



Poverty Maps for the Decentralization Dialogue

Notes for:

**More than a Pretty Picture:
Using Poverty Maps to Design
Better Policies and Interventions**
Thursday, May 11th, 2006
3:30-5:30 pm, MC 2-800

Presented by:

Kai Kaiser, Economist
Public Sector Group
Poverty Reduction and Economic
Management Network (PRMPS)
kkaiser@worldbank.org

Key Issues in (Fiscal) Decentralization

- Expenditure/Responsibilities Assignment
- Revenue Assignments (incl. disparities)
- Transfer Design (incl. equalization)
- [Borrowing]

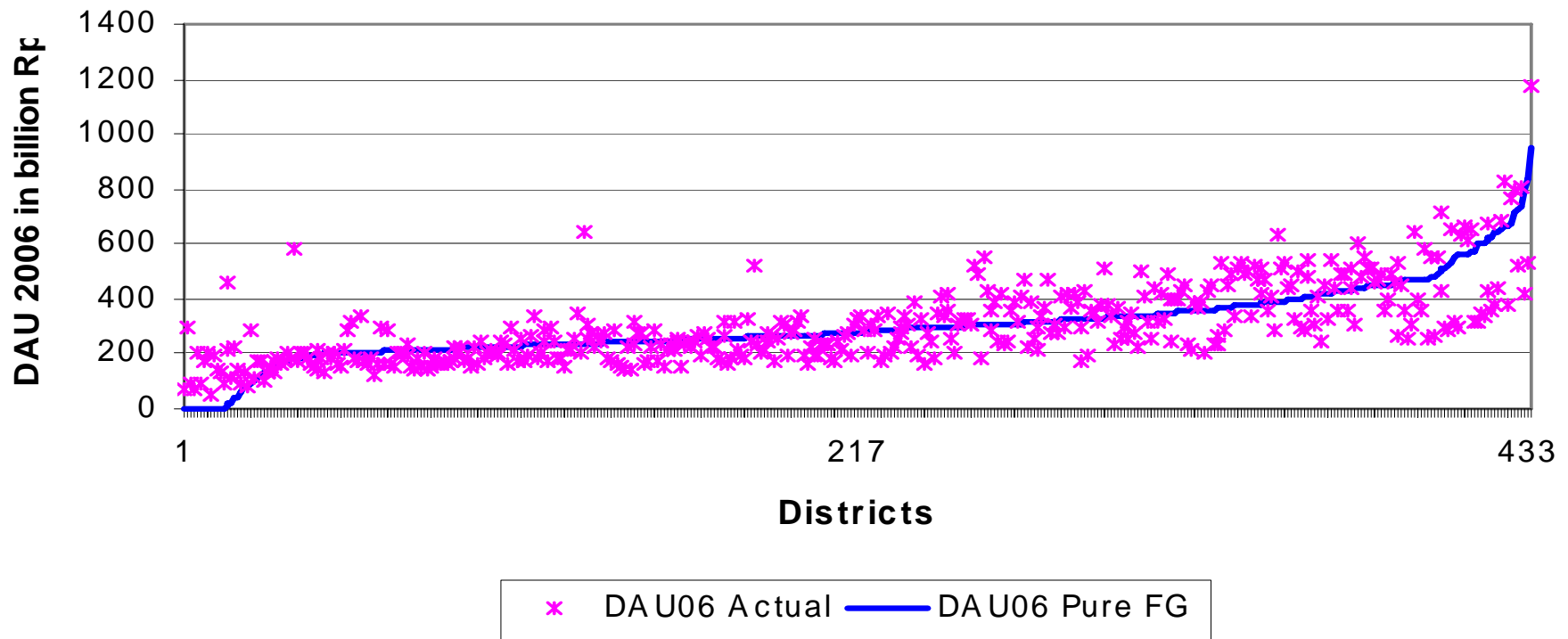
Managing & Monitoring Fiscal Flows Across Levels of Government

→ Often in contexts with many small jurisdictions/sub-jurisdictions & data limitations

Encouraging greater transparency in design and implementation

Example 1: Benchmarking Actual to “Ideal” Allocations

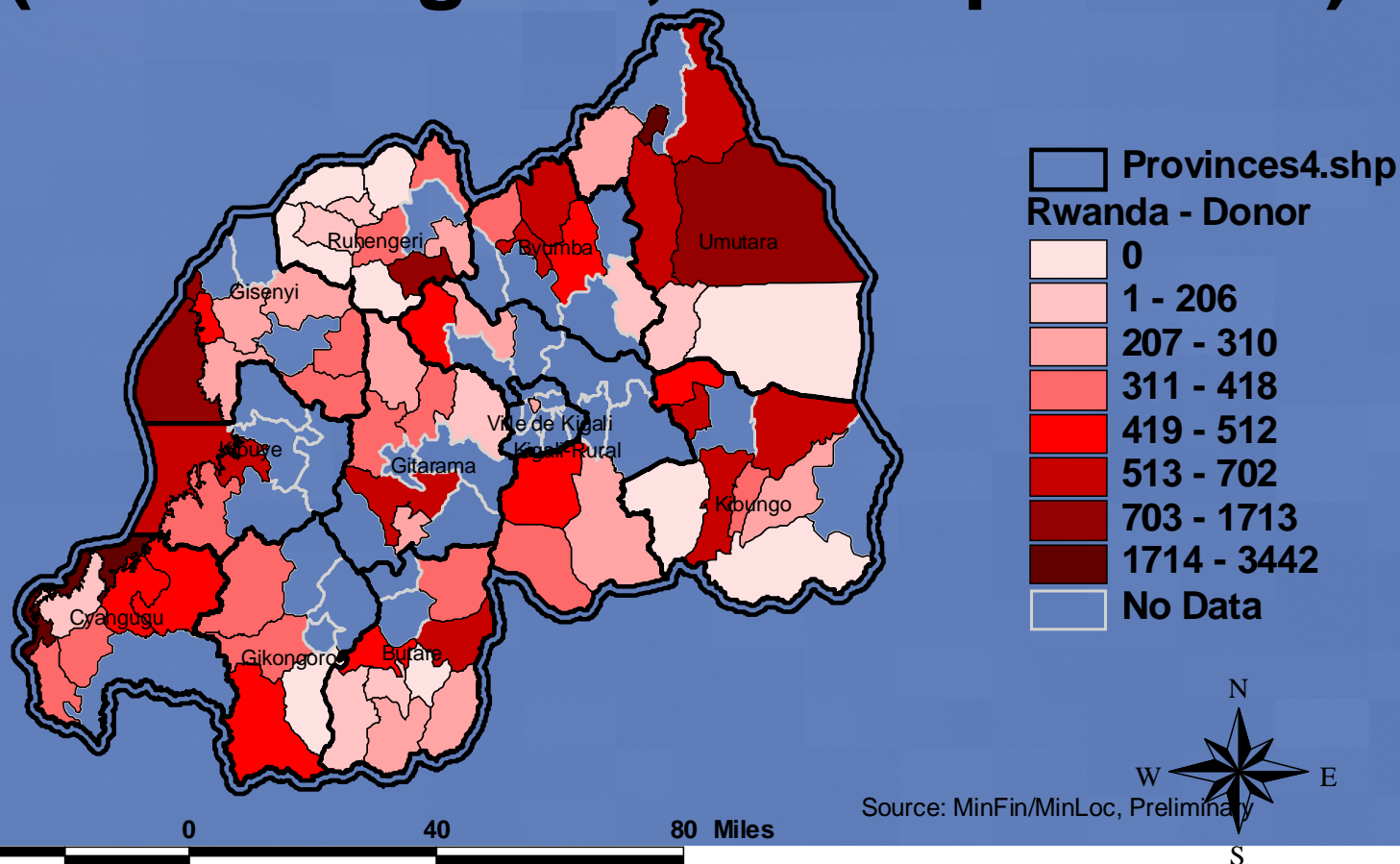
Indonesia’s actual fiscal transfers differ from formula based allocations, including those that use poverty estimates as part of their benchmark



Hofman, Kadjatmiko, Kaiser, Suharnoko (2006)

Rwanda's Districts

Rwanda: Local Own Source Revenues (2004 Budgeted, Per Capita RwF)



Potential Applications for Decentralization

- How do *de facto* fiscal allocations behave?
 - Local own source revenue capacity
 - Fiscal transfers (budgeted & actuals/receipts)?
 - Difference in service outcomes?
 - Implications for expenditure/revenue assignments
- Poverty in Fiscal Equalization formulas?
 - Good proxy for expenditure needs?
 - Keeping it simple: what difference does poverty make relative to traditional proxies such as population/area?
- Applications to Local Planning/Budgeting
 - Push decentralized allocations to lower levels
 - Who allocates? Center or Sub-Nationals
 - Poverty Community Block Grants