PEFA Performance Measurement Framework at Sub National Government Level – definitions and typology

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Contents

Abbreviations and Acronyms

GFS	Government Financial Statistics
IMF	International Monetary Fund
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
SN	Sub national

Foreword

This working paper was prepared for the Secretariat by Jamie Boex, as background material during the development of the Supplementary Guidelines for the application of the PEFA Framework to Sub-National Governments, published in January 2013. The Supplementary guidelines for SNG assessments aim to help practitioners apply the PEFA Framework (the "blue book") at a sub-national level.

Due to the diversity of sub national entities, it is almost impossible to identify all existing systems. This paper discusses the main characteristics of devolved versus deconcentrated SN bodies and identifies several scenarios of local government's autonomy and discretion. The document intends to help assessors to better understand the diversity of SN entities and the context in which they operate.

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Sub National Governments and PEFA assessments

1. Definition of sub national government entities

In the IMF's Government Financial Statistics Manual (2001), provision is made for three levels of government that together form the government sector: central government; state, provincial, or regional governments; and local governments. The main PEFA assessment is designed to cover all *central government institutions*, irrespective of their location or their territorial-administrative coverage. Sub national government, by definition, is any government jurisdiction below the national (or central) level and thus includes the state and local government sub-sectors.

A state, province, or region is defined by the IMF (2001: p.14) as "the largest geographical area into which the country as a whole may be divided for political or administrative purposes. These areas may be described by other terms, such as provinces, cantons, republics, prefectures, or administrative regions". The legislative, judicial, and executive authority of local government units is defined as "being restricted to the smallest geographic areas distinguished for administrative and political purposes". According to the IMF's GFS manual, "statistics for local government may cover a wide variety of governmental units, such as counties, municipalities, cities, towns, townships, boroughs, school districts, and water or sanitation districts".

The IMF classifies government finances based on institutional units. An institutional unit is defined as "an economic entity that is capable, in its own right, of owning assets, incurring liabilities, and engaging in economic activities and in transactions with other entities." This means that in order to qualify as sub national *government* entity, sub national entities have to be corporate bodies that are legally separate from the central government, typically with their own (elected) political leadership. Corporate bodies are generally defined as legal entities which can own assets, can engage in financial transactions, and can sue and be sued, all in their own name. The IMF's manual further specifies that to be treated as "devolved" local government units, sub national governments "must also have some discretion over how such funds are spent, and they should be able to appoint their own officers independently of external administrative control." [1,2]

However, the IMF acknowledges that in practice, sub national governments (especially those at the local level) almost always lack the same level of autonomy that central governments possess. In contrast to central governments, the discretion and autonomy of sub-sovereign governments is always limited by central-level legislation and regulations of sub-national public financial management process. For instance, state and local government units almost always have to conform to centrally-defined processes in preparing and executing their budgets and may or may not be entitled to levy taxes on institutional units or economic activities taking place in their areas. It is also recognized that many sub national governments are heavily dependent on grants from higher levels of government. In some cases there is also a principal-agent relationship between the

[1] By extension of the fact that sub national governments must be corporate bodies, the IMF's definition of sub national governments further implies that local governments must be entitled to raise their own funds and incur liabilities by borrowing on their own account.

[2] Devolution can be defined as the process of transferring political, administrative or fiscal powers and resources to elected bodies below the national level with corporate status.

central or state government and the local government, where the sub national jurisdiction has limited or no discretion and primary implements functions which are delegated to it by a higher-level government.

In spite of the IMF definition, which implies that local bodies should have a high degree of administrative and fiscal autonomy, it is virtually impossible to arrive at a single cut-off point with regard to the minimum degree of administrative and financial autonomy that sub national governments should possess. For instance, the exclusion of sub national institutions with no borrowing powers is considered by most observers to be too restrictive for the purpose of defining whether a sub national entity constitutes a devolved sub national government entity or not.[3] The IMF concludes that in assigning general government entities to a specific government level, "no precise rules can be formulated that cover all possible arrangements" (IMF, 2001: 12).

Consistent with the consensus definition in the sub national finance literature that devolution is "the transfer of authority for decision-making, finance, and management to quasi-autonomous units of local government with corporate status",[4] sub national government entities can be considered as all government entities below the central government level which:

(1) are corporate bodies;
(2) perform public functions within their territorial jurisdictions;[5]
(3) have their own (often elected) political leadership; and
(4) prepare and approve their own budgets.

In countries that do not have elected local government levels, the local public sector is typically formed by "deconcentrated" subnational line departments or subnational territorial units of the national government (e.g., *administrations déconcentrées*), which form a hierarchical, administrative tier of the higher-level government. The IMF recognizes that these sub national bodies or the sub national departments of central government ministries, departments, or agencies are not institutional units because they generally do not have the authority to own assets, incur liabilities, or engage in transactions in their own right. In general, the IMF concludes that all entities funded by appropriations made by the central (national) legislature should not be considered sub national government entities and must be amalgamated into a central government sub-sector.

In practice, efforts will have to be made to distinguish deconcentrated sub national entities from devolved sub national governments because both systems often use the same or similar terms for their territorial units. For instance, while in some countries (for instance, the United States or Canada) a province is a sub national government headed by an elected executive and provincial legislature (or council) that has its own budget and meets all the characteristics of a sub national government, in other countries (for instance, Cambodia) the equivalent terminology is used for deconcentrated provincial

[3] In fact, in practice, the IMF does not apply its own criteria in a strict and steadfast manner in the preparation of its institutional tables (which reflect what entities are considered state and local governments in each country as part of its Government Financial Statistics Yearbook).
[4] For instance, see Litvack and Seddon (1999).
[5] Examples of public functions include the delivery of public services and infrastructure; the collection of taxes and other compulsory revenues; and the adoption and enforcement of binding decisions and regulations intended for the common good of the community.

administrations which are led by centrally-appointed Governors (and guided by advisory provincial councils, at best) where provincial-level allocations are contained within the national (central) budget.[6] For further clarity, Table 1 below compares the features of devolved sub national government entities and deconcentrated local administrative bodies.

Table 1: Devolved local government entities versus deconcentrated local administration bodies

	Devolution	Deconcentration
Local entity	Local government	Local administration
Legal characteristics	Corporate body (can own assets, engage in financial transactions, sue and be sued in its own name)	Part of national / state administration
Political characteristics	Own political leadership (typically, elected local council and/or local executive); adopts its own budget	No political decision-making power (advisory council, if any)
Admin. characteristics	Local government appoints own officials and has discretion over own human resources	Local staff are hierarchical part of national civil service
Fiscal characteristics	• Has it own budget (separate from higher-level government) • Has own budget accounts; can carry forward balance from year to year • Can raise funds and retains own revenues in own budget • Can incur liabilities by borrowing on its own account	• Budget of jurisdiction is part of national budget as (sub-)organization • Budget is approved by higher-level government (e.g., Parliament) • Finances are part of Consolidated Treasury Account • Any revenues belong to central government

Sub national governance systems in some countries feature a mix (or a hybrid) of devolved and deconcentrated characteristics. For instance, some countries have elected Local Councils which have no decision-making authority over the (deconcentrated) budget at their level. For instance, this was the case for Local Popular Councils at the Governorate level in Egypt. Regional (oblast) governments in Kazakhstan are another example of hybrid sub national entities, as the sub national bodies have their own political leadership, but their budgets are fully contained in the national-level budget. For the purpose of PEFA assessments, unless a sub national entity adheres to the definition of a devolved sub national government entity stated above, the entity should not be considered a sub national government in its own right.

The PEFA Framework follows the distinction between devolved sub national governments and deconcentrated administrations. The PFM Performance Measurement Framework (p. 2) recognizes that "central government comprises a central group of ministries and departments (and in some cases deconcentrated units such as provincial administrations), that make up a single institutional unit." As such, **deconcentrated**

[6] Budget deconcentration can follow vertical (or sectoral) deconcentration –where the budget of deconcentrated departments is contained within the budget vote of each respect line ministry- or horizontal (or territorial) deconcentration –where provincial-level spending is contained in separate budget votes for each territorial-administrative jurisdiction. Other countries are administratively deconcentrated but follow a centralized budget approach, whereby all sub national allocations are contained with the central line ministry budget without being further broken out by territorial-administrative level or jurisdiction.

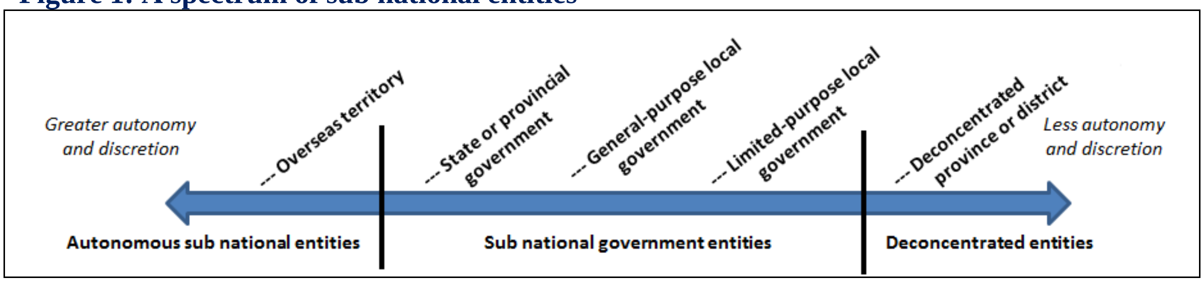
bodies should be incorporated in a central-level PEFA assessment. In contrast, these sub national PEFA Guidelines were prepared to be applied to devolved sub national government entities only, and should not be applied to deconcentrated sub national administration entities.

2. A spectrum of sub national entities

Despite the definitional guidance provided in the previous section, it is important to recognize that sub national entities vary considerably in their size, composition, functions, degree of autonomy and nature between -and even within- countries.

Figure 1 presents a spectrum of sub national governments and entities that provides a way to classify different types of sub national government entities that are found around the world. The spectrum recognizes three types of sub national entities: autonomous sub national entities, semi-autonomous sub national government entities, and deconcentrated sub national entities. These entities fall along a spectrum or range from greater discretion and autonomy (on the left-hand-side of the spectrum) to less discretion and autonomy (on the right-hand side of the spectrum).

Figure 1: A spectrum of sub national entities



On the right-hand side of the spectrum, a distinction is made between deconcentrated entities and sub national governments. This definitional distinction has already been explored in the section above (specifically in Table 1), although it is important to note that even within deconcentrated systems, deconcentrated sub national officials and entities can be given smaller or greater degrees of (administrative and fiscal) autonomy and discretion.

On the other side of the spectrum, the typology also makes a distinction between devolved "semi-autonomous" sub national governments and autonomous sub national entities. The latter category includes entities which –although not fully autonomous nation-states- enjoy full or near-full autonomy in determining their internal affairs. This category might include overseas departments or territories, protectorates, or certain "autonomous regions" or subnational republics, such as Zanzibar in Tanzania, French Guyana (a French *département d'outre-mer*) or Puerto Rico (which is a territory of the United States). It is not uncommon for these entities to have a unique intergovernmental relationship with the central government and may rely on their own public financial management systems. Therefore, if the purpose of a sub national PEFA is to get a picture of 'regular' sub national finances, these entities should typically excluded from a sub national PEFA. In fact, whenever appropriate, such autonomous entities may be subjected to a PEFA in their own right without the need to rely on these sub national guidelines.

Within the realm of sub national government entities (in the center of the spectrum), a clear distinction can be made between different types of sub national governments, ranging from sub national government entities that enjoy extensive autonomy and discretion (for instance, state-level governments in many federal or confederative systems) to sub national government entities that enjoy a progressively more limited degree of autonomy and discretion. This latter category includes general-purpose sub national governments that –within the confines of higher government-level legislation-provide a wide range of public services (including public education, health services and so on) as well as more limited-purpose local governments, which typically have responsibility or authority over a much narrow set of functions or responsibilities, such as urban or municipal public services (water supply, solid waste management, urban transport, and so on). While all these different types of sub national governments are assessable based on these SN PEFA guidelines, the nature of their discretion an autonomy may have a distinct impact on the degree to which the sub national government has control over its own financial management processes and outcomes.

There is no single set of indicators that determines where sub national government entities fall on the spectrum of discretion and autonomy. Instead, sub national governments around the world vary significantly with regard to the degree of discretion, autonomy and accountability which are provided to them with regard to their political, administrative and fiscal systems. As part of a PEFA assessment, however, it is important to recognize where local governments fall on this spectrum and to take into account the degree of discretion or autonomy that the sub national government has over its own governance, administration and financial management, compared to the degree of control that is exerted by higher-level governments. This issue is further explored in the typology presented in Section 3 below.

3. The Political, Administrative and Fiscal Aspects of Decentralization: Definitions and a Typology

Decentralization has traditionally been defined as the transfer of authority and responsibility for public functions from the central government to subordinate or quasi-independent government organizations or the private sector. In more recent years, a consensus among development practitioners and decentralization experts has emerged that decentralization is about more than merely shifting power and resources away from the central level or strengthening the administrative capacity of local governments. Instead, decentralization is increasingly defined as the empowerment of people through the empowerment of local governments or the local public sector.

The institutional structure, responsibilities, powers and characteristics of decentralized sub national government institutions vary considerably between countries. The literature on the topic typically recognizes that decentralization is divided into three broad but inter-related dimensions: political decentralization, administrative decentralization, and fiscal decentralization. Although the terminology in this literature is not always used in a consistent manner, the following terms describe the various forms of decentralization in respect of the transfer of powers.

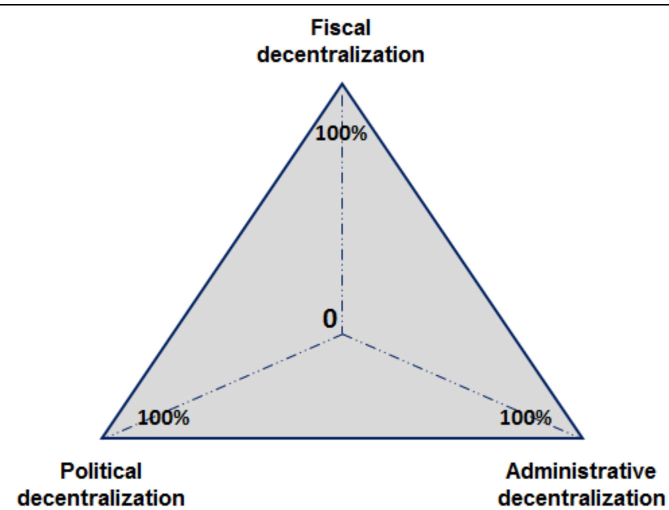
Democratic (political) Decentralization: The transfer of political authority and decision-making powers from higher levels in political systems to elected bodies at lower levels. As noted earlier, the process of transferring political, administrative or fiscal powers and resources to elected bodies at lower levels is commonly referred to as *devolution*.

Administrative Decentralization: the transfer of administrative and regulatory powers, and sometimes administrative personnel, from higher to lower levels in political-administrative systems. When administrative decentralization takes place within the context of national administrative systems, administrative decentralization is often referred to as *deconcentration*.

Fiscal Decentralization: the transfer of expenditure responsibilities, the transfer revenue-raising and/or borrowing powers, as well as the transfers of financial resources (through intergovernmental fiscal transfers) from higher levels to lower levels in a country's political or administrative systems.

An advantage of the division of decentralization into three dimensions along technical lines is that the broad subject becomes more manageable to comprehend once it is divided into these three segments. At the same time, however, a great deal of understanding would be lost if we were to focus exclusively on any one of these three dimensions without taking into account either of the other two. Figure 2 presents a simple analytical framework that allows an analyst to visualize or map the degree to which a country or system is decentralized along each of the three technical dimensions of decentralization (political, administrative and fiscal).

Figure 2: Mapping the status of decentralized local governance along its three technical dimensions



Source: Adapted from Eaton and Schroeder (2010).

The success of decentralization reforms or the effectiveness of a system of intergovernmental relations can only be assessed in a meaningful way by considering the three dimensions of decentralization together. This results in a typology of eight possible types of sub national government entities that possess various different combinations and permutations of discretion and autonomy in their political, administrative and fiscal aspects (Table 2 and corresponding Figure 3 below).[7]

Figure 3: A typology of sub national government autonomy and discretion

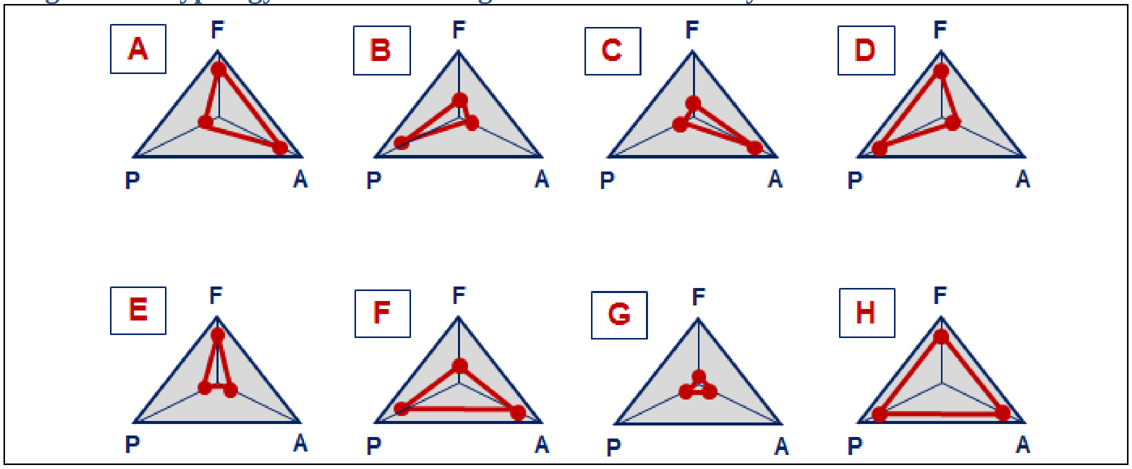


Table 2: Decentralization reforms and empowerment

Type	Political Decentralization	Administrative Decentralization	Fiscal Decentralization	Full Empowerment?
A	No	Yes	Yes	No
B	Yes	No	No	No
C	No	Yes	No	No
D	Yes	No	Yes	No
E	No	No	Yes	No
F	Yes	Yes	No	No
G	No	No	No	No
H	Yes	Yes	Yes	Yes

Source: Boex and Yilmaz (2010) based on Eaton and Schroeder (2010).

It could be argued that successful decentralization reforms (in terms of achieving greater empowerment of people over the public sector) can only occur when local authorities are politically, administratively and fiscally empowered to be responsive to their constituents (i.e., Type H). Many federal countries as well as many industrialized and middle-income countries fall into this category, as do numerous examples of well-decentralized unitary countries around the world (e.g., Denmark, Indonesia, of the Philippines). In addition, there are numerous examples of municipal governments around the world that fits this type of sub national governance structure (e.g., South Africa, Mozambique).[8]

[7] It should be noted that Table 2 and Figure below 3 presents a simplification of reality, as each dimension of decentralization is merely considered as a binary (yes/no). In reality, of course, each main dimension of decentralization is further broken down into multiple sub-categories and pursued along a full spectrum of options, ranging from the complete absence of decentralized powers or competencies on one end of the spectrum to complete decentralization of powers on the other end,

[8] In contrast, Type G describes the absence of decentralization in any of the three relevant dimensions. This point represents countries in highly centralized countries where any meaningful Decentralization is essentially absent (e.g., Afghanistan).

When sub national governments are only empowered in one or two of these dimensions, their ability to respond in an effective and meaningful way to the needs of their citizens is substantially hampered. Eaton and Schroeder (2010) discuss options A-D as being four common combinations.[9]

A “Type A” decentralized structure marks a country whose central government has devolved fiscal resources and administrative responsibilities but retains political control over subnational officials. Numerous real world examples illustrate the appeal of this position to the national government. Historically, numerous military-led governments (particularly in Latin America) exerted tight political control over subnational appointees, but at the same time shifted responsibility for schools and hospitals onto these appointed officials and gave them access to additional fiscal revenues. More recently, China’s Communist Party leadership has transferred to provincial governments the types of fiscal and administrative authorities they need to court and retain investors, without allowing a transition to subnational democracy.

A “Type B” decentralized structure reflects a completely different response by the center to possible concerns that decentralization poses. Under this type of sub national government, subnational officials can be selected through elections (e.g. political decentralization), but they do not have significant control over financial resources or administrative personnel. Examples of countries that occupied this position include Italy, where meaningful fiscal decentralization lagged behind the introduction of regional elections by some two decades. Similarly, Local Popular Councils in Egypt (until 2011) and Upazila Parishads in Bangladesh (since 2009) are other examples of elected local bodies without *de facto* fiscal or administrative powers.

A Type C sub national governance system represents a situation where only administrative powers (and responsibilities) are decentralized without corresponding political or fiscal powers. In these cases, politically weak sub national governments essentially become agents of the higher-level government. Regional governments in Peru or regional governments in the Kazakhstan and other former Soviet republics are illustrative of this type of sub national government.

Type D systems are decentralized in their political and fiscal aspects, but central authorities retain considerable control over administrative aspects. Here, countries such as Uganda and Tanzania come to mind: while local governments have a fair degree of political and fiscal decentralization, the employment of local government staff is controlled to a considerable degree by central authorities. An extreme example of this type of arrangement may be Sierra Leone: although political and fiscal decentralization have been moving forward, essentially all local staff continued to be employed, managed and funded by the central government.

[9] Boex and Yilmaz (2010) consider Types E and F. Type E is rare, but may arise in certain circumstances – for instance, when a donor seeks to promote decentralization by transferring external resources to the local government level in the absence of meaningful political or administrative decentralization. For example, even though municipalities in Afghanistan are fully self-funded, they currently exist without an elected political leadership and are subject to heavy administrative controls from the center. It is also not unusual for this case to arise in post-conflict situations in which community development committees or quasi-local governments are provided with resources but neither with (formal or de facto) political or administrative powers (e.g., Cambodia’s Communes or Nepal’s Village Development Councils). Type F is a situation in which local governments are de jure decentralized in their political and administrative aspects, but highly conditional fiscal instruments effectively rob local authorities from real decision-making authority.

4. Federal and Unitary States

Although a sub national PEFA assessment largely focuses on the budgetary and fiscal (and to some degree, the administrative) aspects of decentralization, it is important to recognize the political system of governance of the country being assessed.

Systems of government can be broadly divided into two types: unitary and federal.[10] A unitary country is a state governed as one single unit in which the central government is supreme and any sub national units (whether local administrative units or local governments) exercise only powers that their central government chooses to delegate. In contrast, a federation is generally defined as a union comprising a number of partially self-governing states or regions united by a central ("federal") government. Typically the status of the component states is set out in the Constitution and may not be altered by the federal or central government. In some cases, component states also have their own constitutions which can be amended without recourse to the federation.

The distinction between a federation and a unitary state is often quite ambiguous, and –as illustrated in the following paragraphs- there are often similarities between (and differences) within the two types of vertical political structures. One common misperception is that (fiscal) decentralization is only an appropriate strategy for federal countries. While it is true that many federal countries are often quite decentralized, it is also true that there is nothing to prevent unitary states from enjoying the potential benefits of a (fiscally) decentralized system. There are examples of relatively centralized versus decentralized federal countries (e.g., Austria versus Canada) as well as examples of highly centralized versus decentralized unitary countries (e.g., Bangladesh versus Denmark).

In federal countries, generally foreign policy and national defense are the responsibility of the federal government. In terms of the vertical distribution of other powers and responsibilities, no single common approach is followed. For instance, the United States Constitution provides that all powers not specifically granted to the federal government are retained by the states, while in Canada, the federal government retains all powers which the constitution does not grant to the provinces. In federal countries, individual states can have equal status (symmetric federalism) or –for historical or other reasons– have different powers (asymmetric federalism).

In most cases, a federation is formed at two levels: the central (or federal) government and the regions (states, provinces, territories). In many federal countries, the state-local relationship is a unitary relationship in which the state-level is supreme. In these federal systems, state-local relations and state-local financial systems may differ considerably from state to state (making an assessment of local level PFM processes considerably more difficult). Not all federal systems are structured in this manner. For instance, Brazil's 1988 Constitution recognizes the Union, the States, and municipalities each as autonomous political entities. As such, municipalities in Brazil have their own legislative council and are autonomous and hierarchically independent from both Federal and State Government. Similarly, South Africa's Constitution (1996) notes that government is constituted as national, provincial and local spheres of government, which are distinctive, interdependent and interrelated.

[10] The discussions in Section 4 and 5 draw in part on PEFA (2008).

Although many federal states have historically arisen out of a voluntary union between component states, this is not the case for all federal countries. For instance, in Argentina, Brazil, Mexico, Ethiopia, and Nigeria, the center has played a part, for various reasons, in the federation's formation.

More information on federal systems –including a list of federal states- is provided by the Forum of Federations (http://www.forumfed.org).

5. Francophone and Anglophone countries

A keen understanding of a country's administrative traditions and its intergovernmental fiscal framework are needed in order to properly assess the PFM systems that prevail at the sub national level. For instance, if local governments in a particular country are restricted in their ability to borrow by central government laws, regulations or traditions, this will have an important impact on the assessment of this aspect as part of a subnational PEFA assessment.

The different historical and colonial practices and traditions continue to have a major impact on the sub national administrative and governance systems of many countries. Whereas many countries of the British Commonwealth started their path to independence with some type of elected local governments in place, this was not necessarily the case in many Francophone or Lusophone countries.

District or local administration systems whereby the local office is basically a deconcentrated unit of the center (i.e., "central government at the local level") are often associated with former French colonies. The central planning system of the Former Soviet Union also relied on a highly centralized, deconcentrated administrative system. (In these countries, the budget of the lower-level government is typically incorporated into the budget of the next-higher level, in a practice that is sometimes referred to as the "matrushka" model of deconcentrated budgeting). As a result, many formerly centrally planned economies (both in the Former Soviet Union, as well as in countries such as Egypt) as well as many francophone countries in Africa and Asia rely more heavily on centralized control and deconcentrated administrative systems versus relying more on devolved, elected local governments.

While democratic decentralization is ongoing in many former French colonies (e.g. Senegal, Burkina Faso and Benin), the system of semi-autonomous local governments has been in place for a longer time in many Anglophone countries. Whereas sub national entities in Francophone countries may take the shape of deconcentrated administrative bodies, devolved local government entities, or some type of hybrid, local authorities in British Commonwealth countries are almost always "real" local government entities, with a corporate legal status which can sue and be sued, as defined in section 1 above.

Even within the different historical and administrative traditions, comparisons across countries show that there is a multiplicity of differences between countries in how their local government sector is structured and operates. In some countries, there is only a single level of local government (e.g., Malawi), while in other countries there are multiple sub national government levels that meet the definition of sub national government entities (e.g., India or Indonesia).

The extent of political and fiscal decentralization can also vary considerably within the same historical and administrative traditions, with local officials in some countries being appointed, while local entities in countries with a closely shared history or administrative traditions beingelected instead. Likewise, local authorities in some countries have the ability to raise revenues or borrow money and have significant autonomy on how they spend their funds, whilst local entities in other countries –regardless of a shared history or administrative tradition-have little or no real ability to do either.

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Annex - Key Terms and Concepts: Intergovernmental Finance and Sub National Governance

Administrative Decentralization*.* The transfer of administrative and regulatory powers, and sometimes administrative personnel, from higher to lower levels in political-administrative systems.

Decentralization (traditional definition*).* The transfer of authority and responsibility for public functions from the central government to subordinate or quasi-independent government organizations or the private sector.

Decentralization*.* The empowerment of people through the empowerment of local governments or the local public sector.

Deconcentration*.* An approach to Decentralization whereby decision-making authority and resources are transferred from central (or higher-level) administrative departments and officials to sub national departments and officials which –while being located within sub national jurisdictions- remain a hierarchical part of the national (state) administration

Delegation. The process of shifting the responsibility of providing certain services from the central government to local government bodies that are not wholly controlled by the central government, but that are ultimately fully accountable to it.

Devolution. The process of transferring political, administrative or fiscal powers and resources to at lower levels of elected local government.

Fiscal Decentralization*.* The transfer of expenditure responsibilities, revenue-raising and/or borrowing powers, as well as financial resources (through intergovernmental fiscal transfers) from higher levels to lower levels in political or administrative systems.

Intergovernmental fiscal transfers*.* A non-compulsory, non-repayable financial payments between government units; typically (although not always) from a higher-level government to a lower-level government unit.

Own source revenue*.* A public revenue source over which a subnational government has substantive control. Economists consider this to mean a tax a tax for which (a) the collections flow to the local level and (b) over which local government jurisdictions have control over the marginal tax rate, either through policy discretion or through direction over its collection.

Political Decentralization*.* The transfer of political decision-making powers from higher levels in political systems to elected bodies at lower levels.