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# *Decentralized Infrastructure Services*



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USAID Infrastructure Course  
December 17-20, 2007

# *Introduction*

- **What are decentralized services?** Management, ownership and/or operational control at a local (rather than national) level
- **What is the rationale?** Decentralized models can offer alternatives to national utilities, where they are unable to perform or expand services
- **What are forms of decentralization?** Shifting of existing systems to regional, provincial or municipal levels, concessions/operating contracts, community-based systems, small and medium enterprises

# *Pros/Cons of decentralized models*

## Pros

- Increased local ownership and accountability
- Enhanced economic viability, where households are dispersed
- Support decentralized reform agendas and local decision-making
- Opportunities for localities to test different approaches
- Reduced control and politicization from central government
- Can increase commercial investment and competition

## Cons

- Natural economies-of-scale and scalability with centralized infrastructure services
- More utilities/enterprises require more regulatory oversight
- Limited managerial and technical capabilities with decentralized models can result in more dispersed donor/Government TA
- Constraints to accessing affordable credit
- Informal providers can have lower quality/environmental standards

# *Examples around the World*

## **Energy/Power**

Decentralized systems: Nepal, South Africa, Vietnam

Cooperatives: Bangladesh, Bolivia, Central America, Dominican Republic, Philippines, Sudan

SMEs: Bangladesh, Bolivia, Cambodia, Cote d'Ivoire, Ethiopia, Ghana, Guatemala, Honduras, India, Indonesia, Kenya, Laos, Mali, Morocco, Mozambique, Nepal, Nicaragua, Pakistan, Peru, Philippines, Senegal, Somalia, South Africa, Sri Lanka, Tanzania, Uganda, Yemen

## **Water**

Decentralized systems: Armenia, Czech Republic, Ecuador, Ethiopia, Ghana, India, Kosovo, Montenegro, Tanzania

Cooperatives: Bolivia, Ecuador

SMEs: Albania, Angola, Bangladesh, Benin, Burkina Faso, Cambodia, Colombia, Cote d'Ivoire, Ecuador, El Salvador, Ethiopia, Ghana, Guinea, Haiti, India, Indonesia, Jordan, Kenya, Laos, Mali, Mongolia, Morocco, Mozambique, Nepal, Niger, Nigeria, Pakistan, Paraguay, Philippines, Senegal, Somalia, Sri Lanka, South Africa, Sudan, Tanzania, Uganda, Vietnam, Yemen, Zambia

# *Speakers*

**Jordan Schwartz**, Senior Infrastructure Specialist, The World Bank

**Eric Gibbs**, Manager, Business Development & Project Analysis, NRECA International

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