

To Decentralize or Not to Decentralize?

Is it really the question?

The Right Question?

- Decentralization is seldom 'chosen'
- Perhaps it should be...the economics...
- But no one gives up power easily and that's what it's really about: who decides what?

The Real Question

- So, the real question is not whether, and seldom even when to decentralize
- It is instead exactly what should be done
- In fiscal terms: who does what, and with what degree of freedom, and who pays for what, how, and with what degree of control over how the funds are used

Many possible answers

- NOSFA (no one size fits all)
- Universal questions, local answers
- But perhaps ESFA? - a taxonomy (or decision-tree) in development (LAB, 1998; DR, 2003)

A Possible Approach

- LAB – Analyze institutional weaknesses of country (market structure, strength of government, etc.) and design decentralization to fit these realities
- DR – Consider objectives, nature of ‘clients’, and ease of monitoring, and design system to fit situation
- Next step – Combine above +