 2030 with its 17 Sustainable Development Goals (SDGs) and 169 targets.² Unlike the previous Millennium Development Goals (MDGs), the new SDGs guide sustainable development efforts of developing, emerging, and industrialized countries, capturing environmental, economic, political, and social dimensions of development in a holistic manner. The Paris Agreement on Climate Change, adopted under the UN Framework Convention on Climate Change (COP 21) in December 2015, has formulated a global consensus on how to tackle climate change and finance the required mitigation and

adaptation measures.³ Furthermore, in October 2016, the Habitat III Conference endorsed a “New Urban Agenda” emphasizing challenges of urbanization, local governance, and urban planning in a sustainable and development-oriented way.⁴ These three global agendas are interlinked and interrelated; for instance, SDG 11 (“Make cities and human settlements inclusive, safe, resilient, and sustainable”) is clearly connected with the New Urban Agenda, while SDG 13 (“Take urgent action to combat climate change and its impacts”) is interrelated with the COP 21 agreement.

Regarding all three agendas, the critical role of subnational governments for achieving global policy objectives has been recognized. During the

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² UN. 2015. *Transforming Our World: The 2030 Agenda for Sustainable Development*. http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E

³ UN Framework Convention on Climate Change. Paris Agreement. http://unfccc.int/files/meetings/paris_nov_2015/application/pdf/paris_agreement_english_.pdf

⁴ UN. 2016. *Draft outcome document of the United Nations Conference on Housing and Sustainable Urban Development (Habitat III)*. <https://www2.habitat3.org/bitcache/99d99fbd0824de50214e99f864459d8081a9be00?vid=591155&disposition=inline&op=view>

“Achieving the objectives of the global agendas requires informed decisions and deliberate choices to design decentralized governance systems.”

past 12 months, national governments, subnational governments and their associations, civil society stakeholders, and development partners have engaged in a discourse about “localizing global agendas,” i.e., about strategies and processes designed to translate these global commitments into national and subnational strategies and action plans.⁵ For instance, regarding the Agenda 2030, “localizing” has been defined as “the process of taking into account subnational contexts in the achievement of the Agenda 2030, from the setting of goals and targets, to determining the means of implementation, and using indicators to measure and monitor progress. Localization relates both to how the SDGs can provide a framework for local development policy and to how local and regional governments can support the achievement of the SDGs through action from the bottom up...” (GTF/UN-Habitat/UNDP, 2016: 6).

The challenge of achieving policy coordination in multilevel and multisector settings is not a new one. Decentralization reforms, which for the last 3 decades have been a major element of government reforms in developing and emerging economies, by default, distribute power between different levels of government.⁶ The proper alignment of the different modalities of decentralization (such as delegation, deconcentration, and devolution) and of its different dimensions (such as political, fiscal, and administrative) can nonetheless safeguard the achievement of common policy objectives within a multilevel governance system. This Governance Brief argues that achieving the objectives of

the global agendas requires informed decisions and deliberate choices to design decentralized governance systems. Functional assignment, i.e., identifying, negotiating, and assigning responsibilities between levels of government, is a crucial element in the design of these systems and goes beyond the conventional “expenditure assignment.” Being explicit about the modality of decentralization being used (and its implications for funding, implementing, and oversight), about the general architecture of functional assignment (such as a “list model”⁷ or a “general competence model”⁸), and about the typology of functions applied (such as “obligatory” or “discretionary”) allows the states that are committed to the global agendas to charter national implementation strategies that reflect an apt balance between subnational autonomy and the prerogative of the central (national) state to determine social, economic, and political objectives that are binding for the public sector as a whole.

Country experiences with functional assignment in Asia and the Pacific are diverse but promising.⁹ Functional assignment can entail a long process (as can be seen in the case of Cambodia¹⁰), but can also lead to faster results if political attention is given to the process and the implementation of changes. Countries that start to experiment with different modalities of decentralization (such as Afghanistan and Mongolia) are looking at functional assignment lessons elsewhere to get a better understanding how it can help to strengthen their reform policies.

⁵ Documents and reports on the “localizing SDGs” theme include GTF/UN Habitat/UNDP 2016; UCLG (n.d.), and LOGIN 2016. ADB and the Development Partners Network on Decentralization and Local Governance (DeLoG) (www.delog.org) held an event on the topic at ADB headquarters in Manila on 27–29 September 2016 (see Asian Development Bank/DELOG 2017). In November 2016, the 2nd High-Level Meeting of the Global Partnership for Effective Development Cooperation (GPEDC) also acknowledged the importance of local government for ensuring the localization of the Agenda 2030 (GPEDC 2016).

⁶ Kamarck (2005:143) called it “one of the most common themes in government reform” in these countries.

⁷ In the list model of functional assignment, the legal framework for subnational governments includes lists of functions that subnational governments are allowed to engage in (“positive lists”) or lists of functions that are beyond the jurisdiction of subnational governments (“negative lists”). See Ferrazzi and Rohdewohld (forthcoming).

⁸ In contrast to the list model, the general competence model of functional assignment indicates only a few general objectives of subnational governments, often formulated in an unspecific language (such as “provide services to improve the welfare of citizens,” “maintain peace and order,” “protect the environment,” or “promote economic development”). Additionally, the subnational government is given certain powers that allow it to act flexibly to achieve these objectives. These may entail the powers of a legal person, or the right to establish a variety of organizational structures to pursue its objectives. See Ferrazzi and Rohdewohld (forthcoming).

⁹ See Ferrazzi and Rohdewohld (forthcoming) with case studies on Cambodia, India, Indonesia, and Pakistan. GTZ (2009) also illustrates several country cases, however from an earlier stage. On Solomon Islands, see UNDP/Government of the Solomon Islands/ UNCDF 2009. Nepal has seen some initial work in the context of operationalizing its new federal structure (see Government of Nepal, 2015).

¹⁰ Functional assignment in Cambodia became a key issue in the implementation of Cambodia’s decentralization policy after 2008. Significant transfers of functions in the priority sectors (such as education, environment, and rural development) are currently being decided.

Box 1: Modalities of Decentralization

Deconcentration is normally understood as transferring decision-making authority within a central government organization (such as sector ministry) from its headquarters to field offices of the same organization dispersed over the territory of the state. A special form of deconcentration is the dual role for an official (staff or elected) of the subnational government who is simultaneously acting as representative of the national government.

Delegation is the transfer of decision-making authority from a level of government or a specific agency to a subnational government, a special purpose body at the subnational level or even to a non-public sector entity (private enterprise or civil society organization).

Devolution is often used synonymously with decentralization (and vice versa). It is the most comprehensive form of decentralization, requiring political, fiscal and administrative measures, and involves setting up or empowering a locally elected political body that represents the citizen vis-à-vis the local administration and vis-à-vis the national state.

Each modality of decentralization has its implications for the legal instruments required, the source and receiver of authority, the funding streams, staffing and human resource management, discretion for structuring internal organization, discretion for implementation, and the lines of reporting and accountability.

Source: Ferrazzi and Rohdewohld (forthcoming).

“Localizing global agendas must not be misunderstood as local implementation of programs and strategies determined at a higher level.”

Achieving Global Agendas in Multilevel Governance Settings

In multilevel governance systems, it is the effective interaction and coordination between government levels (vertical coordination) and across sectors at each level (horizontal coordination) that influences whether and to what extent national goals and objectives can be achieved (which then contribute to global goals and objectives).

In the context of devolution, the pursuit of national goals and objectives can lead to friction with the very purpose of devolution, i.e. increasing space and resources for discretionary decision making and autonomy at the local level. As a result, the space for local actors, such as elected representatives and the public officials accountable to them to determine local initiatives in line with local needs and priorities can potentially be negatively affected by efforts to localize global agendas. Regarding the MDGs, Romeo warned that “mechanistic implementation” of the “Millennium Development Goals (that is, localizing national objectives and targets derived from global commitments) might unintentionally contribute to undermining local autonomy and prevent the emergence of genuinely local planning systems” (Romeo, 2013: 70). For the current global agendas (including Agenda 2030), the term “localizing global agendas” therefore must not be misunderstood as

local implementation of programs and strategies determined at a higher level—it requires a two-way approach where national goals and priorities derived from the global agendas are matched with and shaped by local needs and priorities as determined by local stakeholders. If this happens, the global agendas do not remain abstract and disconnected but become “the DNA of what governments (including local governments) are doing” (ADB/DeLoG 2017: <http://k-learn.adb.org/system/files/materials/2016/09/201609-event-report.pdf>).

The conscious application of decentralization modalities allows governments to influence the level of autonomy and space that subnational governments can use. Delegation and deconcentration provide more opportunities to use hierarchy to steer subnational activities and enforce compliance with nationally determined strategies and objectives through directives; the provision of earmarked funding; and enforcement of norms, standards, and procedures. Even devolution, commonly seen as the most comprehensive form of decentralization, allows sufficient influencing of subnational government behavior if clearly defined obligatory functions of subnational governments are supplemented with service standards, performance measurement systems, and effective oversight and supervision systems.

It is in the domain of vertical coordination between levels of government where the issue of

“Judicious functional assignment is essential for achieving nationally aggregated objectives.”

functional assignment—a core building block of the design and implementation of decentralization reforms, i.e., the reconfiguration of vertical relationships between levels of government—becomes paramount. It is argued here that judicious functional assignment in the sectors is an essential precondition and requirement for achieving nationally aggregated objectives—making the most of the structures and capacities of subnational governments while respecting their mandates and autonomy. When done well, functional assignment provides the legal and operational framework that allows for different levels of sector administration to cooperate and complement each other in pursuing these national objectives.

Functional Assignment and its Role in Decentralization Reforms

Functional assignment can be defined both as a process (of identifying, negotiating, and assigning responsibilities between levels of government) or as the existing state of affairs of such a distribution of functions within the state (GTZ 2009). Its character as a process will be most visible in the implementation of decentralization reforms, when stakeholders intentionally engage in the vertical rearrangement of functional responsibilities between levels of government.¹¹ By conducting functional (re)assignment, one level of government is made responsible for ensuring that outputs and outcomes associated with a certain sector function are attained. Functional assignment is a crucial building block of sustainable decentralization and local governance reforms, and has important linkages with other building blocks of such reforms, like the fiscal decentralization arrangements, the adjustment of sector legal frameworks, the altered human resource management systems in a decentralized public sector, capacity building for subnational officials and elected representatives, monitoring and evaluation, and oversight systems.

The emerging functional assignment methodology (Ferrazzi and Rohdewohld 2015; Ferrazzi and Rohdewohld [forthcoming]) can be described as a process consisting of five generic

major phases (Figure 1). The functional assignment approach is flexible and can accommodate specific country contexts; it highlights stakeholder participation, and allows sector institutions to play a lead role. The core techniques involve the vertical and horizontal unbundling of sector functions, the use of principles and criteria to aid decisions on allocating functions, and the use of distinct types of functions (like obligatory versus discretionary functions).¹²

The methodology for functional assignment under a federal system or a unitary system is the same in most respects—especially if the constituent unit has jurisdiction for lower levels of government, it then acts toward these levels as a unitary state might.¹³ Effectiveness and efficiency, among other principles and criteria, should guide which functions must be assigned to whom, regardless of state structure.

Functional assignment can contribute significantly to achieving the following objectives of the global agendas because of its linkages with the other building blocks of decentralization and local governance (DLG) reforms:

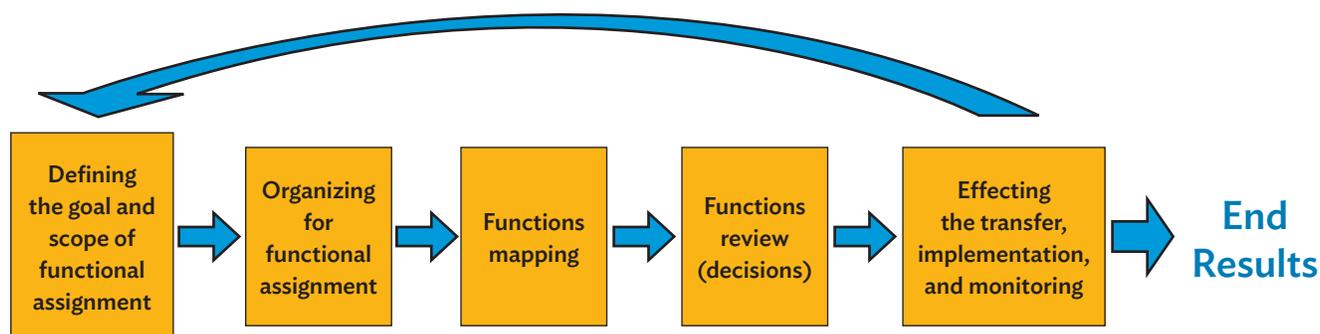
- **Fiscal arrangements** within the state (like revenue and expenditure assignments to different levels of government, horizontal and vertical fiscal transfer systems, performance-based grant systems) need to be adjusted in line with the DLG reform pursued; as the dictum “funds follow functions” indicates, the assignment of functions should have a profound influence on the fiscal arrangements as these should correspond to the functional load of the levels of governments. Achieving localized objectives and targets of the global agendas will not be feasible without assessing the fiscal needs that arise from the localized global agendas, and, if necessary, the subsequent modifications of the fiscal arrangements to ensure that adequate funds are available to subnational governments.
- DLG reforms must include **revisiting sector, and cross-sector laws and regulations** to ensure consistency within the legal framework. Passing a local government act containing a new list of functions for the subnational government

¹¹ ADB has facilitated functional assignment activities in Cambodia as part of its support to the government’s policy for Subnational Democratic Development. The support has been part of the Second Decentralized Public Service and Financial Management Sector Development Program and its technical assistance activities.

¹² Such criteria include, among others, subsidiarity (the most often used criterion), efficiency and effectiveness, heterogeneity of demand, economies of scale, and externalities or spill over effects (Ferrazzi and Rohdewohld [forthcoming]).

¹³ Examples are the cases of India and Pakistan, although the discretion of the states in India to give shape to their local government systems is more limited compared to the provinces in Pakistan.

Figure 1: A Process View of Functional Assignment



Source: Ferrazzi and Rohdewohld 2015.

level is not sufficient unless such functions are reflected in sector laws and lesser regulations, in the planning system, or in budgeting and procurement systems. Based on the diagnostic work done during the functions mapping phase, functional assignment can help in identifying the maze of sector and non-sector legal instruments that one might need to tackle as part of the DLG reform. This will strengthen clarity about the “who does what” in relation to the sector objectives emerging from the global agendas. It is here that functional assignment will have its most significant impact for localizing the global agendas. Determining the obligatory functions that must be implemented by subnational governments is an important aspect of functional assignment; currently, many laws on DLG do not address this important issue.¹⁴ Categorizing obligatory functions in thematic areas of the global agendas where subnational governments need to play a significant role is one way of compelling subnational governments to focus on these areas, and provides guidance for their planning, programming, and budgeting systems.

- This does not need to infringe upon local autonomy. Even for the obligatory functions, it is important to indicate that there can be considerable discretion with the operational aspects of implementation that safeguard subnational autonomy in achieving the nationally-set performance standards and objectives.
- DLG reforms often have strong implications for the **human resources** in the public sector. Functional assignment guides the further development of the human resource management systems as the diagnostic work undertaken during the functions mapping stage should result in authoritative information on the functional load of subnational governments and thus helps to indicate the level of staff strength required, the mix of skills and expertise required, and the corresponding human resources management system.
- **Capacity development interventions** can be better targeted as the nature and scope of functions transferred to the subnational level influences the required capacity levels of representative bodies and subnational officials, and the scope of accountability associated with such functions. To help achieve the objectives of the global agendas, functional assignment can point to the most important sector and cross-sector tasks for which the subnational level has been made responsible (in particular for functions that have been categorized as obligatory) and need capacity development support.
- A stable multilevel governance system with well-performing units of subnational government needs a decisive and forceful national (or central) government that can track the activities of the subnational units, can guide them and intervene

¹⁴ In Asia, Indonesia is one of the most advanced countries in this respect as its local government laws have been using the distinction between obligatory and discretionary functions since 2004.

“Clear delineation of roles and responsibilities between levels of government, resulting from functional assignment, can contribute significantly to the overall effectiveness and efficiency of the public sector.”

where required, and can enforce compliance with existing national rules and regulations. Effective **monitoring and evaluation systems**, clear rules and procedures for **oversight and reporting**, a set of effective sanctions and incentives, and technical and managerial capacity at the national (central) level to assess and review data, and to guide subnational government units, are elements which need to be put in place or reinforced. This applies to all government functions; however, in the context of the global agendas, these monitoring, steering, and guiding roles of national governments are critical because national governments need to ensure that the disparate programs of subnational governments ultimately result in attaining the nationally agreed targets and objectives. Again, functional assignment can help shape oversight systems (e.g., by indicating the obligatory functions related to the global agendas), clarify where the oversight functions reside in the hierarchy of government levels, and build common understanding and consensus among the stakeholders that are part of the sector system. As mentioned above, the conscious use of the different modalities of decentralization allows national governments to find the appropriate balance between more direct and indirect means of steering.

Localizing Global Agendas and the Need to Clarify Institutional Mandates

Many of the SDGs cover policy areas where subnational governments have (or should have) a significant role, such as health (SDG 3), education (SDG 4), water and sanitation (SDG 6), inclusive growth and employment (SDG 8), infrastructure development (SDG 9), urban development (SDG 11), and climate change (SDG 13). The New Urban Agenda of Habitat III, by definition, deals with subnational levels; the ability of urban local governments to pursue their part of the urban development agenda is crucial. Regarding climate change, many adaptation initiatives are likely to take place locally as the effects of climate change manifest themselves in locally and/or regionally tangible changes; the externalities and spillover effects of adaptation measures can normally be controlled within a given jurisdiction. For all these sector and cross-sector challenges, the clear delineation of roles and responsibilities between

levels of government, resulting from functional assignment, can contribute significantly to the overall effectiveness and efficiency of the public sector. The conscious characterization of functions as “obligatory” or “discretionary” can help steer the course of subnational governments as key services can be formulated as obligatory functions (perhaps with service standards attached to them), with resource allocation matching the functional load of subnational governments. This dimension of “who does what” for achieving the global agendas is still largely missing from the current discourse of governments and development partners which focuses on targets and financing, and less on the issue of improving the functional arrangements between interrelated levels of government.

Where does this leave major stakeholders of the global agendas, like national governments, subnational governments and their associations, the development partners supporting developing and emerging economies, and civil society organizations? One common effort should be to assess the existing functional assignment architecture of those sectors deemed most important for achieving the national commitments: Is the division of roles and responsibilities clear enough? Do fiscal resources match the functional load of each level of government? Do subnational governments have the capacity to formulate their own strategies and action plans for the local agendas which then, when aggregated at the national level, align properly with the national strategy? Do national governments have the leadership and capacity to support and facilitate subnational governments in line with their priorities regarding the global agendas? Is there sufficient institutional capacity to coordinate policy development and policy implementation across levels of government? Here, governments, development partners, and civil society can work together to conduct diagnostics and work out intervention strategies. The issue of functional assignment cannot be treated separately from the decentralization arrangement put in place: improving the design of this arrangement (where necessary) would go a long way in establishing the required framework for realizing the global agendas.

Development partners like ADB can provide substantial technical support for such an assessment and facilitate necessary changes where required. They have often accumulated significant sector know-how in the countries they are working in, and can assist in the conduct of functional

Box 2: Local Governments and Functional Assignment in Bangladesh

The local government system in Bangladesh consists of a three-tier rural government system (union, *upazila*, district) and a two-tier urban local government system (*pourashava* or municipalities; city corporations). A common legal framework is missing; instead, several laws and lesser regulations exist. Observers have noted an “increasingly polycentric” scenario of service providers at the local level, including national and local government agencies, nongovernment organizations, community-based organizations, civil society groups, and private service providers (Rahman and Ahmed n.d.). Local government institutions “suffer from four major problems in relation to their functional assignment: (i) assignment overlap and multiplicity, (ii) unfunded mandates, (iii) general rather than specific assignments, and (iv) actual reality significantly at variance from legal role.” (Rahman and Ahmed n.d., 19). Other observers call the legal assignment of functions to local governments “fragmented, unclear, and duplicative” and indicate that central government departments, through their deconcentrated field administration, play an important role in service delivery (Local Public Sector Initiative, n.d).

Source: Author’s compilation.

“Development partners like ADB can provide substantial technical support in assessing existing functional assignment architecture in priority sectors.”

assignment processes in key sectors (as the example of Cambodia demonstrates). Civil society organizations, especially those working in specific sectors, can support the assessment of where functions and responsibilities need to be assigned to ensure that national commitments for these global agendas can be realized, and can help in the process of harmonizing local needs and priorities with national objectives and targets. They also need to play a major role in raising awareness and in building up commitment for the global agendas—especially, once the “localizing global agendas” discourse has resulted in local strategies and action plans that can be identified by the local communities.

Functional Assignment in the Water and Sanitation Sector—An Illustration from Bangladesh

The merit of the functional assignment concept as a tool to strengthen subnational governments for pursuing goals and objectives linked with the global agendas can be illustrated by using one of the case studies that was discussed during the ADB and DeLoG event mentioned above (Footnote 5):

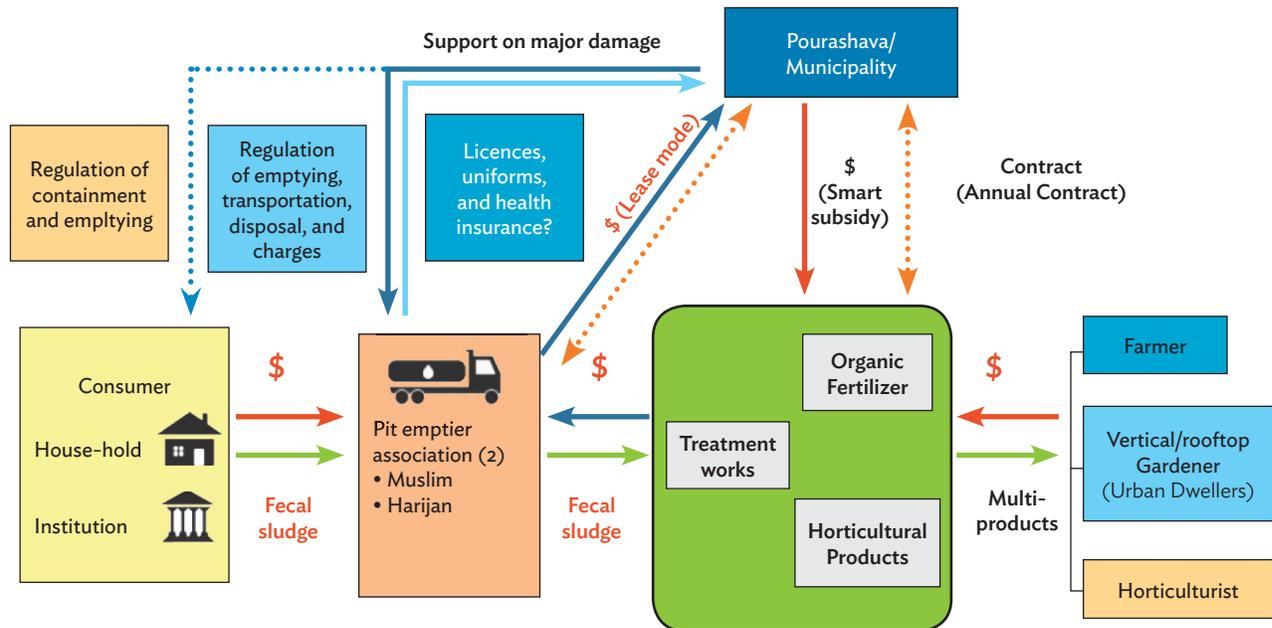
an initiative to improve fecal sludge management (FSMgmt) services in the municipality of Faridpur in Bangladesh.¹⁵ The case is interesting for a number of reasons: it illustrates the vertical interplay of different levels (individual and/or community–local and/or municipality–national) in making sure that an essential local service is provided in an efficient manner; it links a typical municipal service with the private sector as a business partner, and it connects formal public services with community services provided by the informal sector.

The Agenda 2030 addresses the water and sanitation sector with SDG 6 (“ensure availability and sustainable management of water and sanitation for all”); target 6.2 (“by 2030, achieve access to adequate and equitable sanitation and hygiene for all...”), and target 6b (“support and strengthen the participation of local communities in improving water and sanitation management...”) are of particular relevance. FSMgmt is a key concern in this sector. For ADB, water and sanitation (and other urban infrastructure and services) is a significant part of its overall lending portfolio; in 2015, sovereign loans and grants amounting to \$1,584 billion were invested in the sector¹⁶ (ADB 2016).

¹⁵ The Faridpur initiative is supported by the Bill and Melinda Gates Foundation and UK Aid; it makes use of urban infrastructure that was funded by United Kingdom’s Department for International Development and the Bill and Melinda Gates Foundation, and built on municipal land purchased under Phase II of the ADB-supported Urban Governance and Infrastructure Improvement Project (UGIIP). See Saha 2016 and Stevens et al. 2015 for details of the initiative. Details on the UGIIP can be found at <https://www.adb.org/projects/40559-013/main> (second phase, closed) and <https://www.adb.org/projects/39295-013/main> (third phase, ongoing).

¹⁶ Of the total, 98.4% were loans (\$1.56 billion) while 1.6% (\$25 million) were grants.

Figure 2: The Faridpur Fecal Sludge Management Business Model



Source: Saha 2016.

In Bangladesh, water and sanitation, including FSMgmt, is a listed function of municipalities.¹⁷ While reports indicate that open defecation has nearly disappeared in Bangladesh, it is also evident that “there is hardly any effective and safe collection, transportation, treatment, or disposal of sludge. Much of it ends up in water bodies or polluting nearby land” (Stevens et al. 2015:1). Sewer networks are expensive to build and to maintain. Therefore, access to such networks is very limited. This is a major issue for fast-growing municipalities and urban settlements. Emptying services for FSMgmt is often provided by municipal governments with limited scope and with heavy subsidies from the public budget. The FSMgmt initiative in Faridpur helps to organize pit emptier associations, which, for a fee, regularly collect sludge from private households and other customers and transport it to municipal treatment plants. After treatment, the resulting compost can be sold to farmers and other customers, thus creating a revenue stream that helps to finance the treatment plants. The municipality is providing technical equipment on a lease agreement basis with the

pit emptier associations and regulates the legal basis for FSMgmt services (such as containment and emptying, transportation, and disposal), including the fee structure. In the terminology of the functional assignment concept, it “provides” the FSMgmt services (i.e., it makes sure that such service is available to citizens and private sector) but it does not “produce” them as the implementation of the services is done by others (i.e., the pit emptier associations) (Figure 2). The business model adopted at Faridpur has been recommended in the National FSMgmt Institutional and Regulatory Framework which is currently in the final stage of approval by the Ministry of Local Government, Rural Development, and Cooperative. It allocates the primary operational responsibility for FSMgmt to the subnational governments, but retains funding and supervisory roles for the central government, represented by the Ministry of Local Government, Rural Development, and Cooperative. Policy formulation, the development of sector strategies, funding, and capacity development are likewise major responsibilities of the central government.

¹⁷ See Section 50 and Schedule 2 of the 2009 Local Government (Municipality) Act. The act, however, does not distinguish between obligatory and non-obligatory functions.

Table 1: Illustration of Sector Unbundling in Functional Assignment (Water and Sanitation)

		Horizontal Unbundling					
		Policy	Planning	Norms and Standards	Implementation	M&E	Oversight
Vertical Unbundling	Item						
	Regulation of private water providers	C	C, L	C	L	C, L	C
	Protection of water resources	C	C, L	C	L	C, L	C
	Waste water management	C	L	C	L	C	C
	Regulation of health and quality standards for drinking water	C	C	C	C	C	C
	Planning and building of infrastructure	C	C, L	C	L	C, L	C
	Water quality control	C	L	C	L	C	C
	Solid waste collection and treatment	C	L	C	L	C, L	C
	Fecal sludge management	C	L	C	L	C, L	C
	Etc.						

C = central government, L = subnational or local government, M&E = monitoring and evaluation.

Source: Author's compilation.

How can the Faridpur example illustrate the benefits of functional assignment?

Despite the stipulation in the 2009 Local Government (Municipality) Act, the roles and responsibilities of state and non-state agencies for FSMgmt, and the coordination among them is said to be a “grey area” (Saha 2016), leading to unsatisfactory levels of service delivery. This mirrors the overall status quo of assigning functions to subnational governments in Bangladesh (Box 2). A proper functional assignment process could help clarify the institutional responsibilities. In a first step, a functional assignment exercise would unbundle the water and sanitation sector into core components (such as protection of water resources, regulation of private water providers, regulation of health and quality standards for drinking water, planning and building of infrastructure, waste water management, water quality control, solid waste collection and treatment, fecal sludge management, and so on) (Table 1). This *vertical unbundling* will be complemented by *horizontal unbundling*, i.e., the identification of management roles for these clusters of service functions. For instance,

in most cases the setting of health and quality standards would probably remain at the central level of government while the implementation of water quality control (in other words, the enforcement of such standards) is probably better administered by local levels of government administration. Sector policies likewise are usually a prerogative of national (central) governments—subnational governments can formulate their local policies within the framework of national policies. Setting technical norms and standards for water infrastructure (e.g., sewer networks in urban areas) will equally more likely remain with the central government, while planning, building, and operating such infrastructure could sit with local levels of government or special-purpose bodies established by several local governments, depending on local capacities, catchment areas of such infrastructure, and other considerations. For FSMgmt, operational roles are probably better suited to local levels, while policy formulation and the setting of norms and standards for this function are usually central government responsibilities because of equity considerations in service delivery.

“Civil society can support the assessment of where functions and responsibilities need to be assigned to ensure that national commitments for global agendas are realized.”

Table 2: Unbundling of FSMgmt functions

Item	National Government	Subnational Governments	Private Sector and Civil Society	Development Partners
Design, location, and construction of facilities		√	√	
Inspection of existing facilities	√			
Prevention of disposal in water bodies and/or open places		√	√	
Fecal sludge collection and transport		√	√	
Fecal sludge treatment, disposal, and reuse		√	√	
Capacity building, training, and research	√	√		√
Awareness raising	√	√	√	√
Technical assistance and funding support	√		√	√

Source: Author's compilation.

This more granular (disaggregated) portrayal of a sector (or of an individual sector function, like FSMgmt) allows a rather detailed and more nuanced understanding of “who does what” and lends itself to an assessment of whether the distribution of functions is appropriate or needs to be changed. It would allow a much better assessment of the human, financial, and technical resources, and capacities required at each level of the multilevel governance system. The current legal stipulation regarding municipal functions in the 2009 Local Government (Municipality) Act of Bangladesh would require further improvement for illuminating the landscape of service obligations across levels of government, which need to come together to enable an efficient and effective service delivery.¹⁸

Based on the pending Institutional and Regulatory Framework for FSMgmt, a further unbundling of the sector functions dealing with FSMgmt could give rise to the distribution of roles and responsibilities as indicated in Table 2.

The emerging result is a nuanced description of institutional mandates for FSMgmt as one of the sector functions in water and sanitation. It underlines that not a single government level or a single organization can claim to cover the entire function—horizontal and vertical coordination is critical for providing FSMgmt services in an integrated manner. The resulting allocation of roles and responsibilities can ideally become the basis for the allocation of budget and human resources in the public sector, and illustrates where partnerships with actors outside the public sector are valuable.

The Governance Brief was peer reviewed by Gabe Ferrazzi, governance consultant, and Alexandra Vogl, urban development specialist, ADB. Uttam Kumar Saha, head of Energy and Urban Services Programme, Practical Action Bangladesh, reviewed the presentation of the FSMgmt example of Faridpur.

¹⁸ Section 50 of the Act only mentions “water and sanitation” as one of the main responsibilities of the municipal level, without giving any further details.

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