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Does decentralization facilitate access to poverty-related services? Evidence from Benin

Abstract

We study the effect of decentralization on the access to some poverty-related public services in Benin. Compiling panel data from local governments' accounts and from surveys on 18,000 Beninese households performed in 2006 and 2007, our study suggests that decentralization has a positive overall effect on access to basic services. However, this effect appears to be non-monotone following an inverted U-shaped curve. It varies according to local jurisdictions' wealth and to the nature of basic services. Decentralization in Benin contributes successfully to the reduction of poverty by improving the average access to poverty-related services. However, the devil is in the details as decentralization seems to increase inequality between local governments in terms of access. Another result relying to the success of decentralization in Benin is the prioritization of basic services which differs among local governments according to their wealth. While the poorest jurisdicitions neglect primary education focusing more on access to drinking water, the richest ones careless sewage services already provided at a sufficiently high level.

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1 Introduction

Over the past two decades, decentralization has been implemented by many developing countries, becoming a key element of the public-sector reform. By bringing decision-makers closer to citizens, decentralization is expected to alleviate information asymmetries, to improve accountability, and to increase the efficiency of public goods provision. In developing countries, decentralization is one of the main institutional reforms on international organizations and donors' agenda to enhance public governance and ultimately to reduce poverty. This strategy has been in place for a number of years but without systematic evaluation of its impact on well-being and local governance. Therefore, a few years later, it seems an appropriate time to examine the success of decentralization in the struggle against poverty in sub-Saharan Africa.

With this objective in mind, we analyze the effect of decentralization in Benin on access to some poverty-related services, namely water, sanitation, refuse and sewage disposal, and primary education. Poverty is a multidimensional issue and basic health and education services are fundamental human rights.[1] Decentralization is by definition a transfer of competencies to local governments, especially in the education and health sectors. These services do not exactly correspond to the Samuelsonian definition of pure public good (non-excludability and non-rivalry). However, local and central governments share the responsibility for meeting fundamental rights in education and health. Whatever the means of producing such basic services and the nature of relationships with providers, local decision-makers remain, in the last resort, politically responsible (World-Bank, 2004) for achieving improvements in access to drinking water, sanitation, and primary education. In a sense, our argument rests on how decentralization facilitates access to high quality services rather than on an investigation of how well publicly provided local goods are delivered.

In regard to its democratization and decentralization processes, Benin is representative of the African French-speaking countries. An ethnically fragmented country that has been politically stable only since 2001, Benin began a transfer of competencies or authority to 77 local governments, called *communes*, in 1998. The decentralization process definitively took off with local elections in 2002. Our analysis focuses on the 2006-2007 period, which corre-

[1] Articles 25 and 26 of the Universal Declaration of Human Rights.

sponds to a crucial time for democracy in Benin, with the 2006 national elections bringing Yayi Boni to power in place of Mathieu Kerekou, who had ruled the country for 29 years.[2]

By analyzing panel data from 77 Beninese *communes* for 2006 and 2007, we aim to shed light on the following issues: (1) To what extent does decentralization, measured as the share of local own-revenue in total local revenue for each *commune*, modify access to basic public services? Is this effect monotone with the degree of decentralization? (2) Does the decentralization effect vary between *communes* according to their wealth? To answer these questions, we compile several data bases: an original public finance panel data, which concerns all Beninese local governments and the 2006 and 2007 Integrated Modular Survey on Household Living Conditions (EMICoV), which covers a sample of 18,000 Beninese households throughout the entire national territory and is representative at the *commune* level. We develop a consistent econometric method taking into account potential endogeneity in the degree of decentralization, heterogeneity of local governments, and inefficiency in estimating the effect of variables having little within variance.

Our analysis suggests that, on average, decentralization is successful: it increases access to basic public services. However, this effect is not only non-monotone, following an inverted U-shaped curve, but its impact is also heterogeneous between poor and non-poor *communes*. Decentralization's effect on access to poverty-related services is positive for sufficiently wealthy *communes* (measured by higher quintiles of an asset-based measure of wealth) and becomes negative for the poorest ones. Therefore, although decentralization succeeds in reducing non-monetary poverty in Benin by improving access to some basic services, the pitfall of higher inequalities between *communes* remains.

A second important result is that *communes* seems to prioritize basic services. Distinguishing local jurisidictions by their wealth allows us to shed light on significant differences in local governments' behaviors. While the poorest jurisdictions neglect primary education focusing more on access to drinking water, the richest ones careless sewage services already provided at a sufficiently high level. If the latter is not an issue, the former casts some doubt on the efficiency of decentralization. A policy recommendation would be either to re-centralize primary education, or to provide additional conditional grants dedicated to this

[2] In spring 2011 President Yayi Boni was reelected for his second and last mandate.

specific sector.

The paper is structured as follows. Section 2 presents a review of the literature on the impact of decentralization on service delivery and human development indicators in developing countries. Section 3 portrays the process of decentralization in Benin. Section 4 describes our econometric framework. Section 5 presents our results. Section 6 concludes.

2 The impact of decentralization on services delivery and human development indicators: A review of the literature

A huge literature in economics focuses on decentralization in developing countries. A brief review of this literature addresses the strengths and weaknesses of such a strategy to reduce poverty, or at least to increase the efficiency of public goods provision. Many benefits of decentralization are claimed in the fiscal federalism literature, most of them related to the fact that decentralization brings decisions closer to citizens, alleviating information asymmetries, and improving local governments' accountability. The fiscal federalism literature has largely stressed the economic efficiency of intergovernmental competition for providing local public goods. If such a normative prescription seems to fit well with developed countries, this issue remains more complex for developing countries where the 'voting by feet' mechanism is not so relevant. Thus, the logic of decentralization raises some intriguing issues in developing countries that we can summarize around two perspectives: (a) Why does decentralization entail a better provision of local public goods? (b) What are the limits of decentralization in such countries given their institutional and geographical constraints?[3]

A demand-side argument in favor of decentralization is derived from the existence of information asymmetries. Indeed, the seminal idea that decentralization may improve the provision of public services when local governments have an informational advantage goes back at least as far as Hayek (1948) and Oates (1972). Since local decision-makers have a better knowledge of local preferences, decentralization is expected to improve the level and quality of public services. This informational gain may induce a better targeting of the

[3] An important literature has been devoted to analyzing the benefits of decentralization on human development indicators in the context of the Millennium Objectives. The final impact of decentralization on growth has been studied, for instance, by Zhang and fu Zou (1998), Wollera and Phillips (1998), Davoodi, Xie, and Zou (1999), Lin and Liu (2000), Akai and Sakata (2002), and Martinez-Vazquez and McNab (2003)...

poorest populations in a country: for instance, Alderman (2002) in Albania, Bardhan and Mookherjee (2005) in West Bengal, and Galasso and Ravallion (2005) in Bangladesh.

On the supply side, decentralization should enhance the accountability of policymakers. Decentralization allows for a better provision of public goods and a better matching between public policies and local needs. Several authors established such a link: Bird and Rodriguez (1999) in the Philippines (health, primary education, housing, and infrastructure), Faguet (2004) in Bolivia (education and social services), Galiani, Gertler, and Schargrodsky (2008) in Argentina (education), Robalino, Picazo, and Voetberg (2001) on a panel of low and high income countries from 1970 to 1995 (mortality rate), Enikolopov and Zhuravskaya (2007) on 75 developing and transition countries for 25 years (DPT immunization,[4] infant mortality, illiteracy rate, and pupil-to-teacher ratio). Other studies mitigated the impact of decentralization. For instance, Azfar and Livingston (2010) find little evidence of better provision of government services by local governments in Uganda; for Winkler and Rounds (1996), the transfer of education competencies in Chile reduced the scores of cognitive tests.

Beyond improving the matching of public policies with local preferences, decentralization is also considered as an essential support of democratization. Thus, the governance of local public goods is expected to strengthen accountability under the strong assumption of well-informed voters, mobility of citizens, and participation into the political market. Seabright (1996) compares allocations of power to local and central governments as alternative means of motivating governments to act in the interests of citizens, and shows that although centralization entails benefits from policy coordination, it also induces some costs in terms of diminishing accountability. Moreover, interjurisdictional competition may enhance accountability: local citizens encourage incumbents to increase the efficiency of public spending through a 'vote with feet' (Tiebout, 1956) or a 'yardstick competition' (Salmon, 1987, Besley and Case, 1995).[5] Few studies have examined the relevance of this phenomenon in developing countries: Arze, Martinez-Vasquez, and Puwanti (2008) suggest the existence of yardstick

[4] Diphtheria, Pertussis and Tetanus.

[5] Citizens can vote with their feet, that is, move to a nearby jurisdiction to obtain the public service-tax package they prefer so that local governments compete to attract people and increase their tax bases. Even in the absence of population mobility, in the context of informational asymmetries between voters and politicians, voters can use the performance cues of other governments as a benchmark to judge whether their representative wastes resources and deserves to remain in office. Thus, an action chosen by a politician in one jurisdiction affects the informational set of imperfectly informed voters in other jurisdictions forcing neighboring politicians to compete in order not to be signaled as bad incumbents and to remain in office.

competition between local governments in Indonesia; Caldeira, Foucault, and Rota-Graziosi (2008) establish the existence of strategic complementarity of local public goods among Beninese *communes*.

However, by expanding the decision space of local governments, decentralization may increase corruption. Bardhan and Mookherjee (2000) point out the theoretical ambiguity of the importance of relative capture at the local and national levels. Huther and Shah (1998), Barenstein and de Mello (2001), and Fisman and Gatti (2002) find a negative relationship between fiscal decentralization and corruption for several panels of countries.[6] In contrast, Reinikka and Svensson (2004) highlight the capture of school grants by local officials in Uganda. At the macroeconomic level, Treisman (2000) and Fan, Lin, and Treisman (2009) conclude that federal states are more corrupt. Using data on 154 countries, Treisman (2000) also suggests that more tiers of government induce higher perceived corruption, less effective provision of public health services, and lower adult literacy, especially in developing countries. Prud'homme (1995) stresses several additional pitfalls of decentralization in developing countries, namely the increase in interjurisdictional disparities, the jeopardizing of macroeconomic stability, the ethnical bias of local elections, and low capacities of local bureaucracies.

Another supply-side argument against decentralization concerns the risk of diseconomies of scale or at least a loss of scale economies. However, many of the public goods in question are community- and site-specific, and it is often possible to exclude nonresidents. Rural communities of poor countries, in particular, are often face-to-face, and social norms sharply distinguish 'outsiders' from 'insiders', especially with respect to entitlement to community services (Bardhan, 2002).

Finally, decentralization is generally viewed as a trade-off between autonomy and accountability, between costs of coordination and better provision of public goods, and between preference matching and externalities. Besley and Coate (2003) and Lockwood (2002) confirm Oates' insights by showing that the relative performance of centralized and decentralized provision of public goods depends upon spillovers and differences in tastes for public spending between jurisdictions.[7]

[6] Fisman and Gatti (2002) use legal origin as an instrument for decentralization.

[7] Competition among jurisdictions to attract mobile capital is a way to discipline governments, motivating

To our knowledge, no attention has been paid to the consequences of decentralization on well-being conditions in French-speaking African countries. Our paper fills this gap by focusing on Benin where micro-data (household survey) and macro-data (local public finance) have been combined for the first time.

3 An overview of Benin

3.1 The democratization process

In regard to its democratization and decentralization processes, Benin is well representative of French-speaking African countries: 20 countries and around 243 million inhabitants in 2009. This country belongs to the lower income group of countries with an estimated per capita income of US$740 in 2011 and a ranking of 134^{th} out of 169 countries in the Human Development Index (2010). With 8.93 million inhabitants in 2009, the population is fragmented into 42 different ethnic groups, the most prominent being the Fon and the Adjas in the South, the Baribas and the Sombas in the North, and the Yorubas in the Southeast.

Since its independence on August 1^{rst}, 1960, the political history of Benin has been chaotic. A succession of military governments ended in 1972 with the last military coup led by Mathieu Kerekou and the establishment of a government based on Marxist-Leninist principles. A move to democracy began in 1989. Two years later, as a result of free elections, the former Prime Minister, Nicephore Soglo, became president. Kerekou regained power in 1996 with some electoral fraud. With the political support of the North of the country (Alibori, Atacora, Borgou, and Donga), he won subsequent elections in 2001. Having served two terms and being over 70 years old, he was ineligible to run in the presidential elections of 2006. He was succeeded by Thomas Yayi Boni, an independent political outsider. In March 2007, President Yayi Boni strengthened his position after the legislative elections in which his coalition, 'Force Cauris pour un Bénin Emergent' (FCBE), won the largest number of seats (35 out of 83) and negotiated a pro-government majoritarian coalition in Parliament with seven minor parties. With a strong electoral basis from the North *communes*, he was

them to invest more in infrastructure, reduce waste and corruption, and spend less on non-productive public goods. But, Cai and Treisman (2005) emphasize that the required assumptions (perfect mobility, perfect local autonomy...) are often unrealistic, and capital mobility may even weaken discipline of the poorly-endowed units.

reelected in 2011 with the pivotal support of the South of the country (Atlantique, Collines, and Mono).

3.2 The decentralization process

The decentralization process in Benin began in 1998 through the transfer of several competencies to local Beninese jurisdictions, called *communes*. While an elected local government manages the *communes*, a representative of the central government is in charge of the *départements*. Local elections were held in 2002 and 2007. Benin has 77 *communes* in 12 *départements*.[8] As in many French-speaking African countries,[9] the territorial shape of Beninese *communes* results from colonial history and not from any economic consideration with regard to efficiency in public goods provision. For instance, Tanguieta stretches out across more than 5,460 square kilometers for a population of 62,321 inhabitants in 2008 (11.4 inhabitants per square kilometer), while Akro-Missérété contains 98,961 inhabitants on only 79 square kilometers (1,252 inhabitants per square kilometer).

In January 1999, Law 97-029 defined the competencies transferred from the central government to the 77 *communes*. Their scope was large, ranging from elementary school to economic development and including transport infrastructure, environment, health, social goods, tourism, security, and cultural activities. We may distinguish four kinds of competencies: exclusive local competencies, shared competencies, delegated competencies, and specific competencies. For delegated competencies, local jurisdictions act as a representative of the central state. Specific competencies concern some *communes* that have a particular status

[8] *Communes* are themselves divided into 546 districts.

[9] Burkina Faso counts 351 *communes* for 16.2 million inhabitants, while Mali has 703 *communes* for 15 million inhabitants.

(Cotonou, Porto-Novo, and Parakou). Table 1 summarizes these competencies.

Table 1: Beninese *communes'* competencies

Type of competencies
Exclusive local competencies
Transport infrastructure: maintenance of local roads, public lightings.
Shared competencies
Hygiene conditions: sewage and refuse disposal (latrines, septic tanks...), drinking water.
Education: construction and maintenance of public primary schools, adult literacy, cultural public infrastructures, sports, and leisure.
Delegated competencies
Public records office, security, publication and application of laws.
Specific competencies
Secondary schools, security, communication.

Source: Law $N°97-029$ of Benin Republic, January 15^{th}, 1999.

The distinction between shared and exclusive local competencies is largely subjective, linked to our interpretation of the relevant law and of observed practices in this country. First, the transfer of competencies is obviously progressive and may take some time. For instance, the effective role of *communes* in water and sanitation is limited. The SONEB (*Société Nationale des Eaux du Bénin*) is a public enterprise still in charge of drinking water supply and sewage disposal in urban areas. A deconcentrated service, the *General Direction of Water*, remains essential in rural areas. Secondly, some competencies, such as primary education, require some technical and financial support from the central government.

Usually, a transfer of competencies implies a transfer of financial resources. Table 2 presents Beninese *communes'* revenue distinguishing local own-revenue (tax and non-tax) and other local revenue (central conditional and unconditional grants, external transfers, loans, and advances) over the period 2006-2007. A local representative of the central tax administration (*Directions Départementales des Impôts*) collects local taxes, mainly property and patent taxes.[10] By contrast, local governments support collection costs of non-tax

[10] Beninese local governments can also tax mining, advertisements, and taxi drivers, and they have the

own-revenue, essentially revenue related to occupations in the public domain (market stalls, parking tolls, kiosks, hoardings...) and to some administrative services. Central conditional grants represent about 25 percent of local revenue with some huge disparities: less than 3 percent for Atlantic and more than 30 percent for Oueme. Unconditional transfer is another source of Beninese *communes*' revenue. It corresponds to a retroceded tax, the road tax, collected by customs on exports (0.85 percent of the value of exported goods).[11] Generated revenue is shared among *communes* following a fixed rule: 80 percent is allocated to three 'special' *communes* (Cotonou, 60 percent; Porto-Novo, 24 percent; and Parakou, 16 percent); the rest is distributed among the 74 other *communes* according to their respective demographic weight.

Table 2: Average composition of Beninese *communes* per capita revenue (CFAF)

	Average level	Percentage of total resources
Total local revenue	2,175	100
Own-revenue	**1,137**	**52**
Local non-tax own-revenue	623	29
Local tax own-revenue	514	23
Other local revenue	**1,038**	**48**
Unconditional central grants	225	11
Conditional central grants	571	26
External transfers	225	10
Loans and advances	17	1

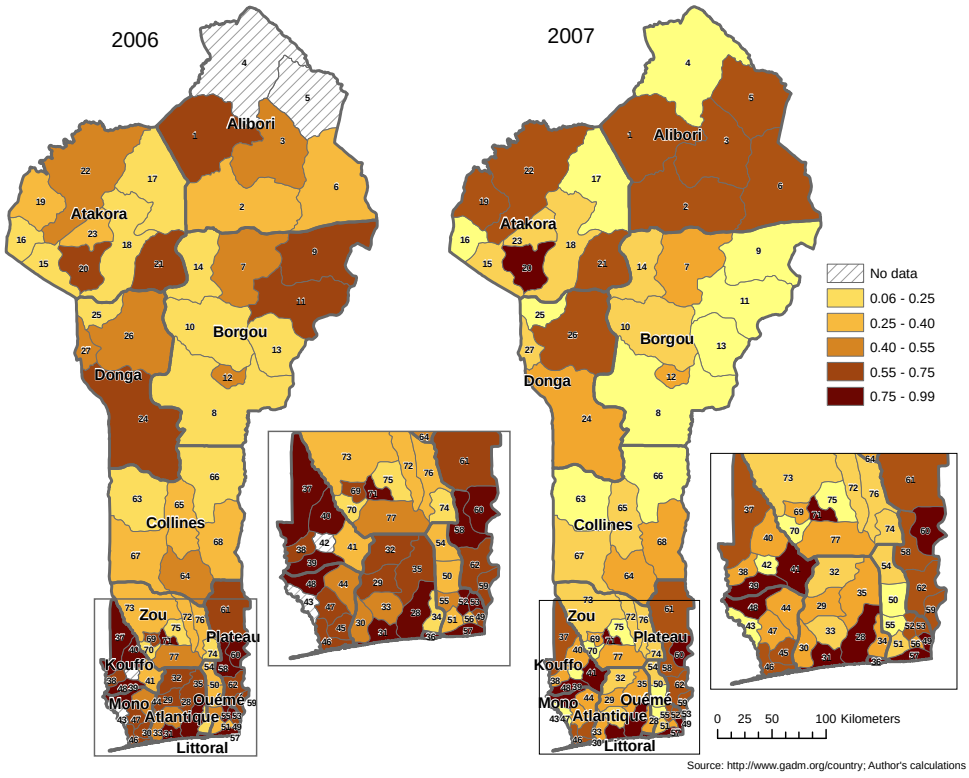
Source: Beninese Ministry of Finance and Economy.

Beninese *communes* are characterized by a low average level of per capita revenue with about 2,200 CFAF (US $4.7). Moreover, important inequalities exist among *communes*: the revenue per capita of the twenty poorest *communes* represents only 50 per cent of the revenue of the five richest ones. Local governments' revenues also differ in their composition.

opportunity to collect a tax on local development (see Chambas, 2010 for a detailed analysis of local fiscal resources in sub-Saharan Africa, in particular in Benin).

[11] The authorities abolished this tax in 2009 for transit goods being exported to landlocked countries such as Niger and Burkina Faso.

For instance, Parakou and Porto-Novo, despite having a similar per capita revenue (6,500 CFAF), have 50 and 35 percent of local own-revenue, respectively.



Map 1: Share of local own-revenue by commune

Regarding our criteria of financial autonomy, Benin is characterized by strong geographical disparities (see Map 1) where South and North-East *communes* are able to collect more own-revenue.

3.3 Local public goods provision and poverty

Since 1999, Benin is involved in a national strategy aimed at reducing poverty for a human sustainable development through its successive Growth and Poverty Reduction Strategy (GPRS). The main objetcive of the last GPRS for the 2011-2015 period is the improvement of the living conditions of the population with specific attention to water, basic sanitation, primary education, and primary health care sectors in line with the Millennium Development

Goals (MDGs). Poverty, which is a general state of deprivation, is multidimensional. It is usually associated with conditions under which people live. Poverty may be viewed in either absolute or relative terms. Absolute poverty is a situation in which a person or group of persons is unable to satisfy their most basic and elementary requirements of human survival in terms of good nutrition, sanitation, transport, health, education and recreation.

Several approaches exist to appreciate the level of poverty in Benin. Based on the monetary approach, the proportion of poor people in Benin in 2009 is estimated at 35.21 percent, which means that more than one of every three persons is living below the subsistence level (2011-2015 GPRS). An alternative approach consists in looking at the non-monetary poverty —based on a composite index including variables of household living conditions and property or assets. With this measure, it stated that 30.84 percent of the Beninese population is poor in terms of subsistence and property in 2009. A geographical cleavage between rural and urban *communes* seems to matter. Indeed, urban *communes* located in Littoral, Collines, and Ouémé departments display a rate of poverty of 13, 17, and 19 percent respectively, namely two times less that the Beninese average. A last but not the least dimension of poverty in developing countries concerns the dynamic trend of poverty mobility. Availability of data does not allow to discuss with robustness to what extent the implementation of national and local public policies has positively affected the reduction of poverty. The current situation remains ambiguous. For instance, between 2006 and 2007, income poverty fell by roughly 4 percentage points, versus 2.4 points in the case of non-income poverty. On the other hand, between 2007 and 2009, income poverty rose by 1.9 percentage points. This increase in income poverty between 2007 and 2009 is the result of the effects of the economic and financial crises, which caused household consumer spending to fall. Non-income poverty registered a substantial decline of 9 percentage points, falling from 39.6 percent in 2007 to 30.85 percent in 2009. This decline is the result of various actions taken by the Government during the period 2007-2009 to improve access to basic social services. In particular, these actions involved the construction of water points and school infrastructure. Such policies have not only been taken at the central level but also under the responsibility of local governments when they have legal competencies for providing local poverty-related goods.

To tackle such methodoligical problems with a too large definition of poverty, our ap-

proach consists in refining poverty to five main basic services (toilet, drinking water, sewage, garbage, and primary education). In such a way, we are able to assess the impact of decentralization on major dimensions of poverty issues.

4 Econometric framework

In this section, we present our empirical strategy. We first test the average effect of decentralization on access to poverty-related services. We then assess its distributional effect between jurisdictions by distinguishing *communes* according to their wealth.

4.1 Data

We use several sources of information. The Beninese Ministry of Finances and Economy provided us the *communes*' account. The 2006 and 2007 Integrated Modular Surveys on Household Living Conditions (EMICoV) contain information concerning individual education level, household consumption and wealth, and access to several local public goods. They cover a sample of 18,000 Beninese households across the entire national territory. The sample includes 7,440 urban households and 10,560 rural households.[12] The main originality of these surveys lies in their representative character at the *commune* level, allowing us to measure aggregated and distributional indicators at the study level as described below. Data concerning population, urbanization rate, and ethnic fragmentation are drawn from *General Population and Housing Census* in Benin (1992 and 2002) and 77 *communes*' monographs provided by the European Union (*Programme d'Appui au Démarrage des Communes*).

4.1.1 Testing the average effect of decentralization on access to basic services

Our empirical analysis focuses on universal basic needs, setting aside any normative considerations in terms of welfare. It appears more relevant to study actual access to public services than ultimate effects on individual well-being, which may depend on many factors outside local governments' control. We consider several basic services which have been assessed through the EMICoV surveys: toilet facilities, water access, refuse and sewage disposal, and

[12] This sample is a stratified sample selected in two stages: stratification was achieved by separating every *commune* into urban and rural areas.

primary education. Table 3 gives the detailed list of indicators, denoted by Y_{it}, for each kind of service.

Table 3: Indicators of basic services access

Basic services, Y_{it}	Indicators
Toilet facilities	
	- Share of households having access to a toilet or latrine facility, $STOil_{it}$.
	- Type of toilet facility (no facility, bucket/pan, latrine with composting, suspension latrine, non-flagged pit latrine, non-ventilated pit latrine, ventilated pit latrine, own flush toilet, flush toilet), $TToil_{it}$.
Water access	
	- Share of households having access to drinking water, $SWat_{it}$.
	- Source of drinking water (rainwater, rainwater in tanker truck, river, pond, protected spring, non-protected well, protected well, borehole with manual pump, borehole with automatic pump, public tap, piped somewhere, piped into residence), $TWat_{it}$.
Refuse disposal	
	- Share of households having access to refuse disposal facilities, $SGarb_{it}$.
	-Type of refuse disposal (nature, courtyard, burning, burying, rubbish dump, collection truck (NGO), collection truck (public)), $TGarb_{it}$.
Sewage disposal	
	- Share of households having access to sewage disposal facilities, $SSew_{it}$.
	- Type of sewage disposal (nature, courtyard, well, grid/downstream, open pipe waste, covered pipe waste, draining), $TSew_{it}$.
Primary education	
	- Primary school enrollment for children aged 6 to 11, SE_{it}.

Source: EMICoV surveys, 2006 and 2007.

These indicators are all measured at the household level except for education indicators, which require individual data (level of education of the respondent). To assess public services access we use two indicators: the first measures the share of households or individuals having access to the service (*quantity*); and the second reflects the qualitative scale of the provided service (*quality).* By using these two measures, we are able to capture in a comprehensive way how the decentralization has facilitated or not the access to poverty-related services. Reasoning only on the quantity will be falacious as such a measure does not reveal to what extent local citizens have benefited from an improvement of the quality of local public goods.

To better understand how quantitative and qualitative variables have been computed,

let us describe the first indicator, namely toilet facilities. The EMICoV survey provides the share of households having access to a toilet. On average, 23.7 percent of Beninese households declare to have a toilet facility (Table 4). The quality of the toilet measured by the scale in Table 3 takes the value 1 for no facility to 9 for flush toilet. Using responses from EMICoV respondents, we compute an average index at the *commune* level which indicates that households in only one *commune* (Toucountouna) have no toilet facilities and ten percent of people have at least non-flagged pit latrine. As depicted on Map 2, only 6 *communes* out of 77 converge towards the best quality of toilets with a score superior to 6, .i.e. including either non-ventilated pit latrine, or ventilated pit latrine, or own flust toilet or flush toilet. As local governments are in charge of sanitation facilities, decentralization should produce more efficient and equitable service delivery through making better use of local knowledge of needs. The same coding procedure applies for the four other indicators. Sewage and garbage facilities are respectively depicted on Maps 3 and 4. We observe a small variance for every basic services among jurisdictions, with the exception of *Segbana*, which displays the highest level of sewage and garbage disposal and drinking water in the region (Alibori). One explanation is linked with the development of hydraulic plans (DED and PADEAR – DANIDA projects). There exists 67 drillings and 54 modern shafts which allow the centre to be served by the water supply network. (SONEB). Map 5 illustrates the diversity of quality for sources of drinking water. Surprisingly, *communes* located on the littoral with an easy access on sea water are not necessarly those which benefit from a high-quality access of drinking water.

[Insert Map 2, 3, 4, 5]

In sum, combining consolidated household data on services access and local public good quality to local public finance therefore offers a new avenue for evaluating the impact of decentralization in both dimensions.

4.2 Empirical models

The degree of decentralization, denoted by D_{it}, is the share of local own-revenue in *commune*'s total revenue. This measure is used in the literature as an indicator of financial

autonomy and also allows us to approximate the accountability of local governments. Indeed, while central transfers are often opaque to the taxpayers, who are then unable to judge the efficiency of local policies, the link between local taxes and local public services provided is more immediate and may constitute an incentive for local officials to improve their efficiency.

We add several control variables. Time dummies, denoted by t_t, control for omitted explanatory variables that vary over time, but remain constant between *communes,* and can influence the share of local governments' own-revenue. We also control for explanatory variables that may be correlated with the degree of decentralization and that vary across both *communes* and time. Since we consider the effect of local revenues' composition and not the impact of local public spending itself, we introduce *communes'* per capita public spending, denoted by G_{it}. We then are able to see if a higher degree of decentralization affects the efficiency of local policies, given the level of local public spending. This control variable is essential because *communes*' public spending affect the level of received transfers, the measured degree of decentralization, and the access to basic services.[13] For similar reasons we introduce per capita consumption, denoted by C_{it} (measured by an index of about 1,200 commodities and services).[14] Jurisdiction population size (Po_{it}) and population density (De_{it}) allow us to capture, respectively, over-representation of smaller jurisdictions and some scale economy in the provision of studied public goods. We also consider urbanization rate, denoted by U_{it}, since urban areas generally offer better access to basic services and have higher fiscal capacities, especially in terms of property tax base. Finally, ethnic fragmentation, denoted by F_{it},[15] may be correlated with the degree of decentralization and affects the provision of public goods in quantity and quality (Alesina and Ferrara, 2005).

Table 4 provides some descriptive statistics. The main independent variable (degree of decentralization, D_{it}) is quite normally distributed with a median value and a mean at 0.48. Nevertheless, the mode of the distribution indicates that most of *communes* (around

[13] Although the pursuit of an equitable allocation of resources would lead one to expect a pro-poor allocation of transfers across jurisdictions, most empirical studies (Wallis, 1998, Meyer and Naka, 1999 or Alm and Boex, 2002) find that wealthier local governments receive greater intergovernmental transfers, indicating that political considerations outweigh those of equity.

[14] Provided by the EMICOV surveys.

[15] Ethnic fragmentation in *commune* i on year t is defined as the probability that two individuals randomly drawn from the *commune* are from different ethnic groups.

22 percent) have collected about 15 to 22 per cent of own-revenue. At the opposite, only eight *communes* located in the South of the country perform very well in taxes raising with more than 85 per cent of own-revenue. Among control variables, the average value of C_{it} is 142,598 CFCA; the median is 123,042 CFCA; the 95th percentile is 299,798 CFCA. To put these numbers in perspective, note that, in strongly urbanized *communes*, the average per capita consumption (197,645 CFCA) is higher than the national average due to the better situation for the first quintile entailing a higher median value (223,688 CFCA). Another wealth measure is provided by W_{it}, a score based on the Demographic and Health Survey (DHS) wealth index which states each household's position on an index of asset wealth at national level using Principal Components Analysis (PCA) weights.[16] This variable varies between -1.72 (poorest households) and 4.54 (wealthier households). Despite a significant correlation between C_{it} and W_{it}, the latter is a good proxy of the permanent wealth whereas the former is more sensitive to the economic conjuncture. Finally, the ethnic fragmentation measured by the probability that two randomly selected individuals belong to the same ethny indicates that Beninese are strongly fragmented with an average value of 0.36. Such a cultural pattern is expected to affect preferences for public goods provision in a sense that ethnically heterogeneous communities may express contrasted needs or define different priorities for basic services delivery.

We start with the following simplest regression which assesses the average impact of decentralization on access to basic services:[17]

$$Y_{it} = \beta D_{it} + \theta G_{it} + \gamma C_{it} + \rho Po_{it} + \tau De_{it} + \omega U_{it} + \psi F_{it} + t_t + \varepsilon_{it}, \tag{1}$$

We also consider a non-monotone effect of the degree of decentralization by introducing its quadratic term $\left(D_{it}^2\right)$:

$$Y_{it} = \beta_1 D_{it} + \beta_2 D_{it}^2 + \theta G_{it} + \gamma C_{it} + \rho Po_{it} + \tau De_{it} + \omega U_{it} + \psi F_{it} + t_t + \varepsilon_{it}. \tag{2}$$

[16] The general methodology used to calculate the wealth index is given in Filmer and Pritchett (2001). The specific approach used in the DHS is described in Rutstein and Johnson (2004).

[17] Population, per capita public spending and per capita consumption are in logarithmic terms.

4.2.1 A heterogeneous effect between *communes*

In addition to the average impact of decentralization on access to public services, we study its effect by distinguishing *communes* by their wealth. This analysis allows us to assess the overall impact of decentralization on inter-*commune* inequalities in terms of access to basic services. We obtain the following regression:

$$\begin{aligned} Y_{it} = \quad & \beta_1(D_{it} * QP_{it}) + \beta_2(D_{it} * (1 - QP_{it})) \\ & + \phi QP_{it} + \theta G_{it} + \gamma C_{it} + \rho Po_{it} + \tau De_{it} + \omega U_{it} + \psi F_{it} + t_t + \varepsilon_{it}, \end{aligned} \tag{3}$$

where QP_{it} is a dummy variable taking value 1 if the *commune* i belongs to the first quintile of poor *communes* and zero otherwise. Following Filmer and Pritchett (2001) we define an asset-based measure of wealth, denoted by W_{it}, for each *commune* using the EMICoV.[18] However, the DHS index underestimates the wealth of rural areas since urban populations own many valuable assets. Following Rutstein (2008), we compute a national-level composite index from wealth indexes that have been separately constructed for urban and rural areas. We then consider the average score by *communes* and we divide the latter into quintiles to distinguish the poor from the non-poor. The same procedure applies for the first quintile of wealthier *communes* in order to control how decentralization may lead local governments to define priorities in delivering poverty-related services. By doing so, we assume that all local public goods are not provided according to the same economic and political determinants, i.e. poor *communes* are expected to make stronger effort to facilitate access to drinking water than organizing a high-quality system of waste disposal or sewage facilities.

4.2.2 Econometric issues and identification strategy

Given the small number of time-series with respect to cross-sectional observations and the fact that some variables have little within variance, we first estimate pooled OLS regressions

[18] Due to the abundance of household survey data on asset ownership and the considerable bias measurement error associated with reported income or consumption, a substantial body of literature has developed an asset-based measure of wealth. Filmer and Pritchett (2001) concluded that the DHS wealth index actually performed better than the traditional consumption or expenditure index in explaining differences in economic status. From the EMICoV, we built such a DHS measure based on a myriad of assets (car, pirogue, chaine hi-fi, réfrigérateur, foyer amélioré, fer à repasser, lits, phone, moto/mobylette, radio, lecteur vhs, dvd, cuisinière, washing machine, chair, machine à coudre, phone cells, bicycle, television, magnétoscope, ventilateur, matelas en mousse, computer, internet access, land, home ownership, genre de combustible, materials in house...)

with year dummies. This estimation method increases the degree of freedom and allows inquiring into variables that have low variability. However, it assumes that control variables capture all the relevant *communes'* characteristics.

This estimation may be biased by unobserved heterogeneity between *communes*. Our panel data allows controlling for a large number of unobserved explanatory variables by using the fixed-effects (FE) estimator. However, the traditional FE method results from its inefficiency in estimating the effect of variables that have little within variance, a risk worth considering when analyzing two successive years of observations. To assess coefficients of time-invariant variables and to control for *commune* specific effects, we use the Fixed Effects Vector Decomposition estimator (FEVD) developed by Plümper and Troeger (2007).[19] Through a three-step procedure, this estimator allows a decomposition of the unit fixed effect into two parts: an explained part by time-invariant variables and an unexplained part.[20]

To correct for other potential endogeneity bias in the estimation of the causal effect of decentralization on access to basic services, we instrument the degree of decentralization through a dummy variable, denoted by PA_{it}, taking the value 1 if the *commune* i has the same political affiliation as the president in office. This dummy variable differs between 2006 and 2007 since Yayi Boni was elected in April 2006, succeeding Mathieu Kérékou. Partisan affiliation is a good instrument of decentralization in a regression involving access to public services. In the relevant literature, a jurisdiction which has greater political support for the central government receives more transfers from the latter (see, Cox, 1986, for a theoretical argument, Case, 2001, for the Albanian case, Miguel and Zaidi, 2003, for the Ghanaian case).

5 Estimation results

This section presents our empirical results using panel data from 77 Beninese *communes* for 2006 and 2007.

[19] Based on Monte Carlo simulations, Plümper and Troeger (2007) compare the vector decomposition model with the FE model, the random effects (RE) model, pooled OLS, and the Hausman-Taylor procedure and find that, while the FE model does not compute coefficients for the time-invariant variables, the vector decomposition model performs far better than other procedures.

[20] First, the unit fixed effect is estimated by running a fixed effect estimate of the model. Second, the latter is split into its two parts by regressing it on the time-invariant variables of the model. The unexplained part corresponds to the residuals of this equation, $\widehat{h_i}$. Third, the estimation of the full model is implemented by including the time-invariant variables and the unexplained part of the fixed effect vector estimated in the second step.

5.1 The average effect of decentralization on access to basic services

Figures 1 to 5 confirm our expectation that a higher degree of decentralization is positively correlated to a better access to poverty-related services.[21] However, the most decentralized *communes* are the richest, the most populated, and the most urbanized (Table 5). These variables are also associated with a higher access to basic public services (Table 6). This confirms the important role of our control variables to avoid endogeneity bias.

To test the average effect of decentralization on access to basic services (Equation 1), we first run the pooled OLS regressions with year dummies, introducing our control variables progressively (columns 1 to 7). Considering potential unobserved heterogeneity between *communes*, we then use the FEVD estimator (column 8). Finally, we instrument for the degree of decentralization with the partisan affiliation (PA_{it}) in column 9. Table 7 reports the relevance of our instrument.[22] Moreover, the Sargan over-identifying restriction test[23] indicates that we cannot reject the hypothesis of no correlation between the instrument and the error term in the regression stating that the partisan affiliation variable is a valid instrument. In Tables 8 to 11 we highlight that a higher degree of decentralization is consistently associated with improved water source and sanitation systems access. Table 8 indicates that the coefficient associated with the degree of decentralization is significantly different from zero and could be interpreted as follows: the impact of a 10 percentage points increase in decentralization represents an extra 3.7 percent in people having access to a toilet or latrine facility. In other words, the standard deviation of the degree of decentralization (23.5 %) implies a 8.69 percentage points increase for one-standard-deviation change. When we turn on the quality of basic services, we observe for instance that once controlled for endogeneity bias a 10 percent point increase in the share of own-revenue entails an extra 0.236 point on the quality index of water access in *communes* (Table 11). However, while the effect of decentralization on access to refuse disposal facilities is less robust (Tables 12 and 13), decentralization is not found to have a significant average effect on access to sewage disposal facilities and *communes*' primary school enrollment (Tables 14 to 16).

[21] The relation is relatively weak for primary school enrollment (Figure 5).

[22] As in most empirical studies, political considerations outweigh those of equity: wealthier, smaller or more ethnically fragmented jurisdictions receive more intergovernmental transfers and are less autonomous.

[23] We use the dummy variable indicating whether a *commune* has the same dominant ethnic affiliation as the president in office as another instrument to compute the Sargan test.

In Table 17, we consider a non-monotone effect of the degree of decentralization by introducing its quadratic term (Equation 2). We find a positive coefficient associated to the degree of decentralization and a negative sign for its squared value. The impact of decentralization is then non-monotone: the relationship between decentralization and access to basic services may be described by an inverted U-shaped curve. Even if we cannot calculate the *average* optimal decentralization degree because of a combination of different scaled criteria for basic services, we are able to determine it individually. Defined as the ratio of local own-revenue over total revenue (given by $-\beta_1/2\beta_2$, Equation 2), the optimal degree of decentralization reaches a 55 percent value for the access to toilet facility, 65 percent for refuse disposal facilities (columns 1 to 3); and a lower value for sewage disposal facilities (49 percent) and primary school enrollment (52 percent) (columns 4 and 5). We observe that the effect of decentralization is monotone for drinking water access since the optimal level is above 1 (exactly 103 percent).

5.2 The non-linear effect of decentralization between *communes*

We now consider heterogeneous effect of decentralization between *communes* according to their wealth (Equation 3). Table 18 reports that this effect is generally lower for 20 percent of poorest *communes*. While toilet, garbage and drinking water facilities are increasing in quality with decentralization, there is no impact on average on sewage and primary school enrollment. For the latter, it actually has a positive effect on wealthier *communes* and a negative one on the poorest *communes*.[24] As a robustness check, we interact a continuous variable, the DHS wealth index scores (W_{it}), with the degree of decentralization (see Table 19). Estimation results confirm that the positive effect of decentralization is contingent on a minimum wealth in *communes*. Only the effect of decentralization on access to drinking water seems not to depend on wealth. The coefficient associated with the degree of decentralization measures the impact of decentralization in the absence of any wealth. Its negative sign indicates that a *commune* with zero wealth would suffer from decentralization.

Finally, we highlight that *communes* may prioritize basic services despite an uniform decentralization process. Such a hierarchy results from their autonomy, and should also be

[24] We complete our analysis with Wald tests to ascertain that coefficients for poor *communes* are significantly different from those in other *communes*.

considered by central government and donors in the struggle against poverty. The absence of a normalized scale for every basic service prevents to conclude immediatly on such a prioritization. However, through Tables 18 and 19, we pinpoint some significant differences among local governments' behaviors depending on their wealth. The poorest *communes* are characterized by the negative impact of decentralization on access to primary education. That suggests these governments pay less attention to education than both drinking water access and toilet facilities (Table 18). Table 20 focuses on the 20 percent wealthier *communes*. For these *communes* the effect of decentralization on sewage access is negative and significant. In accordance with the reading of the 77 detailed *communes*' monographs,[25] we may deduce that the richest local governments have already reached a certain level of quality in sanitation and then redirect their financial resources to other public facilities.

The following table sums up our empirical results considering the effect of decentralization on the qualitative indicators:

Table 21: Main empirical results

	Average effect	Non monotone average effect		Between *communes*			
		D_{it}	D_{it}^2	Poor	Non-poor	Rich	Non-rich
Toilet facility	0.692***	2.190***	-1.96***	0.562*	2.544***	4.073***	2.414***
Water access	2.361***	3.234***	-1.56***	2.120***	2.355***	1.643***	1.569***
Refuse disposal	1.345***	1.700***	-1.31***	0.416**	1.162***	1.126***	0.963***
Sewage disposal	NR	4.332***	-4.44***	0.231	0.139	-0.14***	0.103***
Primary educ.	NR	6.866***	-6.60***	-0.24***	0.656**	0.680***	0.261***

***: coefficient significant at 1 % level, .**: at 5 % level, *: at 10 % level, NR: Non Robust.

6 Conclusion

Benin is a young democracy that has experienced a decentralization process since the end of the nineties. The main objective of this institutional reform was to improve public policy governance and finally to reduce poverty. This analysis focused on the average and distributional

[25] Provided by the European Union through the *Programme d'Appui au Démarrage des Communes*.

effects of decentralization on the access to poverty-related services. An original compilation of datasets concerning well-being conditions of households and local public finance allows to study the final effect of decentralization on Beninese population. Our analysis suggests that decentralization has an unambiguous positive overall effect on the access to drinking water and sanitation systems.

Beyond this average pattern, decentralization however yields some distributional outcomes: its impact is non-linear and heterogeneous. First, the effect of decentralization on the access to basic services follows an inverted U-shaped curve with an optimal degree of decentralization (at 67 percent on average) showing that a minimum level of central transfers is still beneficial. Second, decentralization affects service access differently according to the *communes*' wealth, namely a positive effect for any non-monetary poverty indicators, and conversely the negative effect for the poorest *communes*. These results are consistent with those of Galiani, Gertler, and Schargrodsky (2008), who conclude that decentralization improves public services in only wealthier areas that have the ability to voice their preferences. Hence, if decentralization is a valid policy to improve overall access to basic services, it is essential to maintain a minimum level of central transfers, in particular for the poorest *communes,* to avoid an increase in inter-jurisdictional inequalities.

The decentralization process in Benin is on average a success story: it reduces poverty by improving the access to some basic services. But this success remains threatened by an increase in inequalities between *communes*. Decentralization gives control of decisions and resources to local governments, which aim at better targeting the poorest households. By so doing, the central government treats the poor and the local democratic institutions as assets and partners in the development process. Our results suggest that the patterns of decentralization in Benin is broadly beneficial, but raise some issues about the design of transfers in both financial ressources and competences. Indeed, certain basic services, mostly in education, have not been much delivered as expected. Controlling for different geographical and socio-economic variables, poor *communes* do not succeed in improving primary education. A potential explanation rests on the idea that these local governments used available ressources for other basic services than education, which are considered as more urgent, such as drinking water access and to a lesser extent toilet facilities.

In terms of policy recommendations, our analysis suggests that primary education in the poorest *communes* should be re-centralized at least temporarily.[26] The sharing of this competence between local and central governement may be reviewed and inspired by the example of the water sector, which is partly provided in rural areas through a deconcentrated service - the *General Direction of Water*. Collecting more local own-revenue appears inadequate to improve a better primary education access, measured by school enrollment for 6-11 old children. Since education induces important spillovers across jurisdictions and may be a lower public priority for the poorest local governments, Benin should envisage a new design of transfers by internalizing the primary school education in order to sustain this national priority.

[26] Implementing conditional education transfers is another solution, which also raises different issues specific to central grants.

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A Appendix

A.1 Figures

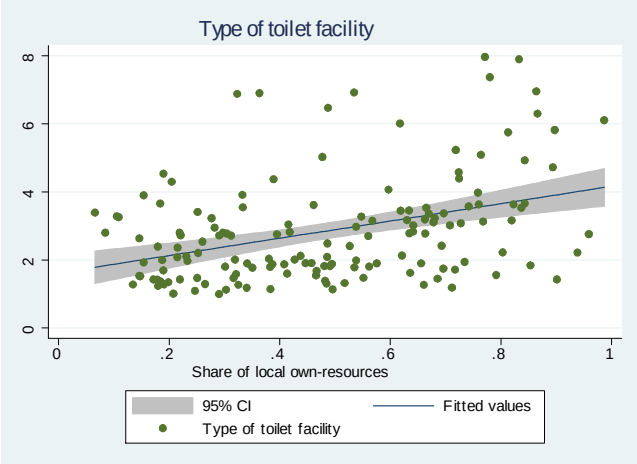


Figure 1: Share of local own-resources and access to toilet facility

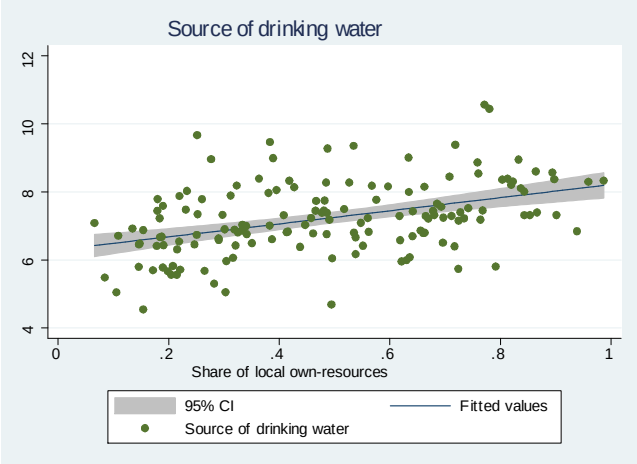


Figure 2: Share of local own-resources and access to water

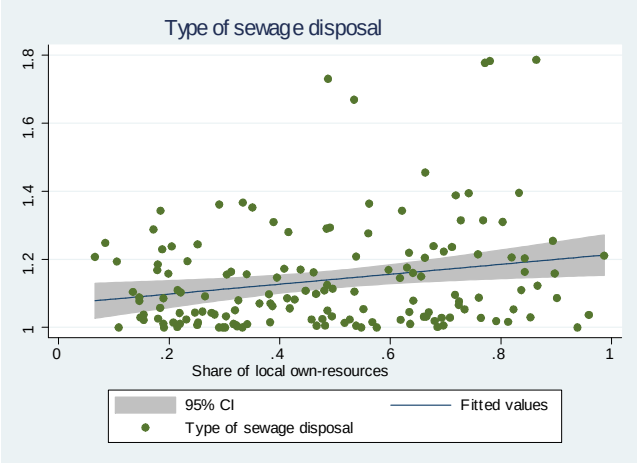


Figure 3: Share of local own-resources and access to sewage disposal.

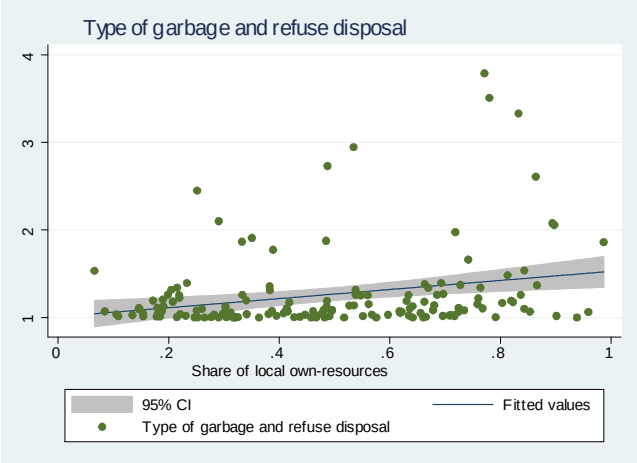


Figure 4: Share of local own-resources and access to refuse disposal.

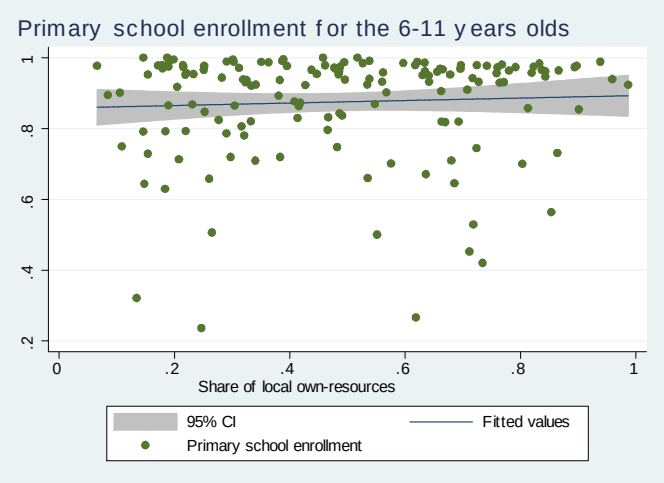
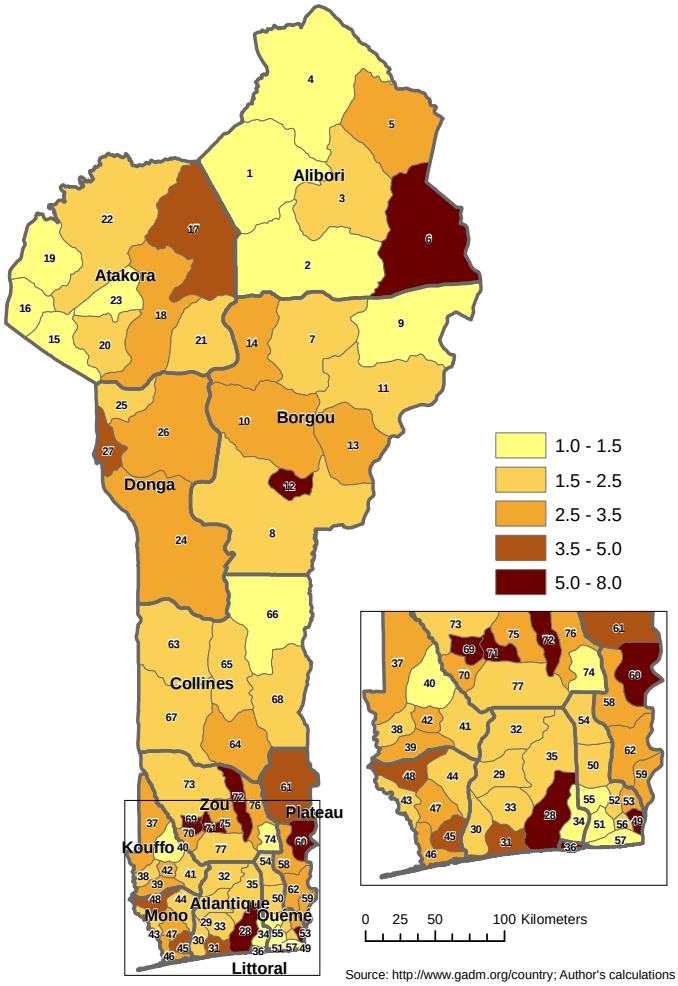
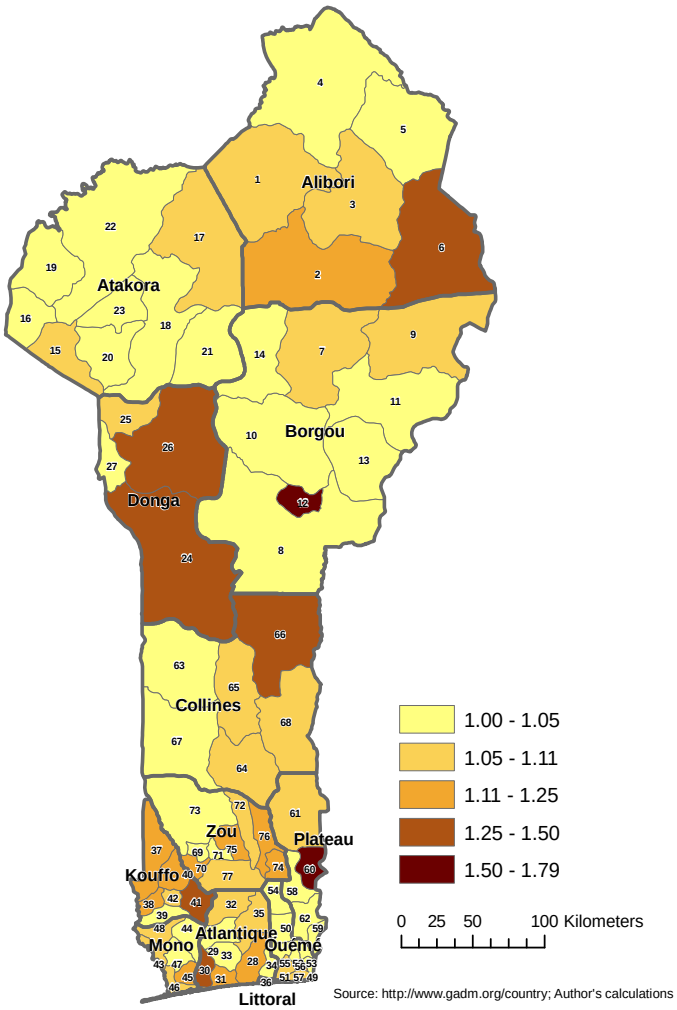


Figure 5: Share of local own-resources and access to primary school enrollment.

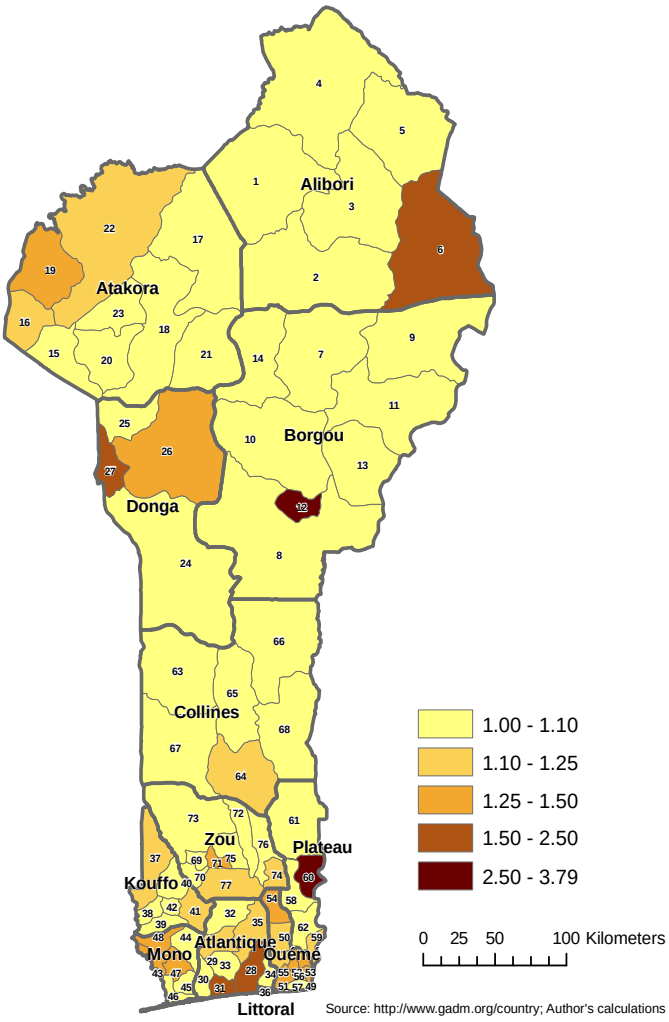
A.2 Maps



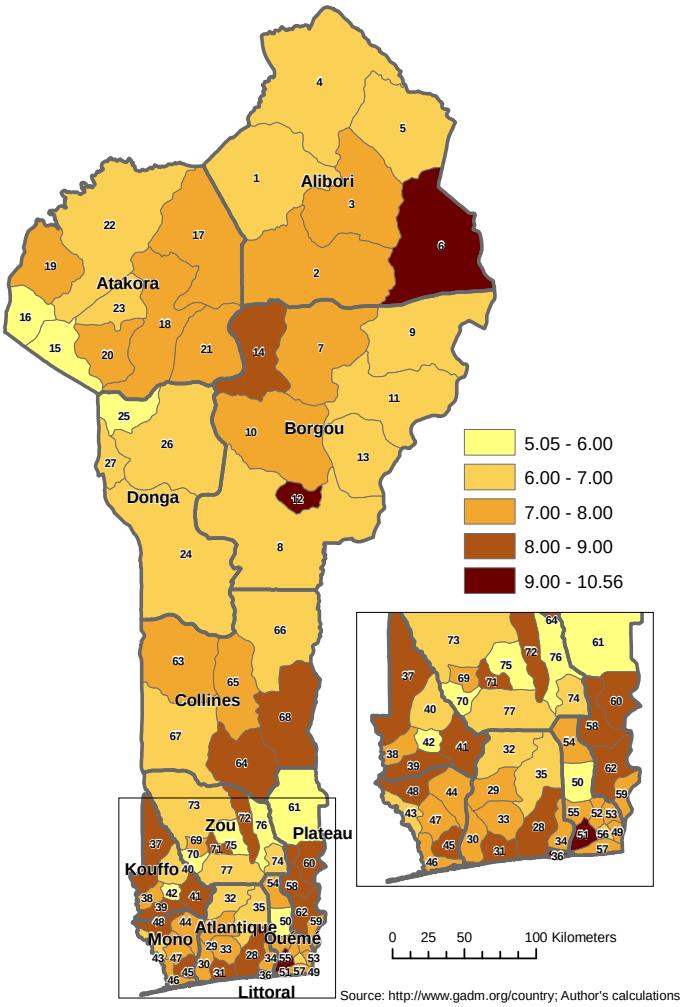
Map 2: Toilet quality



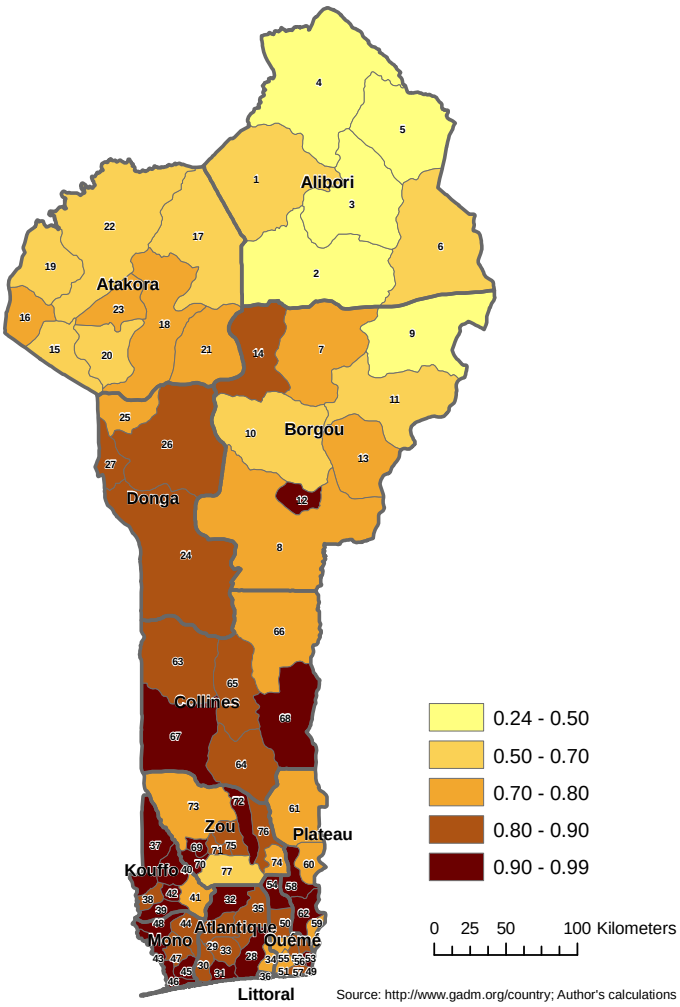
Map 3: Sewage quality



Map 4: Garbage quality



Map 5: Drinking water quality



Map 6: School enrollment

A.3 List of *communes* (numbered)

Communes	Number	Region	Communes	Number	Region
Banikoara	1	ALIBORI	Klouekanme	40	COUFFO
Gogounou	2	ALIBORI	Lalo	41	COUFFO
Kandi	3	ALIBORI	Toviklin	42	COUFFO
Karimama	4	ALIBORI	Athieme	43	MONO
Malanville	5	ALIBORI	Bopa	44	MONO
Segbana	6	ALIBORI	Come	45	MONO
Bembereke	7	BORGOU	Grand-popo	46	MONO
Tchaourou	8	BORGOU	Houeyogbe	47	MONO
Kalale	9	BORGOU	Lokossa	48	MONO
N dali	10	BORGOU	Adjarra	49	OUEME
Nikki	11	BORGOU	Adjohoun	50	OUEME
Parakou	12	BORGOU	Aguegues	51	OUEME
Perere	13	BORGOU	Akpro-Misserete	52	OUEME
Sinende	14	BORGOU	Avrankou	53	OUEME
Boukoumbe	15	ATACORA	Bonou	54	OUEME
Cobly	16	ATACORA	Dangbo	55	OUEME
Kerou	17	ATACORA	Porto-Novo	56	OUEME
Kouande	18	ATACORA	Seme-Kpodji	57	OUEME
Materi	19	ATACORA	Adja-Ouere	58	PLATEAU
Natitingou	20	ATACORA	Ifangni	59	PLATEAU
Pehunco	21	ATACORA	Pobe	60	PLATEAU
Tanguieta	22	ATACORA	Ketou	61	PLATEAU
Toucountouna	23	ATACORA	Sakete	62	PLATEAU
Bassila	24	DONGA	Bante	63	COLLINES
Copargo	25	DONGA	Dassa-Zoume	64	COLLINES
Djougou	26	DONGA	Glazoue	65	COLLINES
Ouake	27	DONGA	Ouesse	66	COLLINES
Abomey-Calavi	28	ATLANTIQUE	Savalou	67	COLLINES
Allada	29	ATLANTIQUE	Save	68	COLLINES
Kpomasse	30	ATLANTIQUE	Abomey	69	ZOU
Ouidah	31	ATLANTIQUE	Agbangnizoun	70	ZOU
Toffo	32	ATLANTIQUE	Bohicon	71	ZOU
Torri-Bossito	33	ATLANTIQUE	Cove	72	ZOU
So-Ava	34	ATLANTIQUE	Djidja	73	ZOU
Ze	35	ATLANTIQUE	Ouinhi	74	ZOU
Cotonou	36	LITTORAL	Za-Kpota	75	ZOU
Aplahoue	37	COUFFO	Zagnanado	76	ZOU
Djakotomey	38	COUFFO	Zogbodomey	77	ZOU
Dogbo	39	COUFFO			

A.4 Tables

Table 4: Descriptive statistics

Basic services, Y_{it}	Mean	Std dev.	Min	Max
Degree of decentralization, D_{it}	0.484	0.235	0.066	0.986
Public spending per capita, G_{it}	7.218	0.778	4.521	9.436
Per capita consumption, C_{it}	11.754	0.464	10.513	12.970
Population size, Po_{it}	11.356	0.529	10.250	13.500
Population density, De_{it}	338.084	1050.57	7.382	9235.63
Urbanization rate, U_{it}	0.278	0.232	0	1
Ethnic fragmentation, F_{it}	0.357	0.232	0.013	0.822
Partisan affiliation, PA_{it}	0.305	0.461	0	1
Toilet facility				
$SToil_{it}$	0.237	0.208	0	0.969
$TToil_{it}$	2.836	1.541	1	7.958
Water access				
$SWat_{it}$	0.306	0.249	0	0.994
$TWat_{it}$	7.214	1.060	4.748	10.559
Refuse disposal				
$SGarb_{it}$	0.033	0.102	0	0.684
$TGarb_{it}$	1.255	0.466	1	3.785
Sewage disposal				
$SSew_{it}$	0.009	0.026	0	0.184
$TSew_{it}$	1.138	0.156	1	1.785
Primary education SE_{it}	0.876	0.149	0.236	1

Table 5: Correlations of our key variables

Variables	D_{it}	G_{it}	C_{it}	Po_{it}	De_{it}	U_{it}	F_{it}
Degree of decentralization, D_{it}	1						
Public spending per capita, G_{it}	0.3294*	1					
Per capita consumption, C_{it}	0.3128*	0.5646*	1				
Population size, Po_{it}	0.3095*	0.5025*	0.5801*	1			
Population density, De_{it}	0.2431*	0.4656*	0.7571*	0.8080*	1		
Urbanization rate, U_{it}	0.2513*	0.4117*	0.5505*	0.5379*	0.4089*	1	
Ethnic fragmentation, F_{it}	0.0258	0.2696*	0.0817	0.2895*	0.0153	0.3330*	1

*: Correlation coefficient significant at 10 % level.

Table 6: Correlations of our key variables

Variables	G_{it}	C_{it}	Po_{it}	De_{it}	U_{it}	F_{it}
Type of toilet facility, $TToil_{it}$	0.5155*	0.2760*	0.4030*	0.4274*	0.4108*	0.0018
Source of drinking water, $TWat_{it}$	0.5221*	0.3493*	0.3555*	0.3902*	0.2823*	0.1693*
Type of sewage disposal, $TSew_{it}$	0.3826*	0.1831*	0.4420*	0.4618*	0.3018*	0.0911
Type of refuse disposal, $SGarb_{it}$	0.2321*	0.2987*	0.5511*	0.6045*	0.3771*	0.0533
Primary school enrollment, SE_{it}	0.2286*	-0.0638	0.0461	0.1058	0.0962	-0.1412*

*: Correlation coefficient significant at 10 % level.

Table 7: Validity of our instrumental variable

Dependent variable: D_{it}	
Partisan affiliation, PA_{it}	**-0.026*** ** (0.000)
Public spending per capita, G_{it}	-0.027*** (0.002)
Per capita consumption, C_{it}	-0.053*** (0.004)
Population size, P_{it}	0.130*** (0.029)
Population density, De_{it}	0.002*** (0.000)
Urbanization rate, U_{it}	0.155*** (0.017)
Ethnic fragmentation, F_{it}	-0.104*** (0.029)
Constant	-0.182 (0.31)
Number of observations	145
Adjusted R^2	0.68
F-Statistic	54680
Fixed-effect	yes
Year dummies	yes
Sargan test (p-value)	0.519

Controls for serial correlation of the error term, ar1 Coccrane-Orcutt transformation. Robust standard errors are in brackets.

***: coefficient significant at 1 % level, .**: at 5 % level, *: at 10 % level

Table 8: Estimation results - The average effect of decentralization on the access to toilet facility (quantity)

Dep. var.:$STOil_{it}$	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Degree of decentralization, D_{it}	**0.370*** **	**0.249*** **	**0.184*** **	**0.116** **	**0.129** **	**0.140** **	**0.092***	**0.171*** **	**0.715*** **
	(0.06)	(0.06)	(0.06)	(0.05)	(0.05)	(0.05)	(0.08)	(0.025)	(0.01)
Public spending per capita, G_{it}		0.126***	0.101***	0.109***	0.090***	0.066*	0.071**	0.030***	0.009
		(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.004)	(0.01)
Per capita consumption, C_{it}			0.133**	0.094***	0.086**	0.086**	0.099***	-0.001	-0.314*
			(0.04)	(0.03)	(0.03)	(0.03)	(0.03)	(0.01)	(0.21)
Population size, Po_{it}				0.102***	0.064*	0.021	0.049	0.021	-0.057***
				(0.02)	(0.03)	(0.03)	(0.03)	(0.01)	(0.01)
Population density, De_{it}					0.003**	0.003**	0.002**	0.005***	0.004***
					(0.001)	(0.01)	(0.001)	(0.00)	(0.001)
Urbanization rate, U_{it}						0.191***	0.234***	0.301***	0.242***
						(0.08)	(0.08)	(0.02)	(0.02)
Ethnic fragmentation, F_{it}							-0.188***	-0.131***	-0.052*
							(0.05)	(0.04)	(0.04)
Constant	0.049	-0.779***	-2.165***	-2.893***	-2.253***	-1.641***	-2.090***	-0.397*	-11.72***
	(0.03)	(0.22)	(0.46)	(0.52)	(0.71)	(0.58)	(0.65)	(0.20)	(1.06)
Number of observations	150	149	149	149	149	149	145	145	145
Adjusted R^2	0.17	0.35	0.41	0.46	0.49	0.96	0.54	0.92	0.96
F-Statistic	20.55	21.86	20.71	25.54	34.43	30.62	46.74	715.01	622.75
Fixed-effect	no	no	no	no	no	no	no	yes	yes
Year dummies	yes	yes	yes	yes	yes	yes	yes	yes	yes

Controls for serial correlation of the error term, ar1 Coccrane-Orcutt transformation. Robust standard errors are in brackets.***: coefficient significant at 1 % level, .**: at 5 % level, *: at 10 % level

Table 9: Estimation results - The average effect of decentralization on the access to toilet facility (quality)

Dep. var.:$TToil_{it}$	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Degree of decentralization, D_{it}	**2.531*** **	**1.905*** **	**1.871*** **	**1.537*** **	**1.660*** **	**1.734*** **	**1.553*** **	**1.471*** **	**0.692*** **
	(0.54)	(0.53)	(0.56)	(0.56)	(0.54)	(0.55)	(0.56)	(0.027)	(0.02)
Public spending per capita, G_{it}		0.718***	0.705***	0.749***	0.565***	0.402*	0.464**	0.273***	0.352***
		(0.19)	(0.20)	(0.20)	(0.21)	(0.22)	(0.21)	(0.019)	(0.02)
Per capita consumption, C_{it}			0.071	-0.119	-0.197	0.199	-0.249	0.189***	0.189***
			(0.36)	(0.34)	(0.34)	(0.35)	(0.37)	(0.006)	(0.007)
Population size, Po_{it}				0.498*	0.142	-0.150	-0.345	-0.411***	-0.260***
				(0.25)	(0.30)	(0.27)	(0.31)	(0.008)	(0.008)
Population density, De_{it}					0.003***	0.003***	0.004***	0.004***	0.003***
					(0.001)	(0.001)	(0.001)	(0.00)	(0.00)
Urbanization rate, U_{it}						1.284*	1.123*	1.298***	1.264***
						(0.68)	(0.73)	(0.01)	(0.01)
Ethnic fragmentation, F_{it}							-0.031	-0.229	-0.342
							(0.51)	(0.39)	(0.41)
Constant	1.542***	-3.202**	-3.940	-7.483	-1.405	-2.706	-5.178	-0.397*	0.043
	(0.25)	(1.27)	(3.94)	(4.97)	(5.54)	(5.28)	(5.92)	(0.20)	(0.11)
Number of observations	150	149	149	149	149	149	145	145	145
Adjusted R^2	0.15	0.26	0.26	0.46	0.32	0.35	0.34	0.89	0.87
F-Statistic	11.88	12.61	29.43	25.54	57.82	49.10	64.70	10608.02	992.44
Fixed-effect	no	no	no	no	no	no	no	yes	yes
Year dummies	yes	yes	yes	yes	yes	yes	yes	yes	yes

Controls for serial correlation of the error term, ar1 Coccrane-Orcutt transformation. Robust standard errors are in brackets.***: coefficient significant at 1 % level, .**: at 5 % level, *: at 10 % level

Table 10: Estimation results - The average effect of decentralization on water access (quantity)

Dep. var.:$SWat_{it}$	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Degree of decentralization, D_{it}	**0.365*** **	**0.260*** **	**0.220*** **	**0.192*** **	**0.212*** **	**0.207** **	**0.173** **	**0.230*** **	**0.654*** **
	(0.07)	(0.07)	(0.08)	(0.07)	(0.07)	(0.08)	(0.08)	(0.028)	(0.01)
Public spending per capita, G_{it}		0.116***	0.101***	0.105***	0.076***	0.085***	0.087***	0.047***	0.047***
		(0.02)	(0.02)	(0.02)	(0.03)	(0.03)	(0.03)	(0.003)	(0.003)
Per capita consumption, C_{it}			0.081**	0.065	0.053	0.053	0.072	0.021	0.021
			(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.014)	(0.15)
Population size, Po_{it}				0.041	-0.148	0.002	0.022	-0.032	-0.064**
				(0.04)	(0.04)	(0.04)	(0.05)	(0.019)	(0.018)
Population density, De_{it}					0.005***	0.005***	0.004***	0.006***	0.006***
					(0.001)	(0.001)	(0.001)	(0.00)	(0.00)
Urbanization rate, U_{it}						-0.076	0.058	0.002	1.264***
						(0.10)	(0.11)	(0.003)	(0.01)
Ethnic fragmentation, F_{it}							-0.145*	-0.115***	-0.053***
							(0.08)	(0.01)	(0.012)
Constant	0.110***	-0.660**	-1.505***	-1.801***	-0.836	-1.080*	-1.480 **	-0.378*	0.110
	(0.04)	(0.19)	(0.47)	(0.51)	(0.62)	(0.65)	(0.71)	(0.21)	(0.20)
Number of observations	150	149	149	149	149	149	145	145	145
Adjusted R^2	0.12	0.24	0.25	0.26	0.29	0.30	0.34	0.88	0.87
F-Statistic	13.51	15.49	13.44	12.62	30.13	25.31	64.70	1537.87	992.44
Fixed-effect	no	no	no	no	no	no	no	yes	yes
Year dummies	yes	yes	yes	yes	yes	yes	yes	yes	yes

Controls for serial correlation of the error term, ar1 Coccrane-Orcutt transformation. Robust standard errors are in brackets.***: coefficient significant at 1 % level, .**: at 5 % level, *: at 10 % level

Table 11: Estimation results - The average effect of decentralization on water access (quality)

Dep. var.:$TWat_{it}$	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Degree of decentralization, D_{it}	**1.935*** **	**1.685*** **	**1.490*** **	**1.360*** **	**1.441*** **	**1.454*** **	**1.591*** **	**1.714*** **	**2.361*** **
	(0.32)	(0.34)	(0.35)	(0.37)	(035)	(0.36)	(0.37)	(0.22)	(0.27)
Public spending per capita, G_{it}		0.327***	0.250**	0.268**	0.147	0.117	0.133	-0.028	-0.028
		(0.12)	(0.12)	(0.12)	(0.12)	(0.14)	(0.13)	(0.034)	(0.037)
Per capita consumption, C_{it}			0.402*	0.327	0.276	0.275	0.143	0.185*	0.185*
			(0.21)	(0.22)	(0.22)	(0.23)	(0.24)	(0.11)	(0.10)
Population size, Po_{it}				0.194	-0.040	-0.092	-0.340	-0.434***	-0.528***
				(0.20)	(0.21)	(0.21)	(0.24)	(0.10)	(0.10)
Population density, De_{it}					0.002***	0.002***	0.003***	0.003***	0.003***
					(0.001)	(0.001)	(0.001)	(0.00)	(0.00)
Urbanization rate, U_{it}						0.228	0.001	0.216*	0.147
						(0.44)	(0.44)	(0.13)	(0.14)
Ethnic fragmentation, F_{it}							-0.934***	-0.933***	1.028***
							(0.34)	(0.02)	(0.03)
Constant	6.364***	4.186***	0.021	-1.363	2.649	3.382	7.297*	8.872***	9.616***
	(0.18)	(0.83)	(0.60)	(3.09)	(3.29)	(3.40)	(3.84)	(1.29)	(1.33)
Number of observations	150	149	149	149	149	149	145	145	145
Adjusted R^2	0.18	0.24	0.26	0.27	0.30	0.30	0.32	0.86	0.84
F-Statistic	17.44	14.71	11.33	10.42	51.08	45.16	82.58	142.652	188.52
Fixed-effect	no	no	no	no	no	no	no	yes	yes
Year dummies	yes	yes	yes	yes	yes	yes	yes	yes	yes

Controls for serial correlation of the error term, ar1 Coccrane-Orcutt transformation. Robust standard errors are in brackets.***: coefficient significant at 1 % level, .**: at 5 % level, *: at 10 % level

Table 12: Estimation results - The average effect of decentralization on the access to refuse disposal facility (quantity)

Dep. var.:$SGarb_{it}$	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Degree of decentralization, D_{it}	**0.137*** **	**0.092*** **	**0.081** **	**0.018**	**0.035**	**0.040**	**0.048**	**0.038*** **	**0.077*** **
	(0.04)	(0.03)	(0.03)	(0.04)	(0.03)	(0.03)	(0.03)	(0.007)	(0.01)
Public spending per capita, G_{it}		0.049**	0.044**	0.053***	0.027**	0.017*	0.019*	0.013***	-0.024***
		(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.001)	(0.001)
Per capita consumption, C_{it}			0.022	-0.012	-0.023	-0.023	-0.036	-0.006*	-0.006
			(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.003)	(0.004)
Population size, Po_{it}				0.019***	0.044**	0.025**	0.002	0.001	-0.012**
				(0.02)	(0.01)	(0.01)	(0.01)	(0.003)	(0.005)
Population density, De_{it}					0.005***	0.005***	0.005***	0.005***	0.005***
					(0.001)	(0.001)	(0.001)	(0.000)	(0.000)
Urbanization rate, U_{it}						0.084**	0.065*	0.069***	0.089***
						(0.03)	(0.03)	(0.06)	(0.009)
Ethnic fragmentation, F_{it}							0.074***	0.060***	0.065***
							(0.02)	(0.006)	(0.001)
Constant	-0.033**	-0.357**	-0.595*	-1.258***	-0.424	-0.424	0.205	-0.081**	0.161***
	(0.01)	(0.14)	(0.37)	(0.007)	(0.36)	(0.36)	(0.29)	(0.03)	(0.05)
Number of observations	150	149	149	149	149	149	145	145	145
Adjusted R^2	0.10	0.21	0.22	0.40	0.55	0.57	0.58	0.96	0.95
F-Statistic	4.26	4.26	3.30	4.50	67.65	56.65	79.65	89.10	79.30
Fixed-effect	no	no	no	no	no	no	no	yes	yes
Year dummies	yes	yes	yes	yes	yes	yes	yes	yes	yes

Controls for serial correlation of the error term, ar1 Coccrane-Orcutt transformation. Robust standard errors are in brackets.***: coefficient significant at 1 % level, .**: at 5 % level, *: at 10 % level

Table 13: Estimation results - The average effect of decentralization on the access to refuse disposal facility (quality)

Dep. var.:$TGarb_{it}$	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Degree of decentralization, D_{it}	**0.510*** **	**0.313** **	**0.260**	**0.098**	**0.176**	**0.189**	**0.176**	**0.225*** **	**1.345*** **
	(0.18)	(0.15)	(0.17)	(0.19)	(0.17)	(0.17)	(0.17)	(0.05)	(0.12)
Public spending per capita, G_{it}		0.218***	0.198***	0.219***	0.104*	0.074*	0.089*	0.044**	-0.078***
		(0.08)	(0.01)	(0.07)	(0.06)	(0.05)	(0.05)	(0.02)	(0.008)
Per capita consumption, C_{it}			0.108*	0.016	-0.032	-0.033	-0.067	-0.122***	-0.122**
			(0.09)	(0.11)	(0.11)	(0.11)	(0.11)	(0.03)	(0.05)
Population size, Po_{it}				0.241*	0.018	-0.034	-0.122	-0.144*	-0.365***
				(0.12)	(0.10)	(0.08)	(0.08)	(0.08)	(0.11)
Population density, De_{it}					0.002***	0.002***	0.002***	0.002***	0.003***
					(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Urbanization rate, U_{it}						0.023**	0.154	0.213***	0.276***
						(0.21)	(0.21)	(0.03)	(0.02)
Ethnic fragmentation, F_{it}							0.163	0.196***	0.359***
							(0.11)	(0.01)	(0.01)
Constant	0.973***	-0.466	-1.590	-3.308*	0.509	1.249	2.499*	3.568***	6.354***
	(0.07)	(0.56)	(1.58)	(2.05)	(1.72)	(1..30)	(1.37)	(0.92)	(1.30)
Number of observations	150	149	149	149	149	149	145	145	145
Adjusted R^2	0.07	0.18	0.19	0.25	0.41	0.41	0.42	0.83	0.81
F-Statistic	4.83	4.41	3.40	3.90	68.32	56.66	58.22	119.60	1317.32
Fixed-effect	no	no	no	no	no	no	no	yes	yes
Year dummies	yes	yes	yes	yes	yes	yes	yes	yes	yes

Controls for serial correlation of the error term, ar1 Coccrane-Orcutt transformation. Robust standard errors are in brackets.***: coefficient significant at 1 % level, .**: at 5 % level, *: at 10 % level

Table 14: Estimation results - The average effect of decentralization on the access to sewage disposal (quantity)

Dep. var.:$SSew_{it}$	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Degree of decentralization, D_{it}	**0.258*** **	**0.143** **	**0.105**	**-0.061**	**-0.018**	**-0.005**	**0.037**	**0.013**	**0.024*** **
	(0.09)	(0.06)	(0.07)	(0.10)	(0.09)	(0.09)	(0.08)	(0.009)	(0.002)
Public spending per capita, G_{it}		0.125**	0.110**	0.132***	0.068*	0.038*	0.034	0.020***	0.009***
		(0.05)	(0.04)	(0.04)	(0.04)	(0.002)	(0.02)	(0.002)	(0.001)
Per capita consumption, C_{it}			0.078	-0.016	-0.043	-0.044	-0.061	0.006	-0.001
			(0.06)	(0.05)	(0.05)	(0.05)	(0.05)	(0.008)	(0.001)
Population size, Po_{it}				0.248***	0.125**	0.072*	0.054	0.051***	0.004***
				(0.07)	(0.05)	(0.03)	(0.04)	(0.01)	(0.000)
Population density, De_{it}					0.001***	0.001***	0.001***	0.001***	0.001***
					(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Urbanization rate, U_{it}						0.235*	0.218*	0.226***	0.034***
						(0.13)	(0.13)	(0.05)	(0.01)
Ethnic fragmentation, F_{it}							0.157**	0.124**	0.012
							(0.07)	(0.05)	(0.008)
Constant	-0.038	-0.852**	-1.675*	-3.444***	-1.34	-0.587	-0.221	-0.897***	-0.069***
	(0.03)	(0.38)	(0.001)	(1.29)	(1.21)	(0.85)	(0.98)	(0.17)	(0.003)
Number of observations	150	149	149	149	149	149	145	145	145
Adjusted R^2	0.05	0.17	0.18	0.37	0.52	0.55	0.57	0.91	0.91
F-Statistic	4.00	3.17	3.38	3.25	21.06	18.75	19.07	235.90	350.65
Fixed-effect	no	no	no	no	no	no	no	yes	yes
Year dummies	yes	yes	yes	yes	yes	yes	yes	yes	yes

Controls for serial correlation of the error term, ar1 Coccrane-Orcutt transformation. Robust standard errors are in brackets.***: coefficient significant at 1 % level, .**: at 5 % level, *: at 10 % level

Table 15: Estimation results - The average effect of decentralization on the access to sewage disposal (quality)

Dep. var.:$TSew_{it}$	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Degree of decentralization, D_{it}	**1.412****	**1.101****	**1.008***	**0.390**	**0.578**	**0.613**	**0.680**	**0.142**	**-2.81*****
	(0.57)	(0.51)	(0.61)	(0.69)	(0.66)	(0.65)	(0.67)	(0.35)	(0.306)
Public spending per capita, G_{it}		0.388	0.352	0.433*	0.152	0.074	0.079	0.049**	0.049***
		(0.26)	(0.25)	(0.24)	(0.25)	(0.22)	(0.22)	(0.02)	(0.01)
Per capita consumption, C_{it}			0.190	-0.163	-0.282	-0.283	-0.357	0.595**	0.595***
			(0.41)	(0.38)	(0.38)	(0.39)	(0.40)	(0.06)	(0.06)
Population size, Po_{it}				0.924**	0.378	0.238	0.254	0.348	0.778**
				(0.36)	(0.34)	(0.30)	(0.34)	(0.36)	(0.38)
Population density, De_{it}					0.005***	0.005***	0.005***	0.004***	0.004***
					(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Urbanization rate, U_{it}						0.312*	0.656	0.503*	0.819***
						(0.79)	(0.79)	(0.29)	(0.30)
Ethnic fragmentation, F_{it}							0.274	-0.204	-0.637*
							(0.55)	(0.33)	(0.37)
Constant	-1.48***	7.909***	5.93	-0.634	8.682	10.643**	11.138*	-1.089	-4.494
	(0.23)	(1.83)	(5.07)	(6.16)	(6.19)	(4.92	(5.66)	(4.13)	(0.003)
Number of observations	150	149	149	149	149	149	145	145	145
Adjusted R^2	0.06	0.10	0.10	0.18	0.26	0.26	0.28	0.64	0.84
F-Statistic	6.22	4.61	3.47	3.68	47.77	40.32	49.20	35.87	140.55
Fixed-effect	no	no	no	no	no	no	no	yes	yes
Year dummies	yes	yes	yes	yes	yes	yes	yes	yes	yes

Controls for serial correlation of the error term, ar1 Coccrane-Orcutt transformation. Robust standard errors are in brackets.***: coefficient significant at 1 % level, .**: at 5 % level, *: at 10 % level

Table 16: Estimation results - The average effect of decentralization on the access to primary education

Dep. var.:SE_{it}	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Degree of decentralization, D_{it}	**0.019**	**-0.010**	**-0.016**	**-0.015**	**-0.011**	**-0.009**	**-0.039**	**0.003**	**0.242****
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.03)	(0.11)
Public spending per capita, G_{it}		0.031**	0.028*	0.028*	0.022	0.017	0.020	0.063**	0.031*
		(0.01)	(0.09)	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)
Per capita consumption, C_{it}			0.122	0.013	0.010	0.010	0.023	0.134***	0.072**
			(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.04)	(0.02)
Population size, Po_{it}				-0.002	-0.013	-0.022	0.001	0.013	-0.036***
				(0.01)	(0.02)	(0.02)	(0.03)	(0.01)	(0.007)
Population density, De_{it}					0.001***	0.001***	0.002***	0.001***	0.001***
					(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Urbanization rate, U_{it}						0.038*	0.063	0.030***	0.040***
						(0.04)	(0.05)	(0.009)	(0.01)
Ethnic fragmentation, F_{it}							-0.131**	-0.056	-0.049
							(0.06)	(0.08)	(0.08)
Constant	0.777***	0.573***	0.446*	0.464**	0.652**	0.776*	0.3898*	1.809***	1.765***
	(0.02)	(0.11)	(0.22)	(0.25)	(0.35)	(0.40)	(0.45)	(0.26)	(0.32)
Number of observations	150	149	149	149	149	149	145	145	145
Adjusted R^2	0.35	0.37	0.10	0.37	0.38	0.38	0.41	0.58	0.52
F-Statistic	43.21	30.10	3.47	20.60	16.95	14.45	12.77	17.26	14.19
Fixed-effect	no	no	no	no	no	no	no	yes	yes
Year dummies	yes	yes	yes	yes	yes	yes	yes	yes	yes

Controls for serial correlation of the error term, ar1 Coccrane-Orcutt transformation. Robust standard errors are in brackets.***: coefficient significant at 1 % level, .**: at 5 % level, *: at 10 % level

Table 17: Estimation results - A non monotone effect of decentralization on the access to basic services

Dep. var.:	(1) $TToil_{it}$	(2) $TWat_{it}$	(3) $TGarb_{it}$	(4) $TSew_{it}$	(5) SE_{it}
Degree of decentralization, D_{it}	**2.190*** **	**3.234*** **	**1.700*** **	**4.332*** **	**6.866*** **
	(0.05)	(0.34)	(0.26)	(0.24)	(2.21)
D_{it}^2	**-1.96*** **	**-1.56*** **	**-1.31*** **	**-4.44*** **	**-6.60*** **
	(0.07)	(0.47)	(0.23)	(0.24)	(2.11)
Public spending per capita, G_{it}	0.030***	-0.026	-0.079***	0.003*	-0.009
	(0.004)	(0.03)	(0.01)	(0.001)	(0.01)
Per capita consumption, C_{it}	-0.008	0.182*	-0.121**	0.062***	0.138***
	(0.01)	(0.12)	(0.05)	(0.006)	(0.04)
Population size, Po_{it}	-0.002	-0.440***	-0.237**	0.088**	-0.112***
	(0.01)	(0.11)	(0.09)	(0.03)	(0.02)
Population density, De_{it}	0.005***	0.003***	0.003***	0.003***	0.004***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Urbanization rate, U_{it}	0.359***	0.270*	0.422***	-0.077**	0.329***
	(0.02)	(0.16)	(0.01)	(0.03)	(0.10)
Ethnic fragmentation, F_{it}	-0.132**	0.921***	0.2131***	-0.021	-0.047
	(0.05)	(0.03)	(0.007)	(0.03)	(0.09)
Constant	-0.552**	8.667***	5.106***	0.212	2.302***
	(0.22)	(1.32)	(1.15)	(0.43)	(0.13)
Number of observations	145	145	145	145	145
Adjusted R^2	0.91	0.84	0.80	0.59	0.53
F-Statistic	577.64	96.49	87.06	149.11	19.60
Fixed-effect	yes	yes	yes	yes	yes
Year dummies	yes	yes	yes	yes	yes
Instrumental variable	yes	yes	yes	yes	yes

Controls for serial correlation of the error term, ar1 Coccrane-Orcutt transformation. Robust standard errors are in brackets.

***: coefficient significant at 1 % level, .**: at 5 % level, *: at 10 % level

Table 18: Estimation results - A differentiated effect of decentralization between *communes* (quintiles)

Dep. var.:	(1) $TToil_{it}$	(2) $TWat_{it}$	(3) $TGarb_{it}$	(4) $TSew_{it}$	(5) SE_{it}
$D_{it} * QP_{it}$	**0.562***	**2.120*****	**0.416****	**0.231**	**-0.24*****
	(0.28)	(0.29)	(0.19)	(1.24)	(0.03)
$D_{it} * (1 - QP_{it})$	**2.544*****	**2.355*****	**1.162*****	**0.139**	**0.656****
	(0.03)	(0.27)	(0.08)	(0.41)	(0.21)
Public spending per capita, G_{it}	-0.006	-0.063	0.088***	0.013	-0.010
	(0.005)	(0.03)	(0.01)	(0.14)	(0.01)
Per capita consumption, C_{it}	0.190***	0.189*	-0.121**	0.598**	-0.13***
	(0.02)	(0.10)	(0.05)	(0.24)	(0.04)
Belong to the first quintile, QP_{it}	-0.233**	-0.278***	-0.126***	-0.124	0.133***
	(0.10)	(0.08)	(0.01)	(0.53)	(0.10)
Population size, Po_{it}	-0.755***	-0.587***	-0.369***	0.313	-0.106***
	(0.01)	(0.10)	(0.12)	(0.25)	(0.03)
Population density, De_{it}	0.004***	0.003***	0.003***	0.004***	0.002***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Urbanization rate, U_{it}	1.400***	0.147	0.231***	0.551*	0.009**
	(0.01)	(0.13)	(0.03)	(0.46)	(0.004)
Ethnic fragmentation, F_{it}	-0.602	0.843***	0.115**	-0.247	-0.088
	(0.48)	(0.04)	(0.04)	(0.44)	(0.11)
Constant	7.575***	10.64***	6.719***	-0.434	3.465***
	(0.35)	(1.23)	(1.39)	(4.03)	(0.31)
Number of observations	145	145	145	145	145
Adjusted R^2	0.88	0.84	0.80	0.63	0.50
Fixed-effect	yes	yes	yes	yes	yes
Year dummies	yes	yes	yes	yes	yes
Instrumental variable	yes	yes	yes	yes	yes
Wald test: p-value	0.000	0.494	0.011	-	0.000

Controls for serial correlation of the error term, ar1 Coccrane-Orcutt transformation. Robust standard errors are in brackets.

***: coefficient significant at 1 % level, .**: at 5 % level, *: at 10 % level

Table 19: Estimation results - A differentiated effect of decentralization between *communes* (wealth)

Dep. var.:	(1) $TToil_{it}$	(2) $TWat_{it}$	(3) $TGarb_{it}$	(4) $TSew_{it}$	(5) SE_{it}
D_{it}	**-1.70*** **	**1.365*** **	**-0.94*** **	**-3.99*** **	**-0.64*** **
	(0.07)	(0.24)	(0.16)	(0.73)	(0.18)
$D_{it} * W_{it}$	**1.597*** **	**-0.01**	**0.762*** **	**2.312*** **	**0.399*** **
	(0.04)	(0.06)	(0.05)	(0.25)	(0.11)
Public spending per capita, G_{it}	0.017**	-0.065*	-0.084***	0.096***	-0.010*
	(0.008)	(0.03)	(0.01)	(0.02)	(0.005)
Per capita consumption, C_{it}	0.407***	0.052	-0.187***	0.652***	-0.148***
	(0.02)	(0.12)	(0.05)	(0.06)	(0.04)
DHS wealth index scores, W_{it}	0.274***	0.247***	0.114**	0.722***	0.064***
	(0.03)	(0.06)	(0.02)	(0.16)	(0.02)
Population size, Po_{it}	-0.482***	-0.451***	-0.177**	0.621	-0.001
	(0.04)	(0.13)	(0.08)	(0.39)	(0.006)
Population density, De_{it}	0.001***	0.003***	0.001***	0.004	0.006**
	(0.000)	(0.000)	(0.000)	(0.000)	(0.002)
Urbanization rate, U_{it}	-0.048	-0.069	0.034	-0.158	-0.066
	(0.03)	(0.15)	(0.04)	(0.12)	(0.04)
Ethnic fragmentation, F_{it}	-1.265***	0.780***	-0.013	-0.784***	-0.176
	(0.29)	(0.06)	(0.05)	(0.28)	(0.14)
Constant	2.889***	10.93***	6.024***	-3.350	2.898***
	(0.64)	(1.58)	(1.05)	(4.38)	(0.07)
Number of observations	145	145	145	145	145
Adjusted R^2	0.88	0.85	0.81	0.57	0.50
Fixed-effect	yes	yes	yes	yes	yes
Year dummies	yes	yes	yes	yes	yes
Instrumental variable	yes	yes	yes	yes	yes
Wald test: p-value	0.000	-	0.000	0.000	0.000

Controls for serial correlation of the error term, ar1 Coccrane-Orcutt transformation. Robust standard errors are in brackets.

***: coefficient significant at 1 % level, .**: at 5 % level, *: at 10 % level

Table 20: Estimation results - A differentiated effect of decentralization between *communes* (quintiles)

Dep. var.:	(1) $TToil_{it}$	(2) $TWat_{it}$	(3) $TGarb_{it}$	(4) $TSew_{it}$	(5) SE_{it}
$D_{it} * QR_{it}$	**4.073*** **	**1.643*** **	**1.126*** **	**-0.149*** **	**0.680*** **
	(0.08)	(0.23)	(0.09)	(0.13)	(0.24)
$D_{it} * (1 - QR_{it})$	**2.414*** **	**1.569*** **	**0.963*** **	**0.103***	**0.261***
	(0.05)	(0.25)	(0.08)	(0.05)	(0.10)
Public spending per capita, G_{it}	-0.019**	-0.051	0.088***	0.001	-0.010
	(0.007)	(0.03)	(0.01)	(0.003)	(0.006)
Per capita consumption, C_{it}	0.184***	0.164*	-0.133**	0.054**	-0.133***
	(0.01)	(0.12)	(0.05)	(0.008)	(0.04)
Belong to the fifth quintile, QR_{it}	0.185***	0.498***	0.218***	0.088***	-0.017***
	(0.06)	(0.05)	(0.05)	(0.02)	(0.03)
Population size, Po_{it}	-0.643***	-0.387***	-0.296**	0.021	-0.052***
	(0.02)	(0.12)	(0.11)	(0.04)	(0.01)
Population density, De_{it}	0.003***	0.003***	0.002***	0.005***	0.002***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Urbanization rate, U_{it}	0.823***	0.141	0.100***	0.081***	0.042*
	(0.06)	(0.15)	(0.02)	(0.01)	(0.02)
Ethnic fragmentation, F_{it}	-0.145	0.877***	0.285***	-0.007	-0.027
	(0.39)	(0.03)	(0.01)	(0.03)	(0.08)
Constant	6.143***	8.865***	5.974***	0.079	2.936***
	(0.35)	(1.44)	(1.28)	(0.49)	(0.09)
Number of observations	145	145	145	145	145
Adjusted R^2	0.87	0.84	0.80	0.58	0.49
Fixed-effect	yes	yes	yes	yes	yes
Year dummies	yes	yes	yes	yes	yes
Instrumental variable	yes	yes	yes	yes	yes
Wald test: p-value	0.000	0.255	0.000	0.000	0.005

Controls for serial correlation of the error term, ar1 Coccrane-Orcutt transformation. Robust standard errors are in brackets.

***: coefficient significant at 1 % level, .**: at 5 % level, *: at 10 % level